P.2025/99

<u>THE STATES OF DELIBERATION</u>

<u>Of the</u>

<u>ISLAND OF GUERNSEY</u>

POLICY & RESOURCES COMMITTEE

THE STATES OF GUERNSEY GROUP CONSOLIDATED FINANCIAL STATEMENTS 2024

The States are asked to decide:-

1. Whether they are of the opinion to agree with the Policy & Resources Committee's approval of the States of Guernsey Group Consolidated Financial Statements for the year ending 31 December 2024.

The above Proposition has been submitted to His Majesty's Procurer for advice on any legal or constitutional implications.

THE STATES OF GUERNSEY GROUP CONSOLIDATED FINANCIAL STATEMENTS

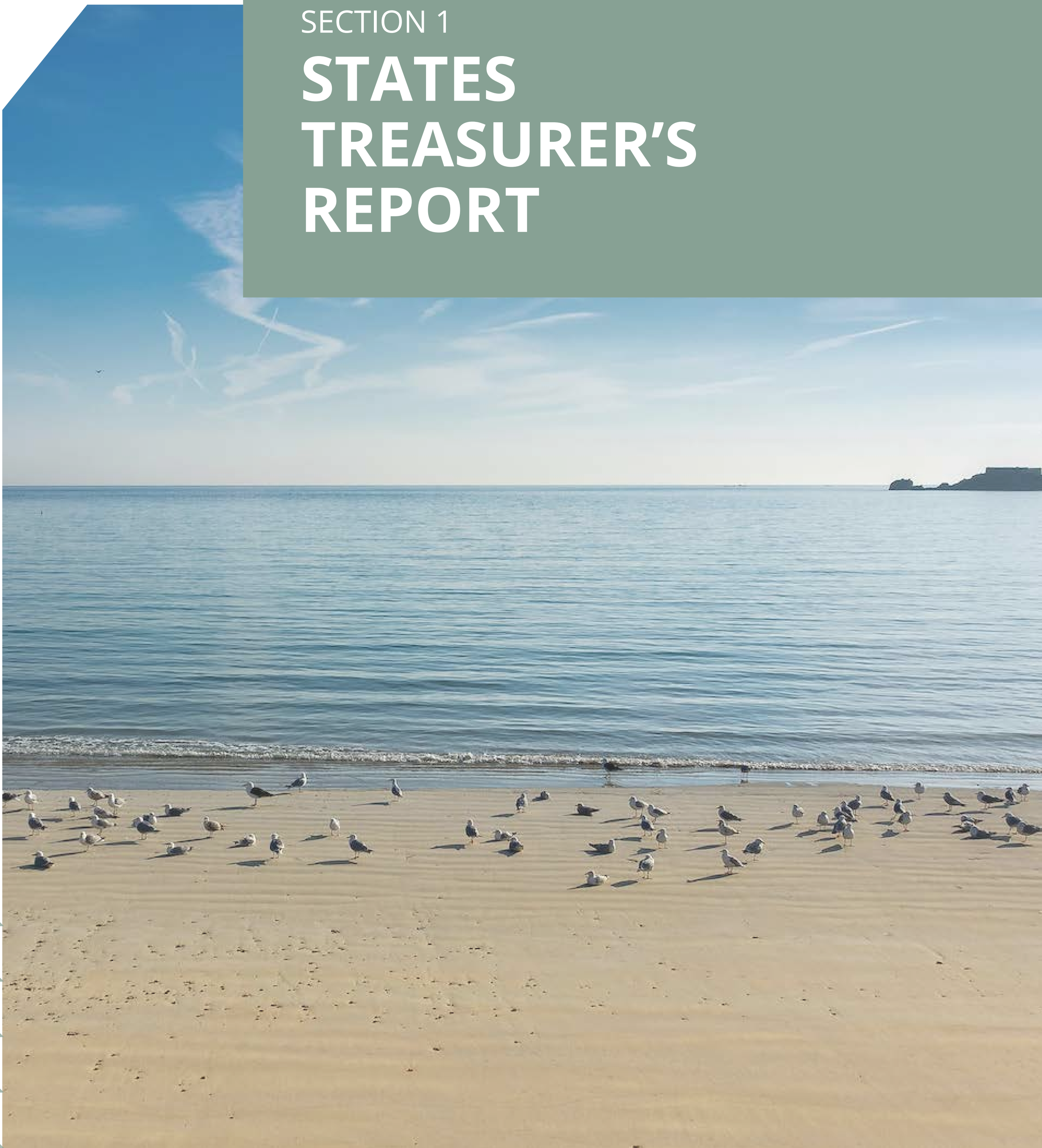
For the Year Ended
31 December 2024

States of
Guernsey

Contents

SECTION 1

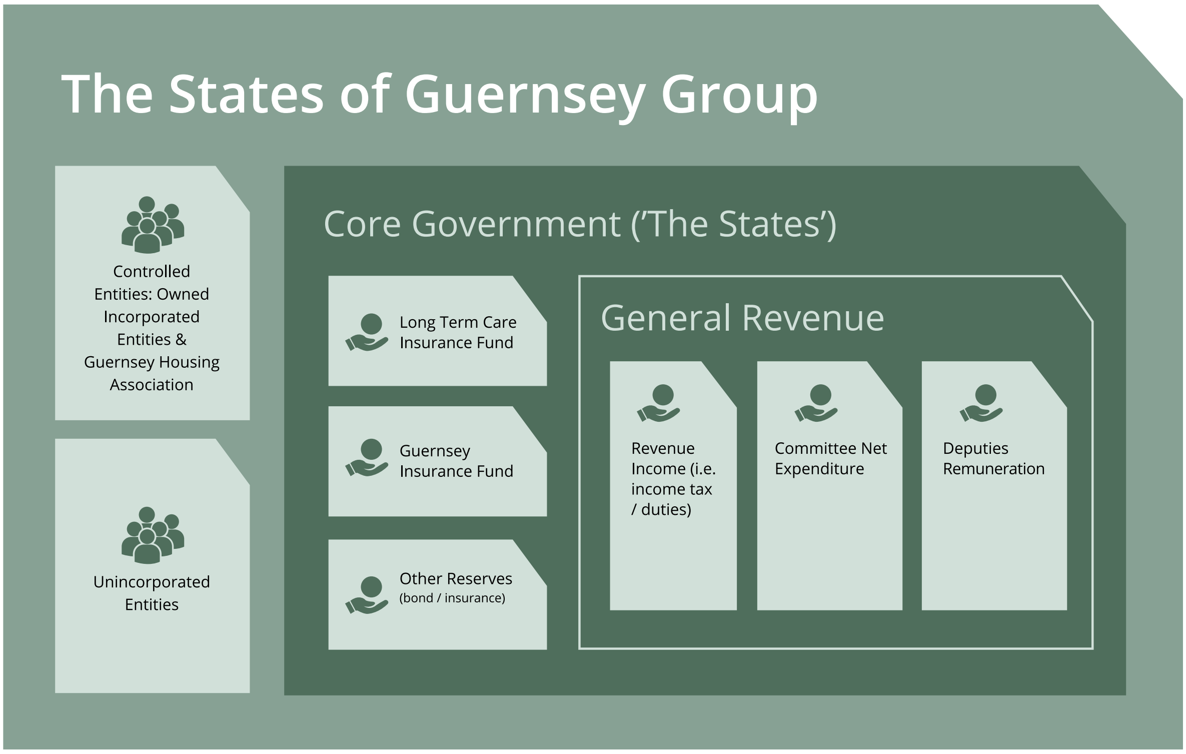
STATES TREASURER'S REPORT



Introduction

These audited financial statements have been prepared for the first time for the full States of Guernsey Group (including Core Government and all incorporated and unincorporated trading entities) and are fully compliant with International Public Sector Accounting Standards (IPSAS). There are therefore the first set of financial statements of the States of Guernsey Group which the external auditors can sign off as 'true and fair'.

IPSAS requires all controlled entities to be consolidated in the presentation of the financial statements, meaning that significant additional information is being presented this year. It would be normal practice to only present the current year on transition but to support understanding and transparency, we are presenting the comparative year (2023) which is also fully audited.



The States of Guernsey Group is the overall consolidation of SOG controlled entities.

The entities consolidated from this year are **Guernsey Electricity Limited, Aurigny Air Services Limited, Guernsey Post Limited, Guernsey Housing Association LBG, Guernsey Ports, Guernsey Water, Guernsey Waste, States Works and Guernsey Dairy**.

Details of the 'boundary' can be found in Note 34 to the financial statements. This details the reason that each entity is consolidated as well as outlining those entities that are not consolidated and the reasons for that.

It is important to note that consolidation in these financial statements does not affect the relationship or independence levels of any of these entities.

In preparing the consolidation in accordance with IPSAS, transactions between entities within the same segment and transactions between entities across all segments are eliminated. These values are made clear in the segmental analysis (Note 39 to the financial statements). The impact is that the sum of the individual entity revenues and costs are greater than the consolidated value. This report considers the relevant values for each segment as demonstrated below:

	Revenue	Costs	Net Surplus / (Deficit)
	£m	£m	£m
SOG Core Segment Total	876.0	(841.7)	34.3
Pension	0.0	(12.8)	(12.8)
Unincorporated Segment Total	77.4	(84.7)	(7.3)
Other Segment Total	188.0	(195.4)	(7.4)
Gross Total Segments	**1,141.4**	**(1,134.6)**	**6.8**
Trading between the segments above	(48.2)	61.3	13.1
Group Position	**1,093.2**	**(1,073.3)**	**19.9**

This report will outline the performance of the Group as a whole but will focus on the SOG Core Government performance, as this is a key interest of the users of the financial statements. Separate financial statements will be prepared and published in the normal way by the Group entities.

Group Financial Performance

Summary Group Result

	2024 £m	2023 £m	Movement £m	Movement %
Income	1,090.7	1,057.9	32.8	3.1
Pay Expenditure	(395.6)	(364.5)	(31.1)	(8.5)
Non-Pay Expenditure	(713.9)	(655.7)	(58.2)	(8.9)
Operating Surplus/(Deficit)	**(18.8)**	**37.7**	**(56.5)**	**149.9**
Depreciation & Finance	(91.0)	(89.1)	(1.9)	(2.2)
Investment Valuation	129.8	103.3	26.5	25.7
Net Surplus / (Deficit)	**20.0**	**51.9**	**(31.9)**	**(61.5)**
Total Assets	4,571.8	4,534.0	37.8	0.8
Total Liabilities	(694.6)	(1,006.5)	311.9	31.0
Net Assets	**3,877.2**	**3,527.5**	**349.7**	**9.9**

Group net surplus in 2024 fell to £20.0m from £51.9m in 2023.

Income increased by £32.8m (3.1%) in nominal terms, equivalent to a real[1] terms fall of 0.9%.

Pay expenditure increased by 8.5% in nominal terms equivalent to a real terms increase of 4.5%. Pay increases in 2024 across most government areas were 5.8% which was 1% below June 2023 RPIX.

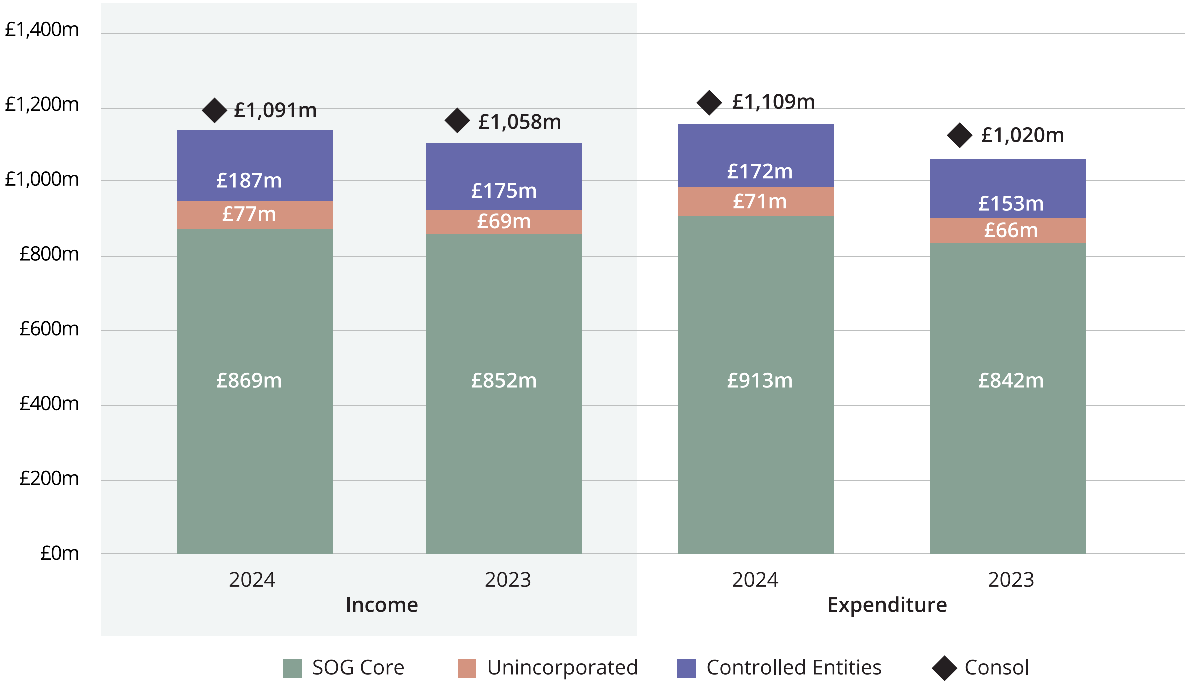
Non-pay expenditure increased 8.9% in nominal terms equivalent to a real terms increase of 4.9%.

Depreciation & Finance includes depreciation & amortisation (£0.2m adverse), financing costs & impairment (1.7m adverse).

The investment valuation change during 2024 was an increase of £129.8m, £26.5m favourable to the change in 2023.

1 Guernsey inflation (RPIX) for the year ending December 2024 stood at 4.0%. This is an important measure for the group with key income streams being highly dependent on inflation.

Analysis of Group Result



Operating Surplus / (Deficit)	2024 £m	2023 £m	Change £m
SOG Core	(44)	11	(55)
Unincorporated	7	3	4
Controlled Entities	16	23	(7)
Cumulative	**(21)**	**37**	**(58)**
Group	(19)	38	(57)

Investment & Depreciation	2024 £m	2023 £m	Change £m
SOG Core	78	54	24
Unincorporated	(14)	(13)	(1)
Controlled Entities	(23)	(27)	4
Cumulative	**41**	**14**	**27**
Group	39	14	25

Net Surplus / (Deficit)	2024 £m	2023 £m	Change £m
SOG Core	34	64	(30)
Unincorporated	(7)	(10)	3
Controlled Entities	(7)	(5)	(2)
Cumulative	**20**	**49**	**(29)**
Group	20	52	(32)

SOG Core was impacted by an 'error or mistake' claim submitted by a bank in relation to a number of prior years, which resulted in a £22.9m reduction of income tax. This was noted in statements by the Policy & Resources Committee during the year. Excluding this material adjustment SOG Core income increased by 4.8% in nominal terms, 0.8% in real terms. Pay costs increased by £24.3m (8.3%) or 4.4% in real terms and other operating costs also increased by £22.2m above inflation at 4.0% real terms. Within investment and depreciation are the following elements: depreciation (£0.9m) adverse and finance & impairment (£0.8m favourable). The investment valuation, which was £24.3m favourable, helped to offset the higher costs.

The split of revenues and costs shows the Unincorporated Entities improving their operating profit by 124% on 2023 and improving net profit by 31%. More details on these entities can be found in the Controlled Entity Summary Results section (pages 24-34).

The Controlled Entities saw a 7% increase in revenue which was more than offset by a 12% increase in costs. More details on these entities can also be found in the Controlled Entity Summary Results section (pages 24-34).

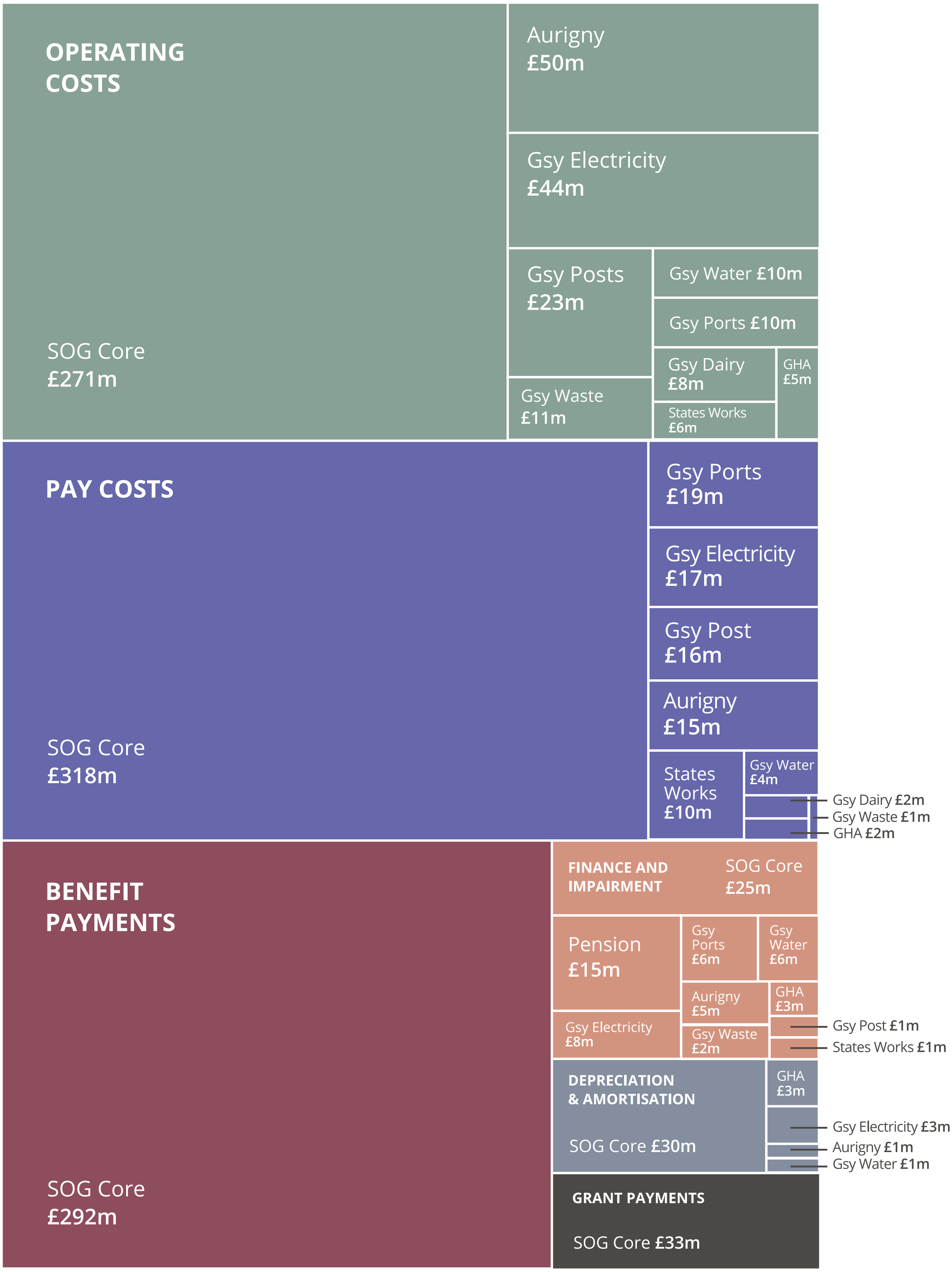
Group Income Share

SOG Core represents 76.7% of the Group income, down from 77.8% in 2023.

The Controlled Entities represent 16.5% of group income up from 16% in 2023. The largest increase was Guernsey Electricity moving from 5.8% of Group income to 6.3%.

The Unincorporated Entities represent the remaining 6.8%, up from 6.3% in 2023. Guernsey Ports increased from 2.1% to 2.4% and Guernsey Water increased from 1.6% to 1.8%.

Group Expenditure Share



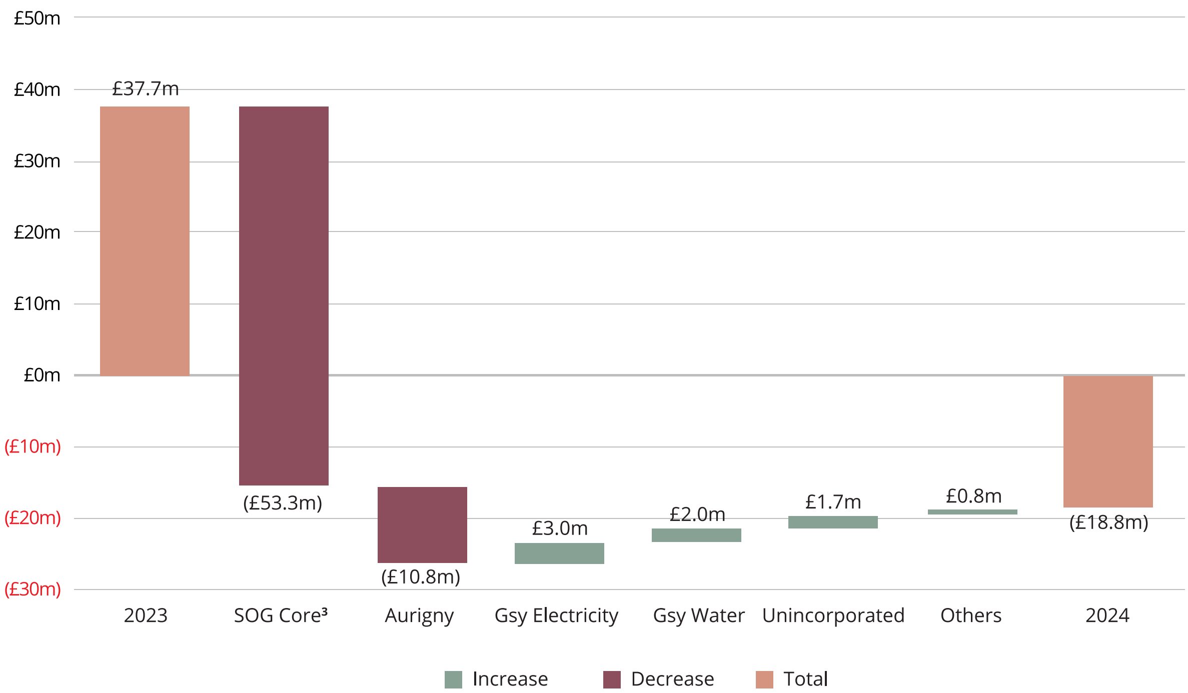
Group expenditure is made up of pay costs (31.3% of total) which increased by £31m (8.5%); operating costs (33% of total) which increased by £33m (9.1%); benefits & grants (27% of total) which increased by £26m (8.6%); and other costs (8% of total) which increased by £2m (2.0%).

SOG Core represents 76.9% of group expenditure, down from 77.0% in 2023.

The Controlled Entities represent 15.5% of group expenditure up from 15.3% in 2023. The largest increase was Aurigny moving from 5.3% of Group expenditure to 5.7%. This was offset by Guernsey Post reducing from 3.5% of Group Expenditure to 3.2%.

The Unincorporated Entities represent the remaining 7.6%, in line with 2023.

Group Operating Surplus / (Deficit)[2]:



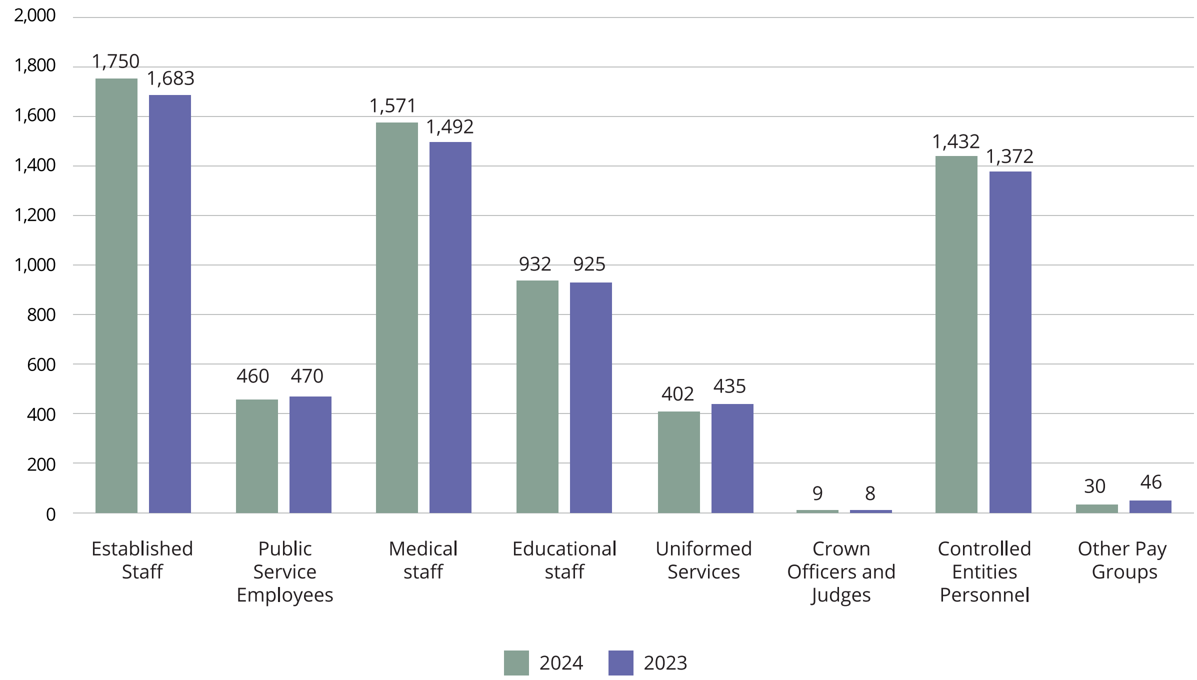
From a Group Operating Surplus of £37.7m in 2023 the Group suffered an Operating Deficit of £18.8m in 2024. The largest falls were SOG Core (£53.3m) and Aurigny (£10.8m). Aurigny moved from an Operating Surplus in 2023 of £9.2m to an Operating Deficit of £1.46m in 2024. Guernsey Electricity increased its Operating Surplus by £3.0m to £11.6m and Guernsey Water increased by £2.0m to £5.7m.

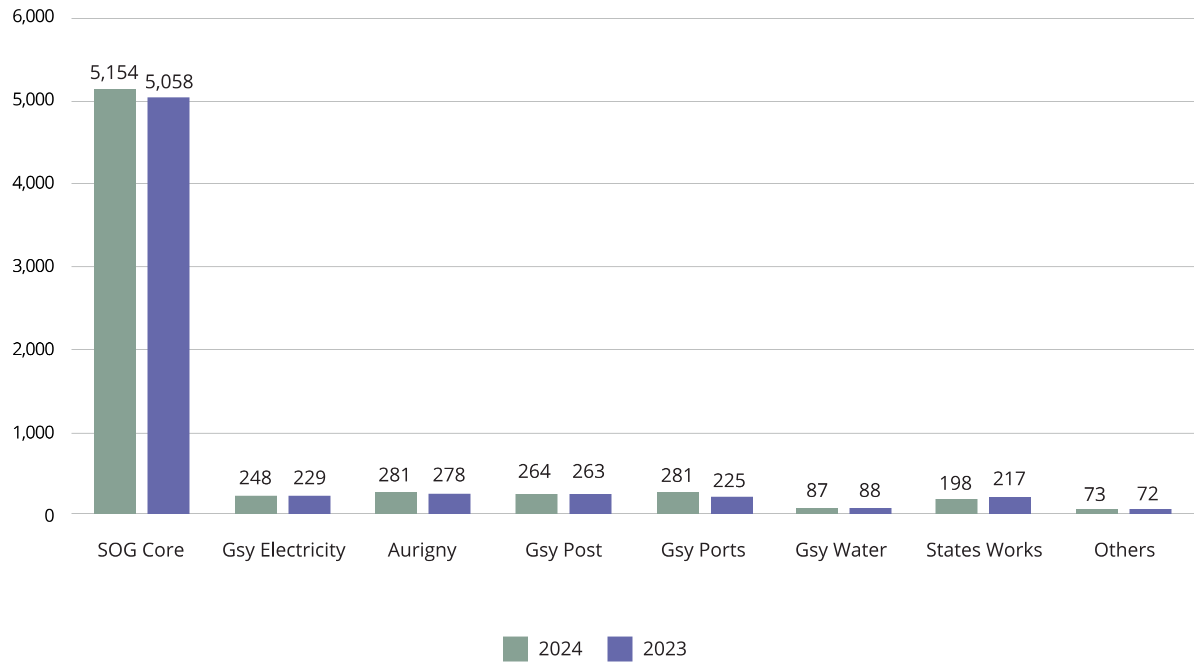
Aurigny was impacted by supplier issues on capacity provision following the removal of the Embraer jet from service. This was worsened by technical issues with existing aircraft resulting in high cost, short notice leasing to operate scheduled services.

Both Guernsey Electricity and Guernsey Water's results were driven by above inflation price increases more than offsetting in year cost increases and modest volume increases.

2. Excludes interest income resulting in minor differences to the Controlled Entities Summary Results shown on page 24.
3. Includes group pension charge of £0.9m favourable.

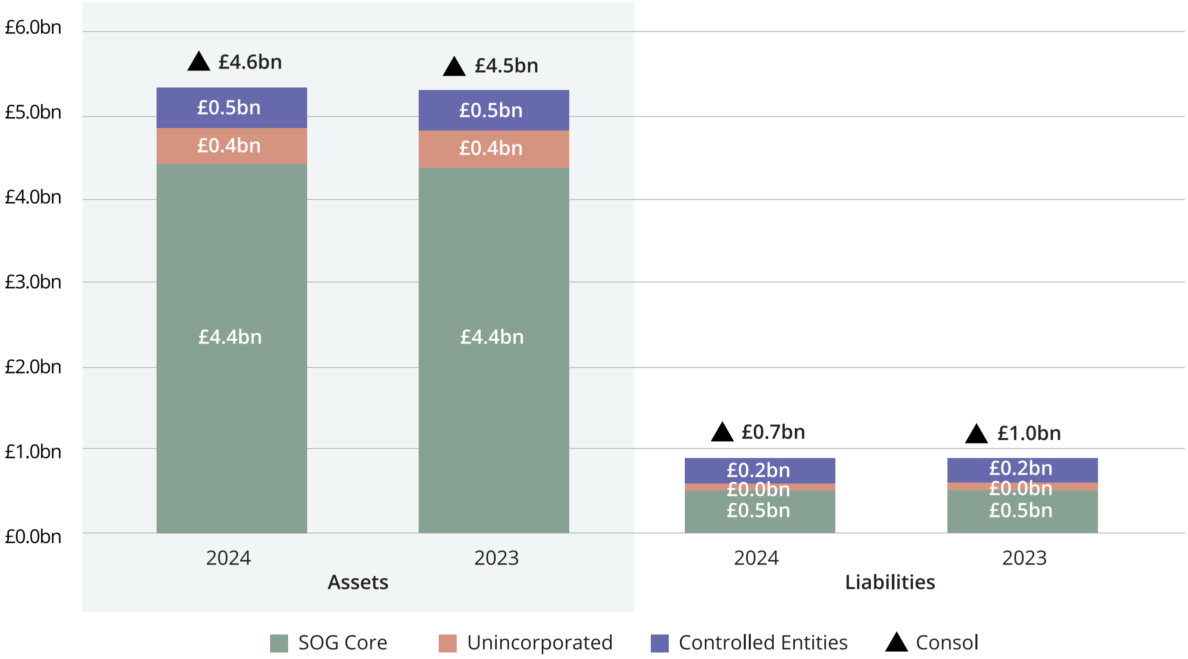
Group FTE Breakdown





FTE across the Group stood at 6,586 up 156 on 2023. The new consolidated entities added 1,432 FTEs and increased in 2024 by 60. Of this increase 56 were in Guernsey Ports resulting mainly from the insourcing of services.

Financial Position



Net Assets	2024 £bn	2023 £bn	Change £bn
SOG Core	3.9	3.9	0.0
Unincorporated	0.4	0.4	(0.0)
Controlled Entities	0.2	0.2	(0.0)
Cumulative	**4.5**	**4.5**	**0.0**
Group	3.9	3.5	0.4

Assets and liabilities have remained broadly stable across the two years. The net assets of the group have increased by £350m driven by a reduction in the Public Service Pension liability of £317m which is managed in a separate segment.

Changes in Presentation

IPSAS Compliance

The 2024 financial year is the first time the States of Guernsey financial statements have been presented in full compliance with IPSAS. This is a significant milestone with the States of Guernsey financial statements being in a group of only 17[4] jurisdictions that have fully adopted IPSAS. This final stage of migration to IPSAS involved significant changes in presentation.

Consolidation of Group Entities

As required by IPSAS all material entities over which the States of Guernsey has control are consolidated into the group statements. This includes all unincorporated trading entities, all three 100% share owned trading entities and the Guernsey Housing Association LBG, due to control by way of arrangement rather than shareholding. Some controlled but non-material entities, outlined within Note 34 to the financial statements are not consolidated.

Segmental Analysis

IPSAS requires analysis of each of the segments that make up the group. The States of Guernsey has elected to provide an additional level of breakdown in order to provide further insight to the users of the financial statements. The segments adopted and reported on by the Group consist of Core Government (which in turn is made up of General Revenue and Social Security); Unincorporated Entities; Controlled Entities; and Public Service Pension. Reporting on these segments is contained in Section 8 of the Financial Statements.

Elimination of Inter-Entity Transactions

In presenting the Group consolidated financial statements, IPSAS requires any inter-segment transactions to be eliminated. Due to the nature of the Group Entities there is significant intra Group trading. An illustration of the impact of eliminations is given in the introduction to this report.

Audited Comparison of Budget versus Actual

IPSAS requires that wherever an entity or part of an entity publishes a budget, the financial statements should present a comparison of the result to that budget. This is required under IPSAS as public sector budgets are important to the wider community in assessing the financial position of the Group. The budget is presented as published and compared to actuals on a comparable basis. These actuals are then reconciled to the IPSAS aligned financial statements. We present this in both the primary financial statements and in Note 44 to the financial statements.

4 Adoption Status | IFAC as at the publication date of the accounts.

Presentation of the Public Servants' Pension Scheme (PSPS)

The Group is required to present the net obligation of the pension scheme relevant to the Group. This value is the accounting position, as opposed to the actuarial position, which is calculated every three years. The net position is presented on the Statement of Financial Position. As with the 2023 financial statements there is a section (Note 42) in the financial statements which outlines the details of the scheme. It is important to note that this is only those elements relevant to the group. This represents 95.92% of the assets and liabilities. The elements not presented include Elizabeth College, The Ladies' College and the Guille Alles Library. These are not presented in the Group financial statements as the Group has no constructive obligation to these entities in relation to pension benefits. The States of Guernsey is in the process of compiling Pension Fund financial statements for the entire scheme.

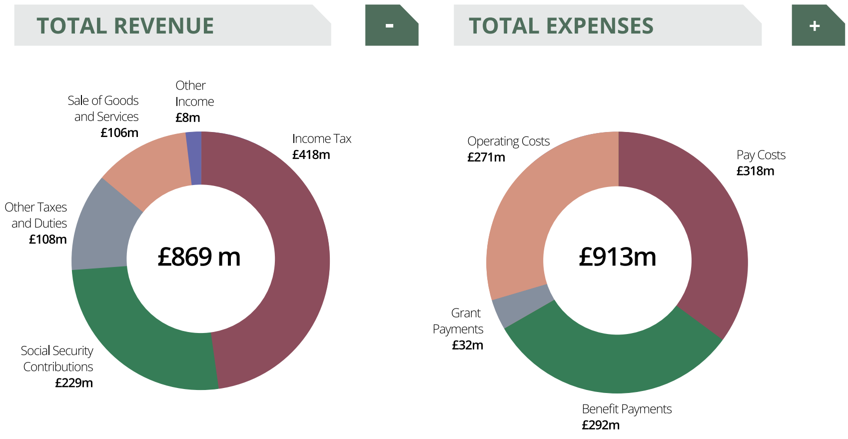
Related Party Disclosures

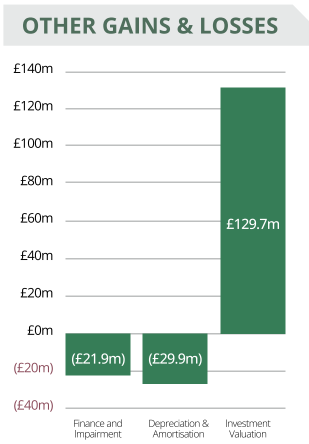
In line with the requirements of IPSAS for related party disclosures. Note 35 provides for each of these disclosures. The definition of a related party has widened, in particular when considering access to privileged information. Disclosures are also required when related party transactions may be considered material to either party.

SOG Core Government Summary Results

This section presents the figures including eliminations within the Core Government Segment. The Core Government Segment includes General Revenue and Social Security Funds.

Revenue and Expense Performance





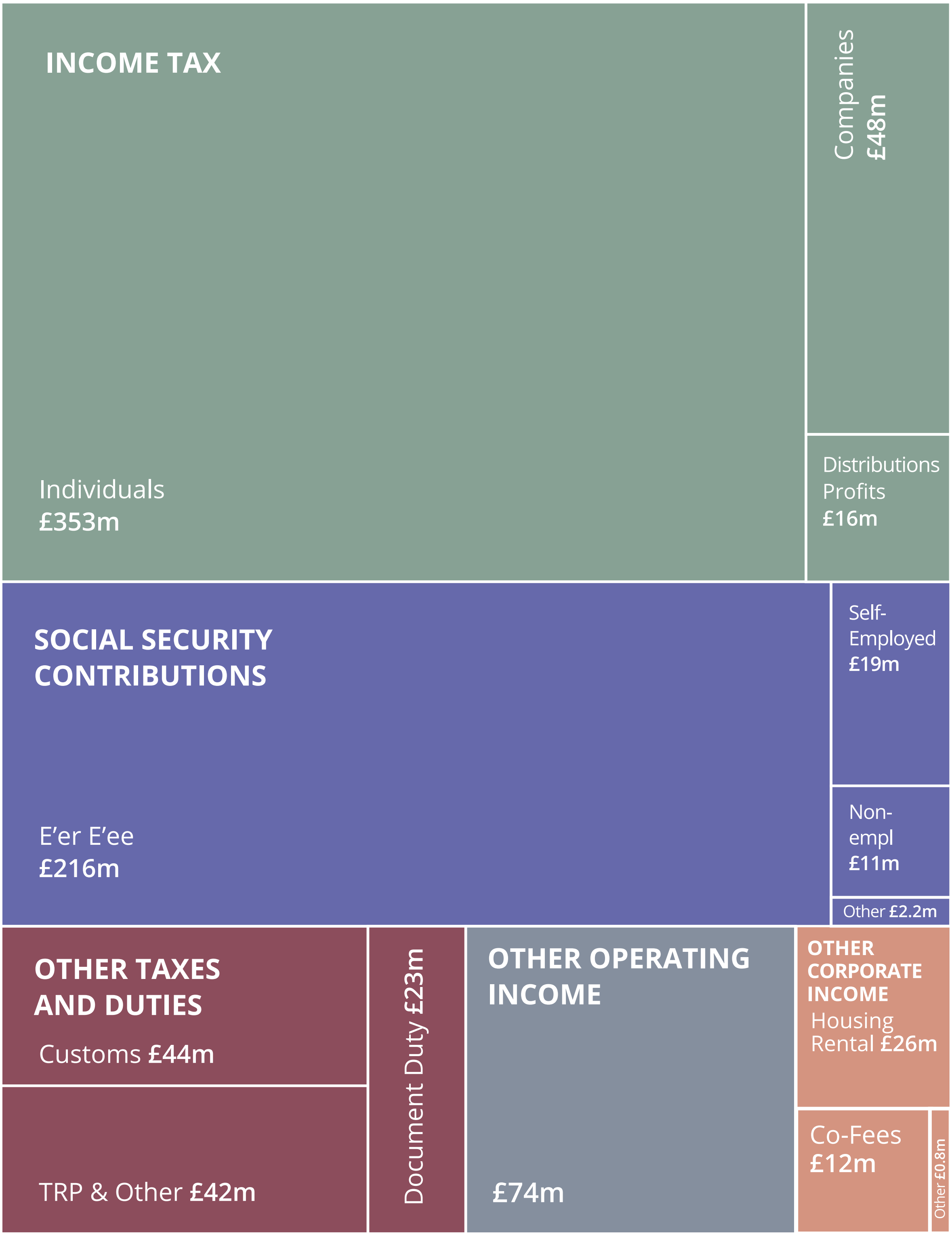
OPERATING DEFICIT (£43.5m)

NET SURPLUS £34.3m

SOG Core recorded an operating deficit of £43.5m in 2024 versus an operating surplus of £10.6m in 2023 and a net surplus (after taking account of the investment valuation) of £34.3m in 2024 versus a net surplus of £64.3m in 2023.

Income Review

Total income[5] for the year to December 2024 was £887.1m. 47% of SOG income was from income tax.



5 Excluding social security Core Government elimination.

Income Tax

Income tax decreased by £9.5m compared to 2023 equivalent to a 6.0% real terms fall. Excluding the prior years' assessments revision 2024 increased on 2023 by £13.4m (3.3%) which is a real terms reduction of £2.7m (0.7%).

Income Tax from individuals (primarily ETI) increased £18.2m on 2023 (5.4%) representing a 1.4% real terms increase. The ETI element (£282m / 79.8%) was 0.3% adverse in real terms versus 2023. This was impacted by the increase in pensions relief granted as the phased roll out of secondary pensions was initiated in mid 2024, combined with a real increase in the personal tax allowance. Non-ETI from individuals increased £5.7m (8.7%) in real terms versus 2023.

Tax from the banking sector fell by £25.8m. Excluding the revision noted previously this still represents a fall of £2.9m (7.4%) nominal or £4.5m (10.9%) real. As noted in the 2023 result banking sector profits improve during interest rate increases and it was expected that performance in this sector would fall from 2023 to 2024 by up to 25% in nominal terms. The normalised result is a fall of only 7.4% so better than expectations.

Social Security Contributions

Contributions stood at £247.6m up £18.5m on 2023 driven by the increase in rates (an average of 0.2% in line with the ten year plan). Of this £172.2m went to the Guernsey Insurance Fund, £40.9m to the Long Term Care Insurance Fund and £34.5m to General Revenue to fund health related services.

Employed contributions increased £17.2m (8.7%) to £216.0m representing 87.2% of social security contribution income. This was due to an increase in the Contribution rates which generated an estimated £4.6m of additional revenue.

Self-employed contributions fell £0.7m to £18.7m representing a 7.4% real terms fall.

All other areas increased by a total of £2.0m to £13.0m.

Other Taxes

The income from Other Taxes, comprising Excise and Import Duties, Tax on Real Property, Document Duty and Vehicle First Registration Duty, totalled £109.3m in 2024 an increase of £7.5m (4%) from 2023.

Customs Duties fell £2.0m on 2023 to £44.4m.

The primary driver was Tobacco duties which fell £3.0m (33%) on 2023 to £6.2m. This was as a result of shipment timing, likely due to the increase in tobacco duty being applied on the day of budget publication during 2024, rather than on 1st January the following year as has been the practice in recent years. This is expected to correct itself over time. Tobacco duty was increased by 8.9% in the 2024 budget and so the results represented a fall in consumption in 2024.

Fuel duty (48% of total duty income) increased by £0.5m (3%) to £21.4m. This is a result of a combination of a 3.9% increase in the duty rate, combined with a continuing trend of reducing volumes of motor fuels sold in Guernsey as more vehicle owners transition to hybrid and electric vehicles.

Alcohol Duty increased £0.5m (3%) on 2023 with all areas increasing except cider which fell 8%. Alcohol duty was increased by 5.9% in the 2024 budget and so the results represented a fall in consumption in 2024.

TRP increased £4.7m (14%) on 2023, a 10% real terms increase which was in line with the budget changes.

Document Duty increased significantly by 24.7% on 2023 to £22.9m. Document duty receipts are volatile as a result of changes in the volume and price of properties sold each year. Local market transactions on which duty was charged were down 47 (4.6%) on 2023. Open market transactions on which duty was charged were up 23 (47.9%) on 2023. 2024 also saw one exceptional transaction representing 15% of the total open market income for the year.

Other Corporate Income

Corporate income was up £1.7m to £39.0m. This includes housing and commercial rental.

Social Housing rental increased 6.5% on prior year (2.9% real terms).

The 2023 receipts included a one-time income of £0.9m relating to UK spectrum licencing which was not repeated in 2024. Across the other sectors in corporate income there was an increase of £0.4m from 2023.

Operating Income

This is a broad category including lottery income, HSC private patient services income and other operating income generated by Committees in relation to charged services.

In total income increased £3.6m to £74.2m. Of this the most significant portion was revenue from chargeable health services which saw an increase of £2.9m to £31m (10% / 6% real terms). The primary increase was demand for private patient procedures which increased by £1.8m to £14.1m.

Expenditure Review

Pay

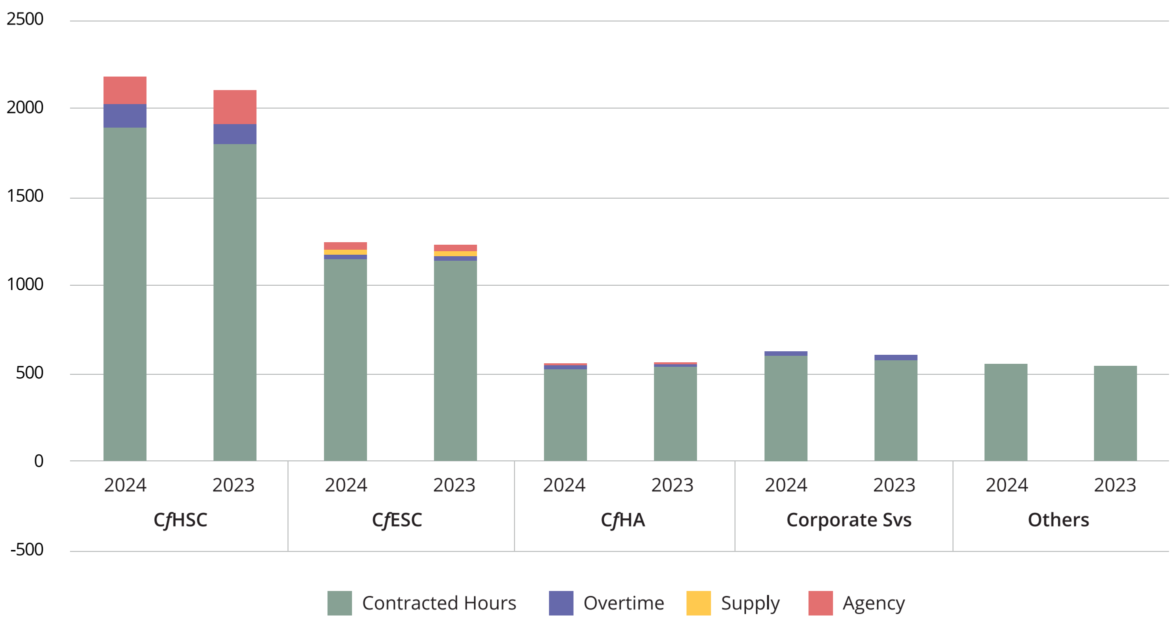
The total expenditure on Pay (which includes temporary and agency staff together with States Members' remuneration) during 2024 was £317.6m (2023: £293.2m) which is a nominal increase of £24.3m or 8.3% (4.3% real). Pay awards across most pay categories of 5.8% were the main driver, together with an increased FTE of 96.

Pay costs were 34.8% of overall revenue expenditure (in line with 2023).

States of Guernsey Core staffing numbers (full-time equivalents) increased from 5,058 in 2023 to 5,154 in 2024 - an increase of 1.9%. The most significant increase was in Health with a net increase of 67. This increase was focussed on the Nurses & Medical Consultants areas including filling 112 vacant full-time roles which partly supported the reduction in agency workers equivalent (by 51 full time equivalents). The total change in Health represents 70% of the overall increase in FTEs.

Other small increases were seen in Teaching (7), IT (3) and tax services (3) with the largest decrease seen in Home Affairs (3).

Average FTE Makeup



The chart above shows the key changes in FTE makeup including the quantity of overtime, supply and agency that count toward the FTE totals.

Non-Pay

Consolidated non-pay operating expenditure totalled £595.2m in 2024, up 8.6% on 2023. Inflation was the largest driver of cost increases during 2023. There were inter-segment eliminations of £7.5m (2023: £5.1m) which are omitted from the remainder of this review.

Third Party Payments

£324.9m

9.1%

Supplies & Services

£101.0m

7.7%

Other Items

£10.9m

7.9%

Support Services

£129.5m

11.4%

Premises

£36.3m

1.9%

Total Non-Pay Costs

£569.3m

8.9%

Third Party payments (total increase £27.2m) saw increases in excess of £1m in States Pension (£15.5m / 10.0%), income support (£3.6m / 7.7%), severe disability benefit (£1.0m / 17.9%) and residential care home benefit (£1.3m / 10.8%). Note 40 to the financial statements provides full detail relating to third party payments.

Support services (total increase £13.3m) increases were driven by contracted out work (£5.0m / 6.1%), ICT costs, and consultants' fees (£4.9m / 36.6%), resulting from medical and policy projects, as well as seal links connectivity contingency.

Supplies & Services (total increase 7.2m) were driven by off island healthcare costs of (£4.9m).

Other Income and Expense Items

Depreciation

Depreciation stood at £29.8m a £0.9m increase on 2023.

Investment Return

An investment return is the gain or loss that an investment generates over a period of time. The return on an investment includes any income that the investment generates (e.g., interest, dividends) as well as capital gains (price increases) and usually net of management expenses. An unrealised gain is when the investment has not been sold but the fair market value has increased. A realised gain is when an investment is sold for a higher price than it was purchased. Investments held within the General Investment Portfolio ("GIP"), are predominantly long-term in nature and returns achieved in 2024 are almost exclusively unrealised, therefore these gains are not income to the States of Guernsey at this time.

The GIP is managed as a single portfolio of investments, the value of which, excluding the cash fund, rose to £1.73bn in 2024, posting positive returns net of related costs of £130.3m. This included £7.1m of interest. This compares to a return of £103.1m in 2023. The return is after net withdrawals of £72.7m which were required over the course of 2024 to cover in-year commitments.

2024 saw strong performance from equity markets, driven by economic growth, technological advancements, and easing inflation. Stock markets in major economies performed well, with the US S&P500 gaining over 20% and Japan's Nikkei 225 surging to a 34-year high. Emerging markets showed mixed results, with Hong Kong's Hang Seng index recovering due to policy support, while India's Sensex faced declines as foreign investors shifted focus elsewhere. Technology stocks played a pivotal role in global stock market performance, with artificial intelligence linked stocks fuelling gains across markets. In the US the "Magnificent Seven" technology stocks delivered outsized returns. In Europe, semiconductor and automation companies also outperformed, mirroring trends in the U.S. In Asia, China's government-backed AI and tech firms helped lift investor sentiment.

Bond markets faced volatility as central banks, including the European Central Bank, the Bank of England, and the US Federal Reserve cut interest rates. Worries over debt sustainability, long term inflation and fiscal policy put pressure on long term bonds and yield curves steepened notably. Overall, bond returns during 2024 were disappointing as a result.

Against this backdrop, the GIP, which is highly diversified, returned 8%. The return target for the portfolio, which is set at UK CPI +5%, was 7.5%. Whilst the GIP outperformed its return target, it lagged its policy benchmark by 2.6%. The largest contributors to the underperformance relative to policy benchmark were a number of individual funds which performed poorly over the year.

The following table details the returns achieved by the GIP compared to the target returns:

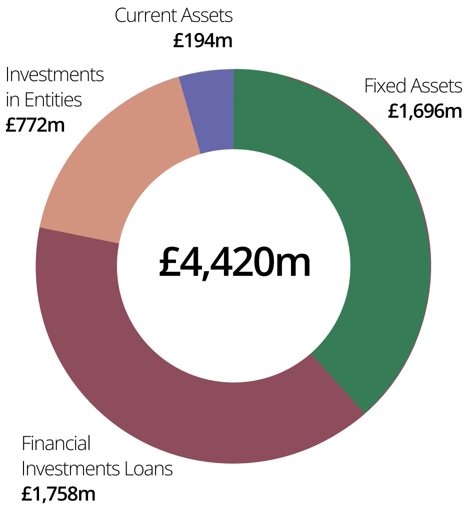
	Trailing 1 Year	Trailing 3 Years pa	Trailing 5 Years pa
Return	8.0%	0.6%	3.9%
Target return*	7.7%	11.5%	10.3%

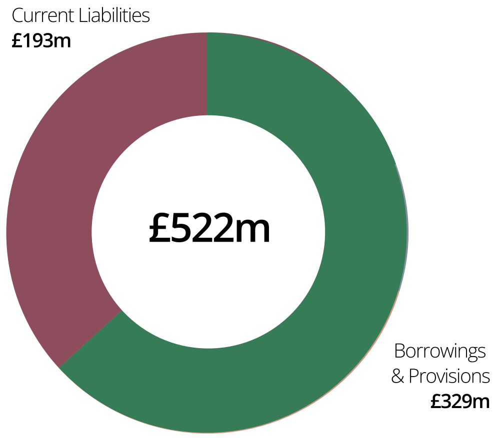
*Target return was set to UK RPI +4% for 2020 through 2022 and to UK CPI +5% in 2023 and 2024.

In line with SOG's Permitted Investment Rules P&R has appointed an independent specialist sub-committee, known as the States Investment Board (SIB), to oversee the investment management and administration of the investment funds under the Committee's mandate. The SIB acts on behalf of P&R, as detailed in its Terms of Reference, to fulfil the mandate and achieve the investment objectives set by P&R. Further detail on investment performance and analysis can be found in the SIB Annual Report which is included as Appendix XI and in Note 41.

Net Asset Position

ASSETS - **LIABILITIES**





NET ASSETS £3,898m

= **RESERVES**

Net Assets	**£3,898m**
less: Accounting Reserve & Pension	£1,705m
less: Investment in Trading Entities	£595m
Distributable Reserves	**£1,598m**
less: Earmarked Reserves / Funds	
Social Security Funds	£942m
Core Investment	£182m
Guernsey Health Reserve	£98m
Insurance Deductible	£16m
Bond Reserve	£1m
Seized Asset	£9m
Earmarked Reserves / Funds Sub Total	£1,248m
Unallocated General Revenue	**£350m**

The asset position remains strongly positive with net assets of just under £4bn. However, the vast majority of this net asset position is either unrealisable or earmarked for specific purposes. The unallocated position from an accounting perspective stood at £350m at the year end.The States of Guernsey has agreed to maintain a core level of reserves and has allocated the remainder to the capital portfolio. The States of Guernsey decides the use of the General Revenue Reserve through the Funding & Investment Plan, in which the available balances are considered, rather than the net asset valuation at the year end.

Core Government Analysis

The Core Government segment consists of General Revenue and Social Security. The following analysis breaks out these sub segments and also ties the performance back to the published budgets for the year.

General Revenue

	2024	2023	Movement	Movement	Budget	Variance	Variance
	£m	£m	£m	%	£m	£m	%
Income	667.7	663.5	4.2	0.6	681.5	(13.8)	(2.0)
Pay Expenditure	(334.8)	(310.1)	(24.7)	(8.0)	(336.4)	1.6	0.5
Non-Pay Expenditure	(342)	(309.7)	(32.3)	(10.4)	(332.8)	(9.2)	(2.7)
General Revenue Surplus / (Deficit)	**(9.1)**	**43.7**	**(52.8)**	**(120.8)**	**12.3**	**(21.4)**	**(174.3)**
Non Capex Project Exp	(22.5)	(22.6)	0.1	0.44	(5.0)	(17.5)	(351.0)
Operating Surplus / (Deficit)	**(31.6)**	**21.1**	**(52.7)**	**(249.8)**	**7.3**	**(38.9)**	**(536.0)**
Depreciation & Finance	(51.7)	(51.6)	(0.1)	(0.3)	(38.7)	(13.0)	(33.7)
Investment Valuation	61.8	50.9	10.9	21.3	21.1	40.7	192.7
Net Surplus / (Deficit)	**(21.5)**	**20.4**	**(41.9)**	**(205.6)**	**(10.3)**	**(11.1)**	**(108.7)**
Total Assets	4,418.8	4,379.4	39.4	0.9			
Total Liabilities	(522.0)	(516.9)	(5.1)	(1.0)			
Net Assets	**3,896.8**	**3,862.5**	**34.3**	**0.9**			

The table above shows the general revenue operating surplus both before and after the non-capital project expenditure. The General Revenue Surplus / Deficit line aligns to the budget and commentary provided during the financial year regarding performance, being a deficit of £9.1m, £21.4m adverse to budget.

Social Security Funds

Considering the funds in Isolation:

Guernsey Insurance Fund (GIF)

This fund supports a range of contributory benefits - States Pension, incapacity, sickness, parental, death and other minor benefits. The fund received contributions of £172.2m (2023: £159.2m) and issued benefits totalling £193.9m (2023: £177.3m).

After including administration costs the fund delivered an operating deficit of £27.1m (2023: £23.1m).

Investment valuation of £54.2m moved the net position to a surplus of £27.0m (2023: £20.0m).

The closing balance of reserves stood at £763.9m.

Long-Term Care Insurance Fund (LTCIF)

This fund supports residential and nursing home care benefits. The fund received contributions of £40.9m (2023: £37.1m) and issued benefits totalling £25.6m (2023: £23.5m).

After including administration cost the fund delivered an operating surplus of £15.1m (2023: £13.3m).

The increased investment valuation of £12.0m improved the net position to a surplus of £27.0m (2023: £21.9m).

The closing balance of reserves stood at £172.1m.

Controlled Entity Summary Results[6]

Narrative is provided directly by each controlled entity.

Guernsey Electricity Limited

	2024 £m	2023 £m	Movement £m	Movement %
Income	73.1	64.8	8.3	12.9
Pay Expenditure	(17.0)	(13.7)	(3.3)	(23.8)
Non-Pay Expenditure	(44.2)	(41.9)	(2.3)	(5.4)
Operating Surplus	**11.9**	**9.2**	**2.7**	**30.7**
Finance & Investments	(10.2)	(10.1)	(0.1)	(0.9)
Net Surplus / (Deficit)	**1.7**	**(0.9)**	**2.6**	**284.5**
Total Assets	187.3	188.6	(1.3)	(0.7)
Total Liabilities	(74.1)	(79.2)	5.1	6.5
Net Assets	**113.2**	**109.4**	**3.8**	**3.5**

2024 saw a 12.9% growth in GEL's total revenue to £73m compared to the previous year (2023: £65m). Whilst this increase was primarily driven by the prior STSB-approved tariff increases, the utility sales also included a 0.9% growth in electricity demand over 2023.

In combination, total operating and pay costs increased by 8.9% being £61m in 2024 (2023: £56m). Primary drivers included increased unit import and transmission costs, the inflation-linked continued high increases in GEL's underlying cost base, the annual staff pay award and the increased costs of contracted out support work / professional consultants / maintenance fees.

GEL's 2024 financial performance strengthened with an operating surplus in the year of £1.7m (2023: loss £1m). This helps to put the business in a more resilient position to not only reinvest to maintain security of electricity supply but to also start to invest in the assets that will decarbonise our future. This investment is demonstrated by projects such as the bulk supply point at the Princess Elizabeth Hospital at a total cost of £12.9m, requiring 6.5km of high voltage cabling across the island. This was the largest grid infrastructure project completed during the year, and the impact of recent tariff increases has enabled our total annual capital expenditure to rise to a level where the risks associated with historic underinvestment are starting to be addressed.

In 2024, there was a decrease in the carbon intensity of distributed electricity, with the Direct Emissions Intensity decreasing from 73gCO_2e/kWh in 2023 to 62gCO_2e/kWh. This was driven by the lower quantity of energy required to be generated by the Vale power station. The subsea interconnector remained the main power source in 2024 with 92% (2023: 91%) of distributed electricity coming from low carbon imports.

GEL's net assets at the end of 2024 increased by £3.8m to £113.2m (2023: £109.4m) as investment in fixed assets exceeds depreciation in both years and stock values increased, contributing to the increased reserves in the year.

6 This section includes interest income in the income line. In previous analysis it is in the finance and investment line.

Aurigny Limited

	2024 £m	2023 £m	Movement £m	Movement %
Income	64.0	62.0	2.0	3.2
Pay Expenditure	(14.9)	(14.4)	(0.5)	(3.4)
Non-Pay Expenditure	(50.5)	(38.1)	(12.4)	(32.3)
Operating Surplus / (Deficit)	**(1.4)**	**9.5**	**(10.9)**	**(114.6)**
Finance & Investments	(6.2)	(10.7)	4.5	41.7
Net Surplus / (Deficit)	**(7.6)**	**(1.2)**	**(6.4)**	**(510.6)**
Total Assets	55.0	67.3	(12.3)	(18.3)
Total Liabilities	(59.8)	(64.5)	4.7	7.3
Net Assets	**(4.8)**	**2.8**	**(7.6)**	**(273.5)**

In 2024, revenue growth of 5% year-on-year meant that a record air fare turnover exceeding £60m was achieved. Average fares increased by 2%, approximately 3% below Guernsey inflation rate, therefore delivering a real-term reduction in fares.

Operationally, flight frequencies increased 12% to 13,800 flights and 768,000 seats, more than 60% of which were on designated lifeline routes. Passenger volumes increased by 1% to 570,000 passengers, reaching the highest volume in Aurigny's history.

Aurigny had made proactive arrangements to support resilience during the planned exit of the Embraer jet as well as the entry-into service of two leased ATR aircraft (one during Q2 and one during Q4), and secured ACMI wet lease capacity from a UK-based airline for this purpose. The contracted service provider, who provides contract capacity to the likes of KLM-Air France and holds the highest level of regulatory certification, initially delivered capacity as contracted, but by the start of Q2 had reneged on its obligations due to crew shortages.

This capacity constraint caused by the failure of the planned wet lease was exacerbated by one owned aircraft being out of service for several months following damage to the nose leg as a result of a hard landing. This resulted in a large volume of wet leased capacity being contracted to cover the summer flying schedule at relatively short notice.

The financial implications of these challenges have been material, and Aurigny recorded a loss before adjustments for group amalgamation of £5.7m for the year. This loss is wholly accounted for by exceptional ACMI wet lease and maintenance cost, which if excluded, results in a profit of £543k for the year against a profit of £557k for 2023. A £1.9m adjustment was made relating to intercompany balances as part of the group amalgamation, which brought the total loss to £7.6m.

The result for 2024 moved the company from a net asset position of £2.8m at the end of 2023 to net liabilities of £4.8m in 2024. It should be noted that 2024 losses were funded through cash reserves and the outstanding Embraer aircraft loan of £4.1m was also settled along with substantial costs relating to corrosion of the thrust reversers on the aircraft that needed to be rectified prior to sale (this is a reflection of the age of the aircraft).

From a financial outlook standpoint Aurigny remains optimistic of, as it has done before 2024, delivering sustainable financial results going forward while reducing the cost of air travel in real terms, and continuing to support the local economy through our local supply chain spend and enhanced connectivity. Operationally, our emphasis is on safe, resilient and reliable service delivery to island residents and visitors.

Guernsey Post Limited

	2024 £m	2023 £m	Movement £m	Movement %
Income	38.7	38.7	0.0	0.1
Pay Expenditure	(15.7)	(16.1)	0.4	2.4
Non-Pay Expenditure	(22.9)	(23.0)	0.1	0.7
Operating Surplus / (Deficit)	**0.1**	**(0.4)**	**0.5**	**123.9**
Finance & Investments	(1.2)	(1.0)	(0.2)	(20.9)
Net Surplus / (Deficit)	**(1.1)**	**(1.4)**	**0.3**	**23.8**
Total Assets	27.7	28.6	(0.9)	(3.4)
Total Liabilities	(5.2)	(5.0)	(0.2)	(3.0)
Net Assets	**22.5**	**23.6**	**(1.1)**	**(4.7)**

Guernsey Post continues to adapt to a rapidly evolving industry, which continues to experience a significant shift away from letter volumes in favour of parcel growth, a sector which is seeing increased competition, resulting in pricing pressures and rising consumer expectations for faster and more flexible deliveries.

The installation of a new parcel sorting automation and redesign and extension of its Head Office have enhanced sorting and processing capabilities and allowed for the handling of higher volumes of parcels more efficiently throughout the year, whilst creating delivery capacity to manage future parcel growth without compromising service quality and customer delivery standards.

Guernsey Post reported an operating profit of £0.1m for year ended 31st December 2024, which compares to a prior year operating loss of £0.4m in 2023, an improvement which is consistent with its 3-year plan to return to profit in 2025.

Turnover for the year of £38.7m remained consistent with prior year.

Expenditure for the year was £38.6m, a decrease of £0.5m on prior year.

Direct expenses for the year declined by £0.1m, driven primarily by a reduction in costs paid to Royal Mail of £1.2m as the volume of mail sent to the UK declined. In contrast however, the costs associated with transporting mail between the UK and the Bailiwick have increased by £0.7m. Disruptive changes by Condor to local freight arrival and departure schedules, which have since been reversed, led to further unplanned costs.

Staff expenditure was reduced by 3% on prior year, representing a reduction in costs of £0.4m. The reduction in staff related expenditure for the year is primarily due to voluntary redundancy costs recognised in prior year of £0.9m.

The high rates of inflation experienced in 2023 and 2024 have contributed to an increase in operating expenditure of £0.4m compared to prior year.

Guernsey Post continues to operate with a strong Balance Sheet and a healthy liquidity position. Shareholders' funds were £22.5m, a decrease of £1.1m in the year.

Guernsey Post had net outward cash movements of £1.5m during the year and at the year end held a cash balance of £3m (2023: £4.4m), alongside other current assets, supported by a £16.9m (2023: £17.4m) fixed assets base.

The focus on innovation and growth opportunities saw the successful launch of myUKaddress this year, which has seen over a quarter of households in Guernsey sign up to the service which facilitates the delivery of items to the Bailiwick, which retailers are unable to fulfil themselves.

Guernsey Housing Association LBG

	2024 £m	2023 £m	Movement £m	Movement %
Income	12.8	11.4	1.4	12.4
Pay Expenditure	(1.9)	(1.6)	(0.3)	(13.8)
Non-Pay Expenditure	(5.3)	(4.2)	(1.1)	(24.7)
Operating Surplus / (Deficit)	**5.6**	**5.6**	**0.0**	**2.6**
Finance & Investments	(6.1)	(6.4)	0.3	5.5
Net Surplus / (Deficit)	**(0.5)**	**(0.8)**	**0.3**	**56.2**
Total Assets	209.9	205.3	4.6	2.2
Total Liabilities	(98.3)	(94.9)	(3.4)	(3.6)
Net Assets	**111.6**	**110.4**	**1.2**	**1.1**

In 2024 the Guernsey Housing Association (GHA) generated a deficit of £0.5m (2023: £0.8m). The GHA has charitable aims and objectives and is registered as a not-for-profit company with the Guernsey Registry. As a housing association, the operating framework requires that any surplus generated by the GHA is invested back into the business in normal circumstances, assisting with property maintenance, repairs and developing new homes.

2024 rental income for the GHA was £11.5m (2023 £10.7m) an overall 7% increase. 2% of this increase was due to 2024 being a 53-week rental year compared to 52 weeks in 2023. The States of Guernsey and the GHA use the Guernsey June Retail Price Index (RPIX) as a guide for the following year rent increase. The Guernsey June 2023 RPIX was 6.8% but the GHA Board of Directors decided on a 5% rise to help tenants struggling with the costs of living.

Operating expenditure excluding property depreciation and interest on development loans was £7.2m (2023 £5.8m) the increase reflecting greater essential repairs and maintenance to an ageing property portfolio impacted by higher than RPIX repairs and maintenance inflation.

Guernsey Ports

	2024 £m	2023 £m	Movement £m	Movement %
Income	27.5	23.5	4.0	16.9
Pay Expenditure	(18.7)	(14.8)	(3.9)	(26.4)
Non-Pay Expenditure	(10.2)	(11.1)	0.9	8.2
Operating Surplus / (Deficit)	**(1.4)**	**(2.4)**	**1.0**	**40.0**
Finance & Investments	(4.8)	(4.4)	(0.4)	(8.4)
Net Surplus / (Deficit)	**(6.2)**	**(6.8)**	**0.6**	**8.7**
Total Assets	233.5	235.7	(2.2)	(0.9)
Total Liabilities	(13.5)	(15.2)	1.7	11.0
Net Assets	**220.0**	**220.5**	**(0.5)**	**(0.2)**

In 2024 Ports commenced a plan to return to a financially sustainable operating model. This included a review of fees and charges alongside targeting efficiency savings.

Passenger numbers, a key driver of Ports revenue, grew by just 0.3% from the previous year. However, additional plane movements, higher than planned airport opening hours extension fees and strong performing harbour freight & other commercial charges, together with above RPI fee increases meant revenues grew 17% from £23.5m to £27.5m in 2024.

Expenditure for 2024 excluding depreciation and interest was £28.9m versus £25.9m in 2023, a 12% increase. Primary drivers being annual pay rises and additional overtime in 2024 following an above average number of airport opening hours extensions. The average number of full-time employees increased by 56 to 281 in 2024 relating to the in-sourcing of the airport security function, coast-guard services, cruise marshals, and project management functions. Transition, equipment and training costs were incurred in 2024, however insourcing is expected to lead to longer term cost savings.

After depreciation, revaluations and interest charges, the Ports recorded a £6.2m deficit versus a £6.8m deficit in 2023.

Ports' net assets at the end of 2024 were 220m (2023: £220.5m), with good progress made in reducing debtors and overdraft – the latter reduced to £1.2m from £3.2m at the beginning of the financial year. Revaluation gains on investment properties in 2024 assisted in the maintenance of reserves at 2023 levels.

Guernsey Water

	2024 £m	2023 £m	Movement £m	Movement %
Income	20.4	18.0	2.4	13.2
Pay Expenditure	(4.4)	(4.2)	(0.2)	(5.0)
Non-Pay Expenditure	(10.3)	(10.2)	(0.1)	(1.3)
Operating Surplus / (Deficit)	**5.7**	**3.6**	**2.1**	**55.8**
Finance & Investments	(5.8)	(5.2)	(0.6)	(10.0)
Net Surplus / (Deficit)	**(0.1)**	**(1.6)**	**1.5**	**94.4**
Total Assets	159.3	157.5	1.8	1.1
Total Liabilities	(17.9)	(16.0)	(1.9)	(11.8)
Net Assets	**141.4**	**141.5**	**(0.1)**	**(0.1)**

Guernsey Water's financial performance improved in 2024. The reduction of the overall deficit to £0.1m puts the business slightly ahead of financial recovery targets.

Following a period of below inflationary price increases and an exceptionally challenging financial year in 2023, prices were increased by up to 12.9% for water charges and up to 12.7% for wastewater. Income from these charges increased by 12.9% on 2023 but was still 1.3% below budget due to reduced summer demand due to weather.

Despite inflationary pressures in several areas including power and chemicals, expenditure increases were constrained to 2.5% on 2023. One of the main reasons for this was the cost of cesspit emptying, which makes up almost a third of total costs, coming in under budget. Maintenance costs were also reduced as plans to insource some wastewater services progressed.

Planned recruitment was withheld in some areas and ongoing skills gaps could not be closed in others; both contributed to lower payroll costs than budget. Whilst this improved the short-term financial position, we were unable to invest the full capital budget in 2024 due in part to resource constraints.

Cost control and increased income reversed the sharp deterioration in operating margin in 2023. However, operating surplus remains insufficient to cover the increasing cost of investment in water and wastewater infrastructure.

States Works

	2024 £m	2023 £m	Movement £m	Movement %
Income	17.6	17.4	0.2	1.3
Pay Expenditure	(10.4)	(10.0)	(0.5)	(4.7)
Non-Pay Expenditure	(5.7)	(5.7)	(0.0)	(0.0)
Operating Surplus / (Deficit)	**1.5**	**1.7**	**(0.2)**	**(11.1)**
Finance & Investments	(0.9)	(1.0)	0.1	10.2
Net Surplus / (Deficit)	**0.6**	**0.7**	**(0.1)**	**(12.3)**
Total Assets	15.9	14.7	1.2	8.2
Total Liabilities	(2.5)	(1.9)	(0.6)	(29.0)
Net Assets	**13.4**	**12.8**	**0.6**	**5.1**

States Works revenue grew from £17.4m to £17.6m driven by contracts with Guernsey Waste. The modest growth was delivered whilst facing several revenue challenges during 2024 within Fleet Maintenance, both Electrical & Mechanical, due to recruitment difficulties. In addition, some client contracts were insourced during 2024.

Expenditure for 2024, excluding depreciation and interest, rose to £16.1m, up from £15.7m in 2023 - an increase of 3%. The primary driver was direct labour costs, which increased from £7.4m to £7.8m in 2024.

After depreciation, asset disposals and investment returns, States Works achieved a surplus of £0.6m, marginally lower than in 2023.

At the end of 2024, non-current assets stood at £8.2m, up from £7.0m the previous year. During the year, States Works procured 15 new sewage collection tankers at a cost of £2m.

Given the consistent positive financial performance, States Works resolved to transfer £1m to the States' General Revenue with the remaining cash reserves retained to support future capital investments.

Guernsey Waste

	2024 £m	2023 £m	Movement £m	Movement %
Income	12.5	10.7	1.8	16.9
Pay Expenditure	(0.5)	(0.5)	(0.0)	(5.3)
Non-Pay Expenditure	(11.1)	(10.3)	(0.8)	(7.6)
Operating Surplus / (Deficit)	**0.9**	**(0.1)**	**1.0**	**669.5**
Finance & Investments	(2.2)	(1.9)	(0.3)	(19.4)
Net Surplus / (Deficit)	**(1.3)**	**(2.0)**	**0.6**	**31.4**
Total Assets	24.3	25.6	(1.3)	(5.2)
Total Liabilities	(1.9)	(1.8)	(0.1)	(3.4)
Net Assets	**22.4**	**23.8**	**(1.4)**	**(5.8)**

Guernsey Waste revenue grew from £10.7m to £12.5m with the biggest drivers being inert waste (£0.8m) and Mont Cuet (£0.3m), due to a mix of price and tonnage increases.

Expenditure for 2024 excluding depreciation and interest was £11.6m versus £10.8m in 2023, a 7.4% increase. Primary drivers being contractor RPI or other market increases such as residual waste freight (£0.2m) along with inert waste stockpiling provision for double handling (£0.2m), kerbside contamination (£0.1m) and extra resource needed for more frequent movements at the new green waste site (£0.2m). Given a positive operating result, no support from General Revenue was required in 2024, however this masks an underlying operating deficit of £2m offset by surplus income from inert waste of £2.9m.

After depreciation, revaluations and interest charges, Guernsey Waste recorded a £1.3m deficit versus a £2.0m deficit in 2023. The 2024 deficit included a loss on impairment (£0.3m) in relation to the flooring at the Waste Transfer Station.

Net assets at the end of 2024 stood at £22.4m which included £1.0m in cash reserves.

Guernsey Dairy

	2024 £m	2023 £m	Movement £m	Movement %
Income	10.5	9.7	0.8	8.5
Pay Expenditure	(1.9)	(1.8)	(0.1)	(5.0)
Non-Pay Expenditure	(8.5)	(7.7)	(0.8)	(10.7)
Operating Surplus / (Deficit)	**0.1**	**0.2**	**(0.1)**	**(34.1)**
Finance & Investments	(0.3)	(0.3)	-	4.6
Net Surplus / (Deficit)	**(0.2)**	**(0.1)**	**(0.1)**	**(71.9)**
Total Assets	5.0	5.0	(0.0)	(1.0)
Total Liabilities	(1.9)	(1.8)	(0.1)	(5.8)
Net Assets	**3.1**	**3.2**	**(0.1)**	**(4.9)**

In 2024 the Dairy made a deficit of £0.2m (after depreciation & interest) compared to 2023's deficit of £0.1m, both of which were better than budget.

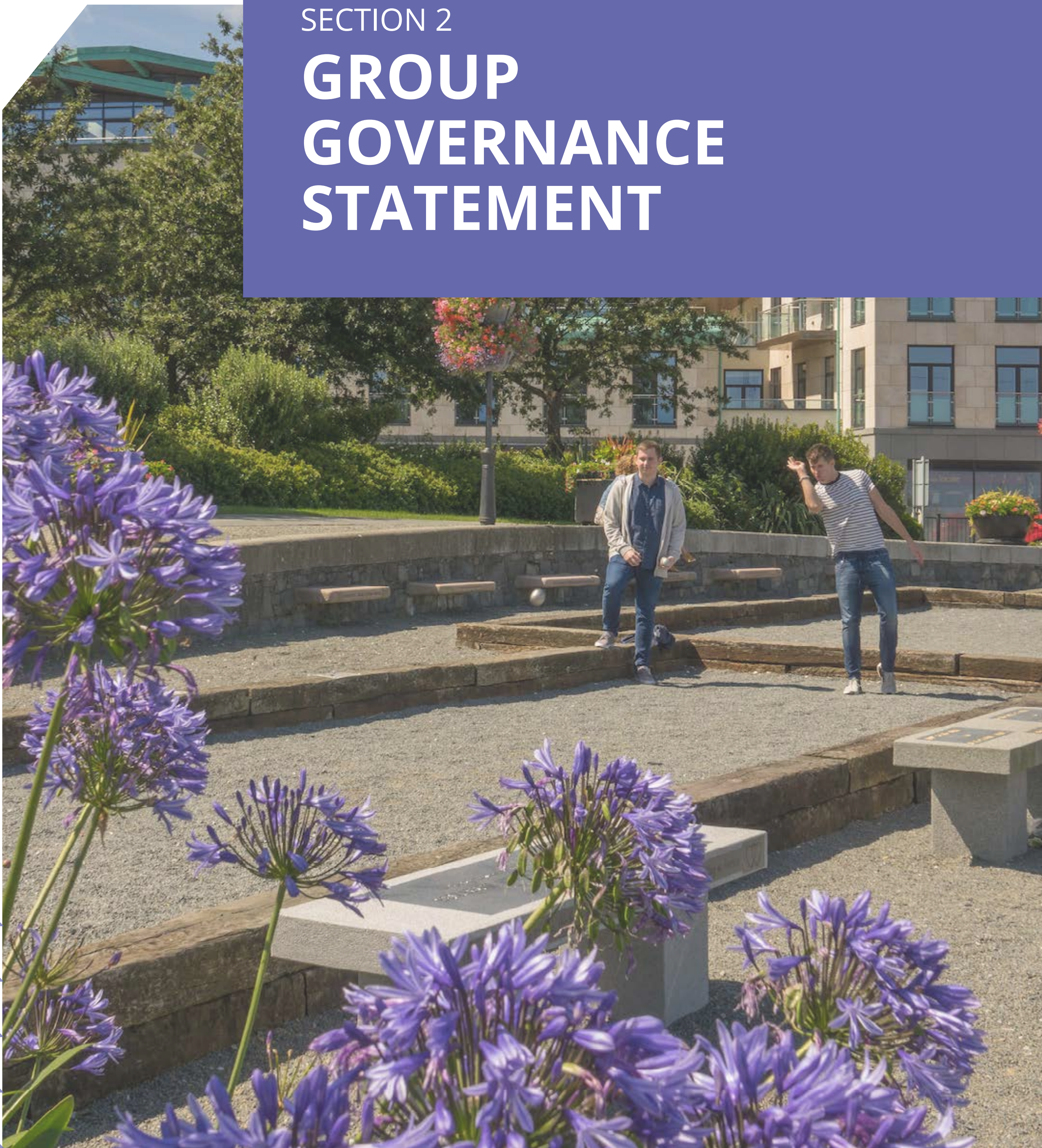
Overall income was up on 2023 by £0.8m (9%). 2024 saw two wholesale gate price increases (the main driver of Guernsey Dairy revenue) for both milk and milk products, 6.3% with effect from 7th January 2024 and 4.2% with effect from 1st July 2024. This resulted in an increase of £0.7m in income compared to 2023.

Expenditure for 2024 (excluding depreciation & interest) was up on the previous year by £0.9m (10%). The largest component of the increase was the cost of raw milk purchased which increased by £595k (11.8%) year on year.

Capital spend in the year was £125k compared to £426k in 2023. Some projects were postponed to 2025 due to insufficient project management resources and contractor availability.

SECTION 2

GROUP GOVERNANCE STATEMENT



Governance Statement

Guernsey is a Crown Dependency situated in the Bay of St. Malo, west of the Normandy coast, with its own laws and customs based originally on Norman practice. Effectively independent yet coming under the protective wing of the British Government, Guernsey is a part of the British Isles but not the United Kingdom (UK). The UK Government is responsible only for the Bailiwick's international representation and defence.

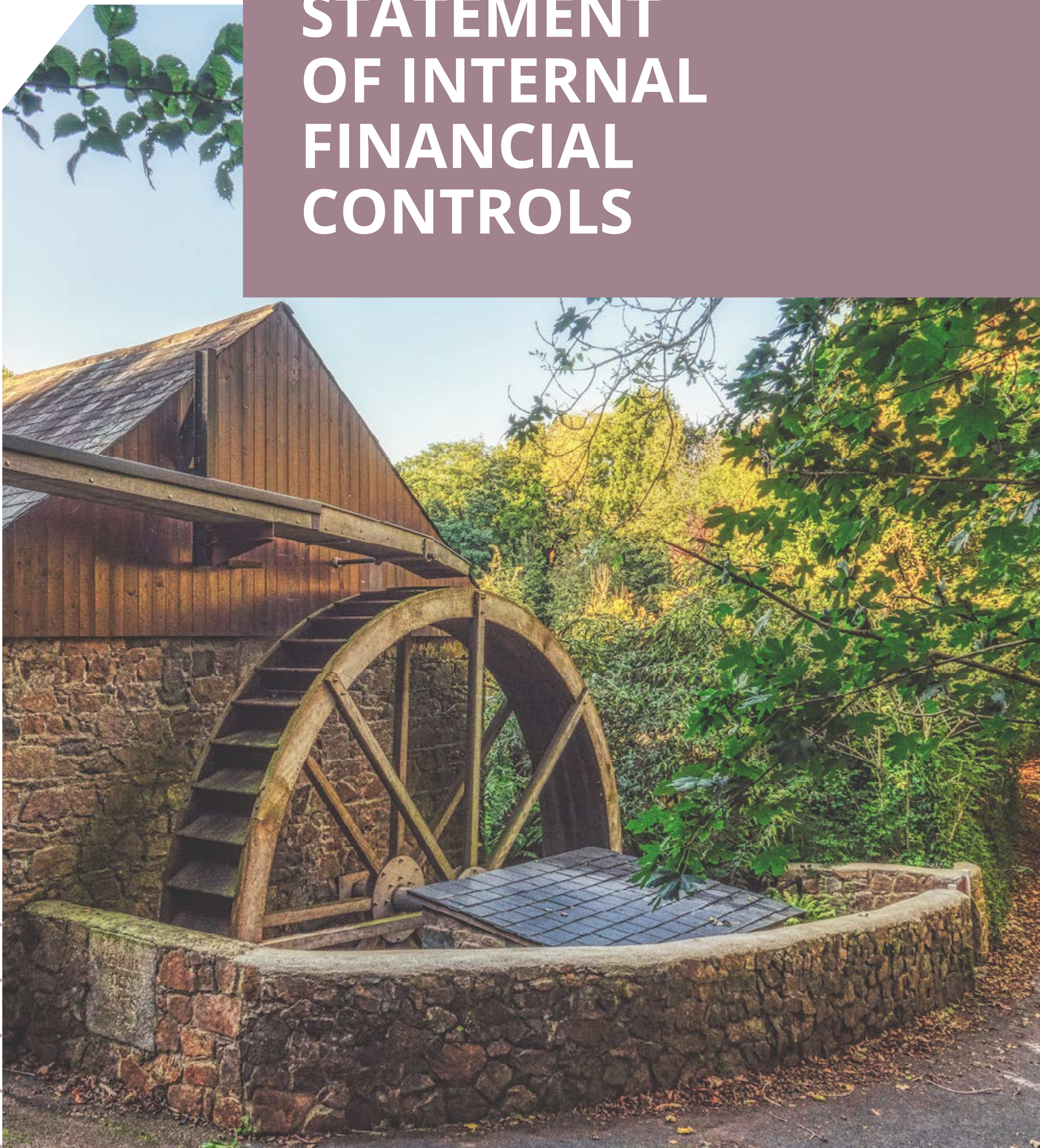
The Guernsey Parliament is referred to as the States of Deliberation (SoD) and has the power to raise taxation, determine expenditure and pass legislation within the Bailiwick. The States of Guernsey refers to the function of government. The Policy & Resources Committee (P&R) is the senior Committee of the States and has mandated responsibilities for submitting the consolidated financial statements to the SoD.

Included within the group, and these consolidated financial statements, are four incorporated entities controlled by the States of Guernsey as well as five unincorporated trading entities. These entities have a separate legal form and their own governance frameworks (including the degree to which each entity is required to give effect to government policy).

See Note 34 for details of these controlled entities.

SECTION 3

STATEMENT OF INTERNAL FINANCIAL CONTROLS



Statement of Internal Financial Controls

i. Core Government

It is the responsibility of the Policy & Resources Committee, on behalf of the States of Deliberation to identify and install a system of internal controls, including financial control, which is adequate for the purposes of the States of Guernsey.

This system of internal controls is then passed to each Committee, Authority and Board which they work within to deliver the same controls in each area. Thus, each Committee, Authority and Board is responsible for safeguarding the assets of the States of Guernsey in their care and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each Committee, Authority and Board is also responsible for the economical, efficient and effective management of public funds and other resources entrusted to it.

It is acknowledged that each of the States of Guernsey's Committees, Authorities and Boards are subject to financial and manpower restrictions. Nevertheless, they have a duty to ensure that they fulfil their obligations to install and maintain adequate internal controls and safeguard the States of Guernsey's resources for which they are responsible.

The States of Guernsey's internal financial controls and monitoring procedures include:

- An annual budget and planning process to allocate, control and monitor the use of resources;
- Review and appraisal by States Internal Audit of the soundness, adequacy and application of internal controls;
- Collation of risk registers, which are subject to regular review and update in compliance with internal Risk Management Directives;
- The requirement for all internal audit reports to be distributed to Senior Leadership, the Scrutiny Management Committee and external audit; and
- Regular review of the performance and security of The States' financial assets.

The States of Guernsey strives to ensure that all those with financial responsibilities have the necessary skills and motivation to discharge their duties with the proficiency that the community has the right to expect.

The States of Guernsey's internal controls and accounting policies have been and are subject to regular review and improvement. Changes to accounting policies are reviewed and approved by the Policy & Resources Committee.

ii. States Trading Unincorporated Entities

The States' Trading Supervisory Board is responsible for ensuring that these entities comply with the same controls as core Government.

iii. Other Incorporated Entities and the Controlled Entities

The boards of the other incorporated entities and the controlled entity have their own control and risk management frameworks to enable them to comply with their responsibilities under company law and any relevant regulatory requirements or legislation relating to their activities. Details of these are available in their individual financial statements published on their websites.

iv. Pension Scheme

It is the responsibility of the Policy & Resources Committee, under the States of Guernsey (Public Servants) (New Pensions and Other Benefits) Rules, 2016 to establish and operate internal controls in accordance with accepted standards of corporate governance adopted by the States of Guernsey. This includes rules relating to the Constitution and Operation of States Departments and Committees, Code of Conduct for States Members and Code of Conduct for Civil Servants (as relevant).

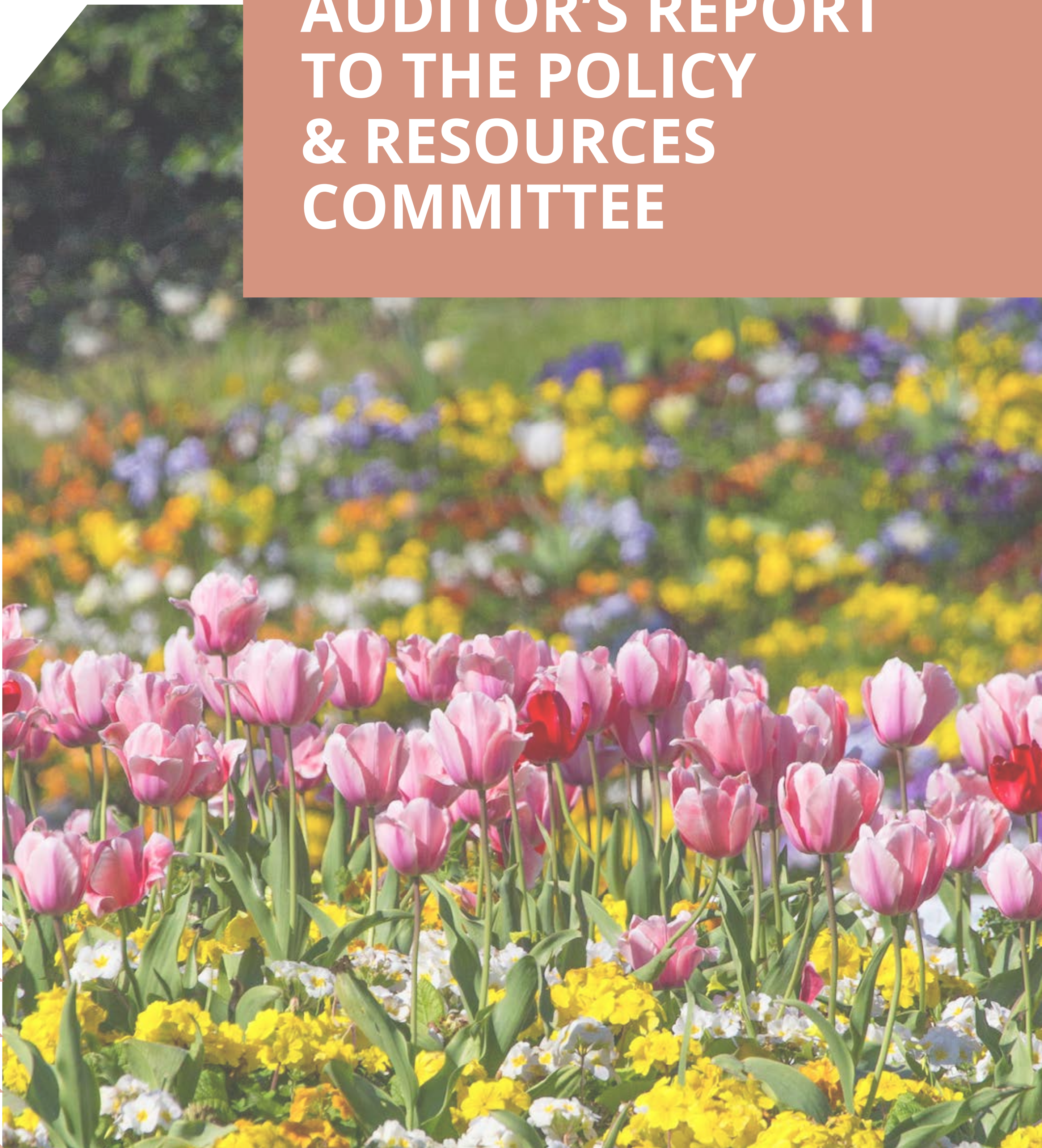
v. Internal Controls: Reporting in accordance with IPSAS

In the ordinary course of business, changes are made to systems and processes to improve controls, increase efficiency and comply with the changes to financial reporting needs.

In line with the reporting requirements of IPSAS, consideration has been given to internal controls and processes on the adoption of each IPSAS standard on a single entity basis

SECTION 4

INDEPENDENT AUDITOR'S REPORT TO THE POLICY & RESOURCES COMMITTEE



Independent Auditor's Report to the Policy & Resources Committee of the States of Guernsey

1. Opinion

We have audited the consolidated financial statements of the States of Guernsey and its Controlled Entities (the 'Group') for the year ended 31 December 2024 which comprise the Consolidated Statement of Financial Performance, the Consolidated Statement of Movement in Reserves, the Consolidated Statement of Financial Position, the Consolidated Cashflow Statement, notes to the Consolidated Financial Statements, Group Accounting Policies and additional disclosures supporting the Consolidated Financial Statements.

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended; and
- are in accordance with International Public Sector Accounting Standards ('IPSAS').

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the States in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Guernsey, including the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accounts, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Other information

The Policy & Resources Committee ("the Committee") is responsible for the other information. The other information comprises the States Treasurer's Report, the Governance Statement, the Statement of Internal Financial Controls, the Appendices and the States Investment Board Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the consolidated financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

4. Matters on which we have agreed to report by exception

We have nothing to report in respect of the following matters where our engagement letter requires us to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the consolidated financial statements are not in agreement with the accounting records; or
- the States Treasurer's Report is not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

5. Responsibilities of the Committee for the financial statements

The Committee is responsible for the preparation of the consolidated financial statements in accordance with IPSAS. The Committee is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Committee is responsible for assessing the Groups' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee either intend to liquidate the States or to cease operations, or have no realistic alternative but to do so.

6. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Groups' internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Groups' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

8. Use of our report

This report is made solely to the members of the Committee, on behalf of the States of Guernsey. Our audit work has been undertaken so that we might state to the Policy & Resources Committee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Committee and the States of Guernsey, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton Limited

Grant Thornton Limited

Chartered Accountants

St Peter Port, Guernsey

Date: 23 June 2025

SECTION 5

PRIMARY CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Performance for the year ended 31 December 2024

	Note	2024 £'000s	2023 £'000s
Revenue			
Income Tax	2a	417,610	427,082
Social Security Contributions	2b	223,668	207,823
Other Taxes and Duties	2c	105,911	97,725
Fines and Penalties	2d	1,011	911
Grants and Donations	2e	140	248
		748,340	**733,789**
Sale of Goods	3a	279,990	265,137
Rendering of Services	3b	38,537	35,412
Fees, Licenses and Permits	3c	12,751	12,721
Finance Income	4	2,542	2,681
Other Income	5	11,047	10,823
Total Revenue		**1,093,207**	**1,060,563**
Expenditure			
Pay Costs	6	395,606	364,469
Operating Costs	9	392,528	359,872
Third-Party Payments - Benefits Payments	7	291,614	267,623
Depreciation and Amortisation	12	61,066	59,914
Finance Costs and Similar Charges	10	30,140	26,172
Third-Party Payments - Grants and Subsidies	8	29,727	28,193
Impairment Losses of Non-Financial Assets	11	1,105	2,052
Impairment Losses of Financial Assets	41.4	33	1,011
		1,201,819	**1,109,306**
Other Gains	13	128,335	100,832
Net Surplus/(Deficit) from Equity Accounted Investments	17	289	(136)
Surplus for the year		**20,012**	**51,953**

Consolidated Statement of Movement in Reserves for the year ended 31 December 2024

Current Year - 2024

	General Reserve £'000s	Bond Reserve £'000s	Core Investment Reserve £'000s	Guernsey Insurance Fund £'000s	Long-Term Care Insurance Fund £'000s	Accounting Adjustments £'000s	Total Reserves £'000s
Opening Balance at 1 January 2024	**1,024,903**	**(71)**	**168,620**	**736,847**	**151,093**	**1,446,030**	**3,527,422**
Surplus for the Year	20,012	-	-	-	-	-	20,012
Transfers to/(from) General Reserve	(68,724)	1,253	13,409	27,027	27,035	-	-
Remeasurement of the Net Defined Benefit (Liability)/ Asset	329,590	-	-	-	-	-	329,590
Gain arising on Financial Instruments held at FV through Net Assets/Equity	181	-	-	-	-	-	181
Increase in the Year	**281,059**	**1,253**	**13,409**	**27,027**	**27,035**	**-**	**349,783**
Closing Balance at 31 December 2024	**1,305,962**	**1,182**	**182,029**	**763,874**	**178,128**	**1,446,030**	**3,877,205**

Consolidated Statement of Movement in Reserves for the year ended 31 December 2024 (continued)

Comparative Year - 2023

	General Reserve	Bond Reserve	Core Investment Reserve	Guernsey Insurance Fund	Long-Term Care Insurance Fund	Accounting Adjustments	Total Reserves
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Opening Balance at 1 January 2023	**1,118,953**	**(755)**	**158,100**	**716,821**	**129,218**	**1,446,030**	**3,568,367**
Surplus for the Year	51,953	-	-	-	-	-	51,953
Transfers to/ from General Reserve	(53,105)	684	10,520	20,026	21,875	-	-
Remeasurement of the Net Defined Benefit (Liability)/Asset	(91,922)	-	-	-	-	-	(91,922)
Gain/(Loss) arising on Financial Instruments held at FV through Net Assets/Equity	(976)	-	-	-	-	-	(976)
Increase/(Decrease) in the Year	**(94,050)**	**684**	**10,520**	**20,026**	**21,875**	**-**	**(40,945)**
Closing Balance at 31 December 2023	**1,024,903**	**(71)**	**168,620**	**736,847**	**151,093**	**1,446,030**	**3,527,422**

Consolidated Statement of Financial Position as at 31 December 2024

	Note	2024 £'000s	2023 £'000s	1 Jan 2023 £'000s
Non-Current Assets				
Property, Plant and Equipment	18	2,431,777	2,432,861	2,422,118
Investment Properties	19	98,538	95,776	100,024
Intangible Assets	20	5,531	6,034	6,308
Investments accounted for using Equity Method	17	3,153	2,864	-
Receivables from Exchange Transactions	21	8,448	9,367	8,479
Other Financial Assets and Investments	24	1,787,873	1,725,101	1,706,387
		4,335,320	**4,272,003**	**4,243,316**
Current Assets				
Inventories	25	22,478	21,543	21,099
Receivables from Exchange Transactions	21a	88,751	80,060	81,441
Receivables from Non-Exchange Transactions	22	108,883	128,979	96,566
Other Financial Assets and Investments	24	7,649	12,146	7,495
Cash and Cash Equivalents	31b	8,758	19,223	21,888
		236,519	**261,951**	**228,489**
Current Liabilities				
Bank Overdrafts	31b	3,869	-	86
Trade and Other Payables	26	118,454	112,119	110,758
Short Term Borrowing	27a	20,597	34,044	55,494
Provisions	28	3,536	2,814	3,575
Other Financial Liabilities	30	46,188	34,099	35,676
Currency in Circulation	29	52,590	51,153	52,600
		245,234	**234,229**	**258,189**
Non-Current Liabilities				
Long Term Borrowing	27b	383,674	387,428	363,641
Trade and Other Payables	26d	5,632	5,339	4,560
Provisions	28	16,106	18,716	18,008
Defined Benefit Pension Obligation	42	43,988	360,820	259,040
		449,400	**772,303**	**645,249**
Net Assets		**3,877,205**	**3,527,422**	**3,568,367**
Reserves				
General Reserve	32a	1,305,962	1,024,903	1,118,953
Other Reserves	32b-f	2,571,243	2,502,519	2,449,414
Total Reserves		**3,877,205**	**3,527,422**	**3,568,367**

These financial statements were approved by the Policy & Resources Committee on 23 June 2025.

Deputy Lyndon Trott
President,
Policy & Resources Committee

Bethan Haines
States Treasurer

Consolidated Cashflow Statement for the year ended 31 December 2024

	Note	2024	2023
		£'000s	£'000s
Net Surplus on the Provision of Services		**20,012**	**51,953**
Adjustment for Non-Cash and Working Capital Movements	31a	(16,809)	(58,168)
Adjustment for Investing and Financing Activities	31a	6,394	9,638
Net Cash Flows from Operating Activities	**31c**	**9,597**	**3,423**
Net Cash Flows from Investing Activities	**31d**	**8,319**	**6,494**
Net Cash Flows from Financing Activities	**31e**	**(32,250)**	**(12,496)**
Net Decrease in Cash and Cash Equivalents		**(14,334)**	**(2,579)**
Cash and Cash Equivalents at the Beginning of the Year	31b	19,223	21,802
Cash and Cash Equivalents at the End of the Year	**31b**	**4,889**	**19,223**

Comparison of Budget and Actual Amounts for the year ended 31 December 2024

	Budget Original	Budget Adjust-ments	Budget Auth-orised	Actual	Difference
	£'000s	£'000s	£'000s	£'000s	£'000s
General Revenue and Central Activities					
Central Activities Income*	621,305	340	621,645	600,937	(20,708)
Net Revenue Expenditure					
Corporate Services	(79,208)	(66)	(79,274)	(77,984)	1,290
P&R Committee	(15,340)	(6,219)	(21,559)	(22,006)	(447)
Committee *for* Economic Development	(10,122)	(902)	(11,024)	(10,703)	321
Committee *for* Education, Sport & Culture	(92,740)	(1,173)	(93,913)	(93,621)	292
Committee *for* Employment & Social Security	(87,151)	(1,729)	(88,880)	(88,453)	427
Committee *for the* Environment & Infrastructure	(13,850)	(918)	(14,768)	(14,608)	160
Committee *for* Health & Social Care	(234,822)	(788)	(235,610)	(242,026)	(6,416)
Committee *for* Home Affairs	(40,285)	(468)	(40,753)	(40,780)	(27)
Other Committees	(36,528)	12,915	(23,613)	(19,868)	3,745
Total Net Revenue Expenditure	**(610,046)**	**652**	**(609,394)**	**(610,049)**	**(655)**
Revenue Surplus / Deficit	**11,259**	**992**	**12,251**	**(9,112)**	**(21,363)**
Provision for Controlled Entity Losses*	(5,045)	-	(5,045)	(13,057)	(8,012)
Non-Capitalised Project Costs *	(5,552)	903	(4,649)	(22,387)	(17,738)
Operating Surplus/(Deficit)*	**662**	**1,895**	**2,557**	**(44,556)**	**(47,113)**
Depreciation & Amortisation*	(32,203)	-	(32,203)	(29,798)	2,405
Capital Income/(Losses) - Sale of Property*	-	-	-	(4,543)	(4,543)
Net Interest (Paid)/Received*	-	-	-	(5,275)	(5,275)
Net Surplus/(Deficit) before Investment Returns	**(31,541)**	**1,895**	**(29,646)**	**(84,172)**	**(54,526)**
Investment Returns*	32,009	-	32,009	61,765	29,756
Net Surplus / Deficit	**468**	**1,895**	**2,363**	**(22,407)**	**(24,770)**
Social Security Contributory Funds	**34,487**	**-**	**34,487**	**55,045**	**20,558**
Core Government Net Results	**34,955**	**1,895**	**36,850**	**32,638**	**(4,212)**
States Unincorporated Trading Entities:					
Net Revenue Expenditure					
Guernsey Airports	(4,058)	-	(4,058)	(5,702)	(1,644)
Guernsey Harbours	1,498	-	1,498	2,661	1,163
Guernsey Water	(474)	-	(474)	95	569
Guernsey Dairy	(537)	-	(537)	(156)	381
States Works	741	-	741	654	(87)
Guernsey Waste	(2,461)	-	(2,461)	(1,389)	1,072
Total Trading Entities	**(5,291)**	**-**	**(5,291)**	**(3,837)**	**1,454**

*See Table 1 in Appendix VIII.

Comparison of Budget and Actual Amounts for the year ended 31 December 2024

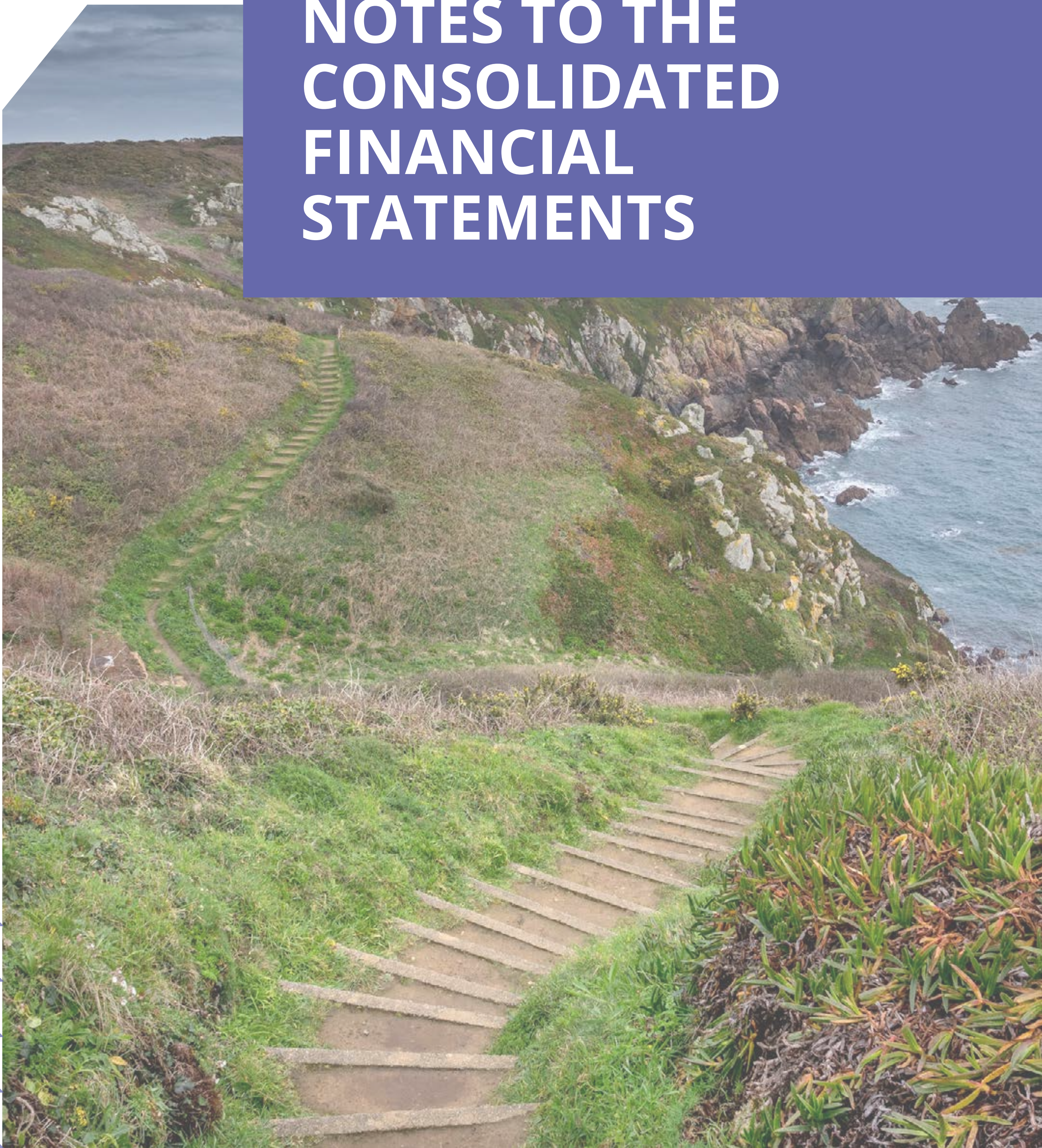
The above statement provides a comparison of budget amounts and the actual amounts arising from the execution of approved budgets for those entities within the group boundary that are required to make their approved budget publicly available, and for which they are held publicly accountable.

The original budget is the budget approved each year in the SoD. Adjustments to the original budget can be approved during the course of the financial year. Other adjustments represent transfers between committees when responsibility transfers between them.

The budgets were prepared and approved in 2023 for the 2024 financial year and were not prepared on a fully IPSAS compliant basis and therefore there are adjustments that have to be made to present the actual on a comparable basis to the budget. Further detailed analysis of this summary statement is presented in Appendix VIII to these financial statements.

SECTION 6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



1. Statement of Compliance and Basis of Preparation

The reporting entity is the States of Guernsey and all of its material-controlled entities, within the States of Guernsey group boundary (the 'accounting boundary'), hereafter known as "The Group". The entities that fall within the Group are detailed in Note 38: Group Accounting Boundary.

The Group financial statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS), issued by the International Public Sector Accounting Standards Board (IPSASB).

This is the first set of consolidated financial statements to be prepared in accordance with IPSAS. The adoption of IPSAS has required changes to the accounting policies previously followed by the Group. The new accounting policies under IPSAS have resulted in changes to the assets and liabilities recognised in the Statement of Financial Position. Accordingly, the last audited Statement of Financial Position dated 31 December 2023 and the resulting changes are reported in the Statement of Changes in Net Assets/Equity and Note 43. The revised 31 December 2022 Statement of Financial Position is described in these financial statements as the opening balance as at 1 January 2023 (restated). The net effect of the changes arising from the adoption of IPSAS in the Statement of Financial Position amounted to a decrease in net assets/equity of £226m.

The consolidated financial statements have been prepared on an historical cost basis, except for investment properties and some financial instruments which have been measured at fair value, as set out in the relevant accounting policies below. The consolidated financial statements are prepared on an accrual basis.

These consolidated financial statements are presented in sterling which is the functional and presentational currency of the Group, and all values are rounded to the nearest thousand (£'000). The reporting year end is 31 December.

Where items are sufficiently significant by their size or nature, they are presented separately in the financial statements to provide users with a proper understanding of the Group's financial position and performance.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out in Section 7 (Note 36). These policies have been consistently applied to all years presented.

2. Revenue from Non-Exchange Transactions

2a. Income Tax	2024 £'000s	2023 £'000s
Individuals	353,135	334,949
Companies (Including banks)	48,077	76,725
Distributions	16,398	15,408
	417,610	**427,082**

Income tax represents revenue for the year based on the revenue recognition criteria detailed in the accounting policy Note 36xi. Whilst most of the revenue is also received during the same financial year these financial statements include tax receivables of £65.09m (2023: £85.04m) reported in Note 22.

2b. Social Security Contributions	2024 £'000s	2023 £'000s
Employer and Employee Contributions	192,007	177,421
Self-employed Contributions	18,680	19,389
Non-employed Contributions	10,670	10,586
Other Contributions	2,311	427
	223,668	**207,823**

Social Security Contribution Revenue is received as follows:

- For Employees - collected by their employer under the ETI Scheme.
- For Self Employed - collected on an estimated basis, until final income for the year is assessed.
- For Non-Employed persons - contributions are collected based on their income.

Whilst most of the contributions are received during the same financial year these financial statements include contributions receivable of £41.61m (2023: £38.78m) reported in Note 22.

2c. Other Taxes and Duties	2024 £'000s	2023 £'000s
Customs & Immigration - Excise and Import Duties		
Motor Fuel	21,413	20,884
Wine	6,809	6,538
Tobacco	6,182	9,168
Beer	4,546	4,412
Spirits	4,212	4,072
Cider	793	865
Import Duties	494	509
	44,449	**46,448**
Other		
Tax on Real Property	36,614	31,209
Document Duty	22,903	18,364
Vehicle First Registration Duty	1,945	1,704
	105,911	**97,725**

	2024 £'000s	2023 £'000s
2d. Fines and Penalties		
Fines and Penalties	1,011	911
	1,011	**911**
2e. Gifts and Donations		
Gifts and Donations	140	248
	140	**248**
Total Revenue from Non-Exchange Transactions	**748,340**	**733,789**

3. Income from Operating Activities

3a. Sales of Goods	2024 £'000s	2023 £'000s
Sales of Electricity	61,278	52,903
Air Fares and Other Passenger Revenue	56,336	55,548
Government Fees and Charges	46,405	46,506
Postal Services	37,909	37,326
Water and Waste Water Charges	17,926	15,927
Harbour and Airport Fees	16,334	14,067
Health & Social Care Fees	14,153	12,368
Municipal and Maintenance Services	13,302	12,680
Milk and Dairy Supplies	10,368	9,561
Hire Purchase	3,169	3,798
Other Sales Income	2,810	4,453
	279,990	**265,137**

3b. Rendering of Services	2024 £'000s	2023 £'000s
Housing Rental Income		
Rental Income	37,029	34,413
Service Charges	631	598
	37,660	**35,011**
Other Income	877	401
	38,537	**35,412**

3c. Fees, Licences and Permits	2024 £'000s	2023 £'000s
Company Fees	11,917	11,962
Licenses and Permits	834	759
	12,751	**12,721**
Total Sale of Goods and Services	**331,278**	**313,270**

4. Finance Income

	2024 £'000s	2023 £'000s
Interest Income using the Effective Interest Method		
Loans to Related Parties	1,785	1,523
Cash and Cash Equivalents	757	1,158
Total Finance Income	**2,542**	**2,681**

5. Other Income

	2024 £'000s	2023 £'000s
Rental Income		
Investment Property Net Rental Income	5,297	5,425
Other Rental Income	3,360	2,948
	8,657	**8,373**
Royalties	1,563	1,489
Other	827	961
Total Other Income	**11,047**	**10,823**

6. Pay Costs

6a. Summary of Pay Costs	2024 £'000s	2023 £'000s
Pay Costs		
Salaries and Wages	364,695	335,638
Pension Costs	29,428	27,518
Social Security Costs	23,954	21,317
	418,077	**384,473**
Other Pay Costs		
Accommodation Allowances	2,284	1,576
Holiday Pay Accruals	325	220
Medical Cover	277	266
Income Protection and Life Insurance	228	213
Redundancy Costs	18	887
	3,132	**3,162**
Pay Costs Capitalised	(1,649)	(1,849)
Elimination of Social Security Contributions	(23,954)	(21,317)
Total Pay Costs	**395,606**	**364,469**

Pension Costs include current service costs of £27.53m (2023: £25.14m) in connection with the States of Guernsey Public Servants' Pension Scheme. For further details on the scheme refer to Note 42.

6b. Pay Cost by Group	2024 £'000s	2023 £'000s
Established Staff	112,163	100,478
Medical Staff	100,721	94,229
Controlled Entities Personnel	80,065	72,524
Educational Staff	53,841	50,057
Uniformed Services	25,804	25,095
Public Service Employees	18,166	17,557
Other Pay Groups	2,621	2,643
Crown Officers and Judges	2,225	1,886
	395,606	**364,469**

6c. Staff Information by Pay Group - Full Time Equivalents	2024 Average FTE	2023 Average FTE
Established Staff	1,750	1,683
Medical Staff	1,571	1,492
Controlled Entities Personnel	1,432	1,372
Educational Staff	932	925
Uniformed Services	402	435
Public Service Employees	460	470
Other Pay Groups	30	46
Crown Officers and Judges	9	8
	6,586	**6,431**

The average number of Full Time Equivalents (FTE) includes all overtime, additional duties, and miscellaneous duties undertaken by all employees (permanent, temporary, casual, and agency).

The average number of Full Time Equivalents (FTE) includes all employees (permanent, temporary, and agency) paid during the year. For example, one member of Established Staff (full-time hours 36) working an average of 18 hours a week over six months of the year would be included above as 0.25 FTE.

6d. Senior Employees' Remuneration	2024 Employees Number	2023 Employees Number
£110,000 to £134,999	157	127
£135,000 to £154,999	50	46
£155,000 to £174,999	46	34
£175,000 to £194,999	23	20
£195,000 to £219,999	20	15
£220,000 to £244,999	7	9
£245,000 to £264,999	6	2
£265,000 to £284,999	3	2
£285,000 to £309,999	1	1
£310,000 to £329,999	2	2
£330,000 and above	2	3
	317	**261**

The bandings in the table above relate to the total cost incurred by the Group in employing those individuals. The total cost will include the gross salary and any other forms of remuneration, the related pension contribution made by the Group, as well as social insurance contributions.

7. Third-Party Payments - Social and Targeted Benefits

	2024 £'000s	2023 £'000s
Social Benefits		
States Pension	169,669	154,198
Income Support	50,505	46,876
Incapacity Benefit	12,068	11,246
Family Allowance	7,118	6,622
Severe Disability Benefit	6,861	5,819
Sickness Benefit	5,763	5,212
Carer's Allowance	3,738	3,119
Parental Benefit	2,576	2,646
Bereavement Benefit	1,456	1,463
Unemployment Benefit	877	703
Industrial Disablement Benefit	567	584
Industrial Injury Benefit	322	273
	261,520	**238,761**
Targeted Benefits		
Residential Home Care	13,814	12,469
Nursing Home Care	11,779	11,057
Medical	3,368	3,773
Death	590	544
Other	390	799
Back to Work	153	220
	30,094	**28,862**
Total Benefit Payments	**291,614**	**267,623**

8. Third-Party Payments - Grants and Subsidies

	2024 £'000s	2023 £'000s
Higher Education Grants	4,325	3,930
Overseas Aid Grants	3,991	3,484
Guernsey Finance LBG	2,500	2,500
Guille-Alles Library	2,020	1,831
Pre School Grants	1,800	1,818
Elizabeth College	1,564	1,688
The Ladies' College	1,162	1,272
Dairy Farm Management Payments	1,025	1,268
Health Improvement Commission	1,097	926
Social Investment Fund	1,219	898
H E Lieutenant Governor	773	746
Student Nurses' Bursary	678	712
Youth Commission	725	699
Guernsey Training Agency	534	628
Guernsey Employment Trust	624	591
Guernsey Sports Commission	785	640
Emergency Department Fees (income support)	635	-
Blanchelande College	561	490
The Guernsey Development Agency Limited	525	-
Guernsey Competition and Regulatory Authority	156	392
Priaulx Library	383	362
Action for Children	328	320
Channel Islands Brussels Office	330	300
Alderney Island Medical Centre	259	253
Grow Limited	256	237
Apprenticeship Grants	225	201
School Uniform Clothing and Educational Maintenance Grants	182	175
Choices LBG	170	160
Dyslexia Day Centre	-	157
Guernsey Arts Commission	126	120
COVID-19 Grant Payments	110	-
Other Grant Payments less than £100k in both years	659	1,395
Total Grants and Subsidies	**29,727**	**28,193**

9. Operating Costs

Operating costs relate to those expenses incurred in the course of undertaking the functions and activities of entities included in these financial statements, excluding those expenses separately identified in the Statement of Financial Performance and other notes.

9a. Support Services		2024 £'000s	2023 £'000s
Contracted Out Work		86,384	81,394
Consultants' Fees		18,345	13,426
Communications and IT		16,086	14,789
Risk Management and Insurance		8,491	6,746
Advertising, Marketing, and Public Relations		3,304	3,168
Bank Charges		2,546	2,256
States Members Remuneration	9f	2,090	1,984
Postage, Stationery, and Printing		1,497	1,582
Audit Fees		1,375	1,016
Incidental and Other Costs		1,228	585
		141,346	**126,946**

9b. Supplies and Services	2024 £'000s	2023 £'000s
Supplies	90,909	89,844
Services	87,182	82,959
	178,091	**172,803**

9c. Premises Cost	2024 £'000s	2023 £'000s
Repairs, Maintenance, and Servicing	25,399	24,743
Rents and Leasing	6,533	5,432
Utilities	3,874	3,264
Equipment, Fixtures and Fittings	1,766	1,515
	37,572	**34,954**

9d. Transport Cost	2024 £'000s	2023 £'000s
Repairs, Maintenance & Servicing	7,435	4,522
Fuel Costs	7,324	7,642
Lease Rental Costs	6,681	398
Insurance, Damage and Excess	815	521
Other	348	1,102
	22,603	**14,185**

Lease rental costs of £6.59m relate to leasing of fully crewed aircraft by Aurigny Air Services Limited to cover scheduled services due to the lack of availability of owned aircraft. The remaining £0.09m relates to other vehicle leasing arrangements in the group.

9e. Staff Related Non-Pay Costs	2024 £'000s	2023 £'000s
Training	4,159	3,761
Rent Allowance	4,083	3,141
Recruitment & Relocation	2,593	2,287
Other Staff Costs	2,081	1,795
	12,916	**10,984**
Total Operating Costs	**392,528**	**359,872**

In accordance with the Resolutions of the States of 27 January 2012 (Billet d'État III) and 13 December 2012 (Billet d'État XXV), the Policy & Resources Committee is publishing the total remuneration received during the preceding calendar year by each States Member in respect of his or her performance of States business:

9f. Payment to States Members	2024 £	2023 £
Name		
S E Aldwell	40,626	40,587
C P Blin	47,147	44,193
A H Brouard	60,854	57,096
Y Burford	54,885	54,832
T L Bury	47,147	44,193
A Cameron	47,147	44,193
D de G De Lisle	45,045	42,262
H L De Sausmarez	63,695	59,704
A C Dudley-Owen	63,695	59,704
J F Dyke	38,815	38,814
S Fairclough	47,147	44,193
S J Falla	47,147	44,193

9f. Payment to States Members (continued)	2024 £	2023 £
P T R Ferbrache	45,045	74,310
A Gabriel	47,147	44,193
J A B Gollop	63,695	44,957
S P Haskins	47,147	44,193
M A J Helyar	47,147	59,704
N R Inder	63,695	59,704
A Kazantseva-Miller	47,147	44,193
C J Le Tissier	45,045	42,262
J P Le Tocq	63,695	59,704
M P Leadbeater	47,147	44,193
D J Mahoney	47,147	59,704
A D S Matthews	47,147	44,193
L J McKenna	47,147	44,193
C P Meerveld	63,695	59,704
N G Moakes	47,147	44,193
R C Murray	60,854	57,096
V S Oliver	47,147	44,193
C N K Parkinson	45,045	42,262
R G Prow	60,854	57,096
L C Queripel	45,045	42,262
S Roberts	24,862	23,326
P J Roffey	60,854	59,704
E A J Snowdon	26,023	24,392
H J R Soulsby MBE	63,695	44,957
G A St. Pier	47,147	44,193
A W Taylor	47,147	44,193
L S Trott OBE	82,898	45,845
S P J Vermeulen	47,147	44,193
	2,031,261	**1,917,076**

Members of the States of Deliberation are considered to have self-employed status for social security purposes. The total cost reported above differs from the amount disclosed within Note 9a as the following amounts have been excluded: pension payments in respect of previous service, Non-States Members attendance allowances, IT equipment expenditure and expenses incurred in respect of travel expenses of Alderney Representatives.

10. Finance Cost and Similar Charges

Interest Expense of Financial Liabilities measured at Amortised Cost:	2024 £'000s	2023 £'000s
Interest Chargeable on Bond Loan	11,485	11,472
Interest on Bank Overdrafts and Loans	2,898	2,382
Revolving Credit Facility Interest Charges	553	901
Other	112	79
	15,048	**14,834**
Net Interest on the Net Defined Benefit Liability	15,092	11,338
Total Finance Costs (Net of Amounts Capitalised)	**30,140**	**26,172**

11. Impairment Losses - Non-Financial Assets

	2024 £'000s	2023 £'000s
Property, Plant & Equipment Impairments	1,105	2,052
Total	**1,105**	**2,052**

The impairment of Property Plant & Equipment relates to:

- A correction of the useful life of vehicles to more appropriately reflect expected operational service.
- A reduction in the value of a parcel of land following the depreciated replacement cost valuation exercise.
- Buildings represent two items which are no longer serviceable, so the remaining book value has been impaired to zero.

12. Depreciation and Amortisation

	2024 £'000s	2023 £'000s
Property, Plant & Equipment Depreciation	60,157	59,054
Intangible Asset Amortisation	909	860
Total	**61,066**	**59,914**

13. Other Gains and Losses

	Note	2024 £'000s	2023 £'000s
Amounts Recognised in Surplus or Deficit			
Loss on disposal of Non-Current Assets	15a	(3,834)	(1,115)
Loss on disposal of Intangible Assets	15b	(8)	-
Gain on disposal of Investment Property	16	-	50
Fair Value changes in Investment Properties	19	2,373	(1,383)
Movement in Derivative Financial Instruments	41.2	(144)	(2,408)
Net Gain on Financial Assets mandatorily measured as at Fair Value through Surplus or Deficit	41.2	132,454	107,896
Depositor Returns	13	(2,506)	(2,208)
Total		**128,335**	**100,832**

14. Surplus/(Deficit) on Financial Instruments held at Fair Value through Net Asset/Equity

	2024 £'000s	2023 £'000s
Amounts recognised in Net Assets/Equity		
Effective Gains on hedging instruments in a cash flow hedge	181	-
Effective Losses on hedging instruments in a cash flow hedge	-	(976)
Total	**181**	**(976)**

15. Deficit on Disposal and Derecognition of Non-Current Assets

15a. (Deficit) on Disposal and Derecognition of Property, Plant & Equipment	2024 £'000s	2023 £'000s
Proceeds from Sale	8,311	4,665
Carrying amount of Non-Current Assets Disposals (excluding Investment Properties)	(12,145)	(5,780)
	(3,834)	**(1,115)**

15b. (Deficit) on Derecognition of Intangible Assets	2024 £'000s	2023 £'000s
Carrying amount of Intangible Assets Derecognised	(8)	-
	(8)	**-**

16. Surplus on Disposal of Investment Property

	2024 £'000s	2023 £'000s
Proceeds from Sale	-	200
Carrying amount of Investment Properties Sold	-	(150)
	-	**50**

17. Investments Accounted for using the Equity Method

Joint Ventures

The Group has a 50% (2023: 50%) interest in the joint venture, Condor VesselCo Limited, a separate structured vehicle incorporated and operating in Guernsey. The primary activity of Condor VesselCo Limited is the ownership of a vessel and leasing that to Condor Ferries (now operating as Brittany Ferries). As Condor VesselCo Limited is a private limited company there is no quoted market price for the investment.

The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement which is therefore classified as a joint venture and has been included in the consolidated financial statements using the equity method.

Summarised financial information in relation to the joint venture is presented below.

17. Investments Accounted for using the Equity Method (continued)

	2024 £'000s	2023 £'000s
Assets		
Non-Current Assets	34,340	36,105
Total Assets	**34,340**	**36,105**
Liabilities		
Current Liabilities	4,701	5,043
Non-Current Liabilities	23,333	25,334
Total Liabilities	**28,034**	**30,377**
Net Assets (100%)	**6,306**	**5,728**
States' Share of Net Assets (50%)	**3,153**	**2,864**
Included in the above amounts are:		
Current Financial Liabilities (excluding taxes and transfers payable, payables under exchange transactions and provisions)	4,701	5,043
Non-Current Financial Liabilities (excluding taxes and transfers payable, payables under exchange transactions and provisions)	23,333	25,333
Revenue	350	139
Interest Revenue	1,589	676
Interest Expense	(1,362)	(1,087)
Surplus/(Deficit) for the year (100%)	**577**	**(272)**
States' Share of Surplus/(Deficit) for the year (50%)	**289**	**(136)**
Dividends received by the States during the year	**-**	**-**

There were no dividends or similar distributions received from the joint venture during the year.

There were no commitments made which were not recognised at the reporting date by the group in respect of its interest in Condor VesselCo Limited.

18. Property, Plant and Equipment

18a. Movement and position for the year ended 31st December 2024

	Land	Buildings	Infrastructure Assets	Vehicles, Vessels & Aircraft	Plant & Equipment	Information & Technology	PP&E Under Construction	Total PP&E
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Cost								
At 1 January 2024	677,058	936,040	923,513	112,506	176,665	23,239	94,785	**2,943,806**
Additions	-	-	-	-	-	-	72,455	**72,455**
Derecognition - Disposals	-	(8,575)	(4,515)	(19,759)	(3,730)	(281)	-	**(36,860)**
Reclassifications and Transfers	1,414	27,505	19,125	6,422	11,873	5,265	(71,931)	**(327)**
At 31 December 2024	**678,472**	**954,970**	**938,123**	**99,169**	**184,808**	**28,223**	**95,309**	**2,979,074**
Depreciation and Impairment								
At 1 January 2024	(391)	(139,353)	(196,226)	(51,864)	(105,645)	(17,466)	-	**(510,945)**
Depreciation Charge	(33)	(22,001)	(20,221)	(7,221)	(8,907)	(1,774)	-	**(60,157)**
Impairment Losses/Reversals to Surplus or Deficit	(481)	(531)	-	(93)	-	-	-	**(1,105)**
Derecognition - Disposals	-	1,519	3,465	15,725	3,725	281	-	**24,715**
Reclassifications and Transfers	-	(1)	-	(9)	605	(400)	-	**195**
At 31 December 2024	**(905)**	**(160,367)**	**(212,982)**	**(43,462)**	**(110,222)**	**(19,359)**	**-**	**(547,297)**
Net Book Value at 31 December 2024	**677,567**	**794,603**	**725,141**	**55,707**	**74,586**	**8,864**	**95,309**	**2,431,777**
Net Book Value at 1 January 2024	**676,667**	**796,687**	**727,287**	**60,642**	**71,020**	**5,773**	**94,785**	**2,432,861**

18. Property, Plant and Equipment (continued)

18b. Movement and position for the year ended 31st December 2023

	Land	Buildings	Infrastructure Assets	Vehicles, Vessels & Aircraft	Plant & Equipment	Information & Technology	PP&E Under Construction	Total PP&E
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Cost or Valuation								
At 1 January 2023	676,542	923,026	914,862	111,462	167,110	20,677	62,188	**2,875,867**
Additions	-	-	-	-	-	-	75,242	**75,242**
Derecognition - Disposals	(380)	(5,526)	(1,084)	(2,335)	(355)	(9)	-	**(9,689)**
Reclassifications and Transfers	896	18,540	9,735	3,379	9,910	2,571	(42,645)	**2,386**
At 31 December 2023	**677,058**	**936,040**	**923,513**	**112,506**	**176,665**	**23,239**	**94,785**	**2,943,806**
Depreciation and Impairment								
At 1 January 2023	(359)	(118,807)	(176,732)	(44,397)	(97,213)	(16,241)	-	**(453,749)**
Depreciation Charge	(32)	(21,709)	(19,952)	(7,539)	(8,589)	(1,233)	-	**(59,054)**
Impairment Losses/Reversals to Surplus or Deficit	-	-	-	(2,038)	(14)	-	-	**(2,052)**
Derecognition - Disposals	-	1,163	458	2,110	171	8	-	**3,910**
At 31 December 2023	**(391)**	**(139,353)**	**(196,226)**	**(51,864)**	**(105,645)**	**(17,466)**	**-**	**(510,945)**
Net Book Value at 31 December 2023	**676,667**	**796,687**	**727,287**	**60,642**	**71,020**	**5,773**	**94,785**	**2,432,861**
Net Book Value at 1 January 2023	**676,183**	**804,219**	**738,130**	**67,065**	**69,897**	**4,436**	**62,188**	**2,422,118**

18. Property, Plant and Equipment (continued)

Contractual Commitments

The Group has the following Contractual Commitments in respect of Property, Plant & Equipment:

- Contractual commitments via the Guernsey Housing Association in respect of properties under development at La Vielle Plage and Oberlands. The Group is currently committed to spend a further £6.72m on these developments (2023: £5.37m on La Vielle Plage and Sir John Leale Avenue).
- Contractual commitments in respect of the Les Ozouets Campus Redevelopment of £1.2m (2023: Nil).
- The Group has placed orders for new vehicles to the value of £0.34m.

There were no significant changes in estimates during 2024 and 2023.

Refer to Note 11 for information on PPE impairments.

19. Investment Properties

	Note	2024 £'000s	2023 £'000s
19a. Income from Investment Properties			
Rental Income from Investment Property		5,297	5,425
Rental Income	**(i)**	**5,297**	**5,425**

19. Investment Properties (continued)

	2024 £'000s	2023 £'000s
19b. Movement in Fair Value of Investment Properties		
Balance at the start of the year	**95,776**	**100,024**
Additions		
Purchases	389	-
Disposals	-	(150)
Net Gains/(Losses) from fair value adjustments	**2,373**	**(1,383)**
Transfers		
To Property, Plant and Equipment	-	(2,715)
Balance at 31 December	**98,538**	**95,776**

(i) Rental income from Investment Properties is included in the Other Income line in the Statement of Financial Performance. There are no restrictions on the Group's ability to realise the value of its investment properties or on the Group's right to the remittance of revenue and the proceeds of disposal.

The Group has no contractual obligations to purchase, construct or develop investment property or to repair, maintain or enhance any investment property held.

The last valuation of the Investment Properties was carried out as at 31 December 2024 by an independent valuer.

The methods and significant assumptions applied in determining the fair value of investment properties as noted within the external valuation, were:

- The valuation was prepared in accordance with the RICS Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2025 together, where applicable, with the UK National Supplement effective 1 May 2024, (together the "Red Book")

- The determination of the group's investment property fair value was supported by market evidence and market conditions either directly or indirectly depending on the data sources needed.

20. Intangible Assets

20a. Movement and position for the year ended 31st December 2024

	Internally Generated Software £'000s	Goodwill £'000s	Other £'000s	Under Development £'000s	Total £'000s
Gross Carrying Amount					
At 1 January 2024	3,724	3,425	1,198	256	**8,603**
Additions					
Internally Developed	42	-	-	-	**42**
Other Additions	-	-	284	88	**372**
Disposals	(10)	-	-	-	**(10)**
At 31 December 2024	**3,756**	**3,425**	**1,482**	**344**	**9,007**
Amortisation and Impairment					
At 1 January 2024	(968)	(970)	(631)	-	**(2,569)**
Amortisation for the period	(375)	(343)	(191)	-	**(909)**
Disposals	2	-	-	-	**2**
At 31 December 2024	**(1,341)**	**(1,313)**	**(822)**	**-**	**(3,476)**
Net carrying amount at the end of the year					
At 31 December 2024	**2,415**	**2,112**	**660**	**344**	**5,531**
At 31 December 2023	**2,756**	**2,455**	**567**	**256**	**6,034**

Intangible Assets have the following useful lives over which they are amortised:

- Internally generated Software - 10 years
- Goodwill - 10 years
- Other - 5 years

Amortisation of intangible assets is included in the Depreciation and Amortisation line in the Statement of Financial Performance.

20. Intangible Assets (continued)

20b. Movement and position for the year ended 31st December 2023

	Internally Generated Software £'000s	Goodwill £'000s	Other £'000s	Under Development £'000s	Total £'000s
Gross Carrying Amount					
At 1 January 2023	3,724	3,425	868	-	**8,017**
Additions					
Other Additions	-	-	330	256	**586**
Disposals	-	-	-	-	**-**
At 31 December 2023	**3,724**	**3,425**	**1,198**	**256**	**8,603**
Amortisation and Impairment					
At 1 January 2023	(593)	(628)	(488)	-	**(1,709)**
Amortisation for the period	(375)	(342)	(143)	-	**(860)**
Disposals	-	-	-	-	**-**
At 31 December 2023	**(968)**	**(970)**	**(631)**	**-**	**(2,569)**
Net carrying amount at the end of the year					
At 31 December 2023	**2,756**	**2,455**	**567**	**256**	**6,034**
At 31 December 2022	**3,131**	**2,797**	**380**	**-**	**6,308**

21. Receivables from Exchange Transactions

	2024 £'000s	2023 £'000s	2022 £'000s
21a. Receivables - Current			
Trade Receivables	64,788	67,189	60,396
Other Short-Term Receivables	4,932	4,297	11,703
Insurance Claim Recoveries	2,489	2,091	2,255
Loss Allowance	(6,520)	(6,823)	(6,826)
	65,689	**66,754**	**67,528**
Prepayments			
Prepayments	23,062	13,306	13,913
	23,062	**13,306**	**13,913**
Total Receivables - Current	**88,751**	**80,060**	**81,441**

	2024 £'000s	2023 £'000s	2022 £'000s
21b. Receivables - Non-Current			
Insurance Claim Recoveries	6,608	9,367	8,453
Other	1,840	-	26
Total Receivables - Non-Current	**8,448**	**9,367**	**8,479**

Trade receivables are measured at their original invoiced amounts as the effect of discounting is considered immaterial. Further information about loss allowances on exchange transactions and the Group's exposure to credit and other risks is included in Note 41.4.1.

22. Receivables from Non-Exchange Transactions

	2024 £'000s	2023 £'000s	2022 £'000s
Current Receivables			
Income Tax	65,087	85,041	59,669
Other Taxes	2,185	5,157	3,273
Social Security Contributions Receivable	41,611	38,781	33,624
Total	**108,883**	**128,979**	**96,566**

Tax receivables are due to be settled in the following financial year and are therefore considered to be short term, so their carrying value represents a reasonable approximation of their fair value.

23. Operating Leases

	2024		2023	
	Land and Buildings £'000s	Vehicles, Plant and Equipment £'000s	Land and Buildings £'000s	Vehicles, Plant and Equipment £'000s
Group as Lessee				
23a. The future minimum lease payments due under non-cancellable operating leases				
Minimum lease rentals payable				
No later than 1 year	5,116	1,406	1,205	-
Later than 1 year and no later than 5 years	18,749	3,693	2,532	-
Later than 5 years	1,302	-	1,657	-
	25,167	**5,099**	**5,394**	**-**
23b. Expenditure charged to the Statement of Financial Performance during the year				
Minimum lease payments	5,245	-	1,233	-
	5,245	**-**	**1,233**	**-**
Group as Lessor				
23c. Rental income from non-cancellable operating leases				
Minimum lease rentals payable				
No later than 1 year	4,399	-	2,931	-
Later than 1 year and no later than 5 years	14,364	-	13,938	-
Later than 5 years	284	-	276	-
	19,047	**-**	**17,145**	**-**

24. Other Financial Assets and Investments

Other Financial Assets comprise the following:

	Note	2024 Non-Current £'000s	2024 Current £'000s	2024 Total £'000s	2023 Non Current £'000s	2023 Current £'000s	2023 Total £'000s	2022 Non-Current £'000s	2022 Current £'000s	2022 Total £'000s
Financial assets at fair value through surplus or deficit (FVTSD)	24a	1,757,599	3,359	**1,760,958**	1,691,177	3,562	**1,694,739**	1,694,964	6,595	**1,701,559**
Financial assets at amortised cost	24b	30,250	4,290	**34,540**	33,900	8,584	**42,484**	11,415	900	**12,315**
Investments at cost less impairment	24c	24	-	**24**	24	-	**24**	8	-	**8**
Total		**1,787,873**	**7,649**	**1,795,522**	**1,725,101**	**12,146**	**1,737,247**	**1,706,387**	**7,495**	**1,713,882**

See Notes below for further detail on each of the above classifications of financial assets.

24a. Financial Assets mandatorily measured at Fair Value through Surplus or Deficit (FVTSD)

	2024 Non-Current £'000s	2024 Current £'000s	2023 Non Current £'000s	2023 Current £'000s	2022 Non-Current £'000s	2022 Current £'000s
Alternatives	198,185	-	172,931	-	274,645	-
Bonds and Fixed Interest Securities	476,289	-	504,069	-	369,081	-
Property	58,954	-	82,450	-	152,887	-
Equities and Derivatives	751,732	-	658,439	-	658,095	-
Private Market Investments	212,156	-	188,646	-	157,715	-
Cash	60,283	-	84,642	-	82,541	-
General Investment Portfolio	**1,757,599**	**-**	**1,691,177**	**-**	**1,694,964**	**-**
Derivative Financial Instruments	-	3,359	-	3,562	-	6,595
Total	**1,757,599**	**3,359**	**1,691,177**	**3,562**	**1,694,964**	**6,595**

24a. Financial Assets mandatorily measured at Fair Value through Surplus or Deficit (FVTSD) (continued)

The Consolidated Investment Fund comprises investments which are managed together, and their performance is evaluated on a fair value basis. It is therefore measured at fair value through surplus or deficit.

The following loans have been provided to third parties. The contractual terms of the loans give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These Financial Assets are held in order to collect contractual cash flows.

24b. Financial Assets at Amortised Cost

	2024			2023			2022		
	Current £'000s	Non-Current £'000s	Total £'000s	Current £'000s	Non-Current £'000s	Total £'000s	Current £'000s	Non-Current £'000s	Total £'000s
Loans and Advances issued from Bond Reserves									
JamesCo Limited	810	5,936	**6,746**	775	6,744	**7,519**	746	7,519	**8,265**
Alderney Housing Association	77	2,448	**2,525**	74	2,525	**2,599**	71	2,599	**2,670**
	887	**8,384**	**9,271**	**849**	**9,269**	**10,118**	**817**	**10,118**	**10,935**
Other Loans:									
Home Loans Scheme	38	392	**430**	32	458	**490**	76	461	**537**
Higher Education Loans Fund	49	16	**65**	5	66	**71**	4	68	**72**
Office of the Data Protection Authority	-	799	**799**	-	799	**799**	-	899	**899**
Sports Loans Fund	-	-	**-**	2	-	**2**	6	2	**8**
Golf Course Management	34	740	**774**	33	774	**807**	-	-	**-**
Condor VesselCo Limited	3,333	20,000	**23,333**	2,666	22,667	**25,333**	-	-	**-**
Total Financial Assets at Amortised Cost	4,341	30,331	**34,672**	3,587	34,033	**37,620**	903	11,548	**12,451**
Loss allowance for financial assets measured at amortised cost	(51)	(81)	**(132)**	(3)	(133)	**(136)**	(3)	(133)	**(136)**
Total	**4,290**	**30,250**	**34,540**	**3,584**	**33,900**	**37,484**	**900**	**11,415**	**12,315**

24b. Financial Assets at Amortised Cost (continued)

	2024			2023			2022		
	Current £'000s	Non-Current £'000s	Total £'000s	Current £'000s	Non-Current £'000s	Total £'000s	Current £'000s	Non-Current £'000s	Total £'000s
Other Financial Instruments at Amortised Cost									
Money Market Deposits	-	-	**-**	5,000	-	**5,000**	-	-	**-**
Total	**-**	**-**	**-**	**5,000**	**-**	**5,000**	**-**	**-**	**-**
Total Financial Assets at Amortised Cost	**4,290**	**30,250**	**34,540**	**8,584**	**33,900**	**42,484**	**900**	**11,415**	**12,315**

24c. Investment in Other Entities

		2024 £'000s	2023 £'000s	2022 £'000s
Investment in Incorporated Trading Entities				
JamesCo750 Limited	100%	16	16	0
Alderney Electricity Limited	17.1%	3	3	3
Channel Islands Electricity Grid Limited	50%	5	5	5
Total		**24**	**24**	**8**

The Group's investment in its unlisted companies are carried at cost less impairment.

25. Inventories

	2024 £'000s	2023 £'000s	2022 £'000s
Consumable Stores	14,344	14,274	13,897
Maintenance and Materials	3,784	3,693	3,336
Equipment Parts (spares)	5,960	5,080	4,487
Stocks of Unissued Currency	520	799	980
Work-in-Progress	552	381	221
Purchased Goods for Resale	715	687	699
Other	154	148	175
Provision for Impairment	(3,551)	(3,519)	(2,696)
Total	**22,478**	**21,543**	**21,099**

The amount of inventories recognised as an expense during the year was £4.8m (2023: £4.53m). These were recognised as operating costs in the Statement of Financial Performance.

Inventory impairments made during the year were £3.6m (2023:£3.5m). The write-down was recognised as an expense in the Statement of Financial Performance.

Unissued banknotes and coins are recognised as inventories and measured at their printing or minting cost. When these notes and coins are issued, their corresponding stock value in the future will be charged to the Statement of Financial Performance.

26. Trade and Other Payables

26a. Trade Payables - Amounts falling due within 1 year	2024 £'000s	2023 £'000s	2022 £'000s
Trade Payables	91,110	81,645	82,368
Receipts in Advance	20,074	22,990	21,242
Deferred Income	3,099	3,068	1,761
Airline Voucher Liability	280	626	1,517
Total	**114,563**	**108,329**	**106,888**

26b. Other Payables - Amounts falling due within 1 year	2024 £'000s	2023 £'000s	2022 £'000s
Holiday Pay Accrual	3,891	3,790	3,870
	3,891	**3,790**	**3,870**
Total Trade and Other Payables	**118,454**	**112,119**	**110,758**

26c. Trade Payables - Amounts falling due after more than 1 year	2024 £'000s	2023 £'000s	2022 £'000s
Deferred Income	5,278	5,093	4,306
Other	228	109	106
	5,506	**5,202**	**4,412**

26d. Other Payables - Amounts falling due after more than 1 year	2024 £'000s	2023 £'000s	2022 £'000s
Deferred Notional Rental Income	126	137	148
	126	**137**	**148**
Total Trade and Other Payables	**5,632**	**5,339**	**4,560**

27. Borrowings

	2024 £'000s	2023 £'000s	2022 £'000s
27a. Short Term Borrowings			
Bank Loans	4,097	4,044	3,994
Revolving Credit Facility	16,500	30,000	51,500
	20,597	**34,044**	**55,494**
27b. Long Term Borrowings			
Bank Loans	37,234	41,332	45,376
Revolving Credit Facility	27,500	27,500	-
Public Bond Issued	318,940	318,596	318,265
	383,674	**387,428**	**363,641**

27. Borrowings (continued)

The short term revolving credit facility is made up of a £100m facility for SOG and £6.5m for the Guernsey Housing Association LBG. The long term revolving credit facility is in respect of Guernsey Electricity Limited.

The States of Guernsey issued a public bond for general sale in December 2014. The notional value of the bond amounted to £330m, and this is due to be fully repaid in December 2046.

The bond has been valued at amortised cost, such that the issuance costs and the coupon payments have been used to determine an effective interest rate. The effective interest rate has been used to calculate the amount that is charged to the Statement of Financial Performance and the carrying balance of the loan on the Statement of Financial Position.

28. Provisions

Current Year 2024	At 1 Jan 2024 £'000s	Increase/ (Decrease) during the year £'000s	Utilised during the year £'000s	At 31 Dec 2024 £'000s
Insurance – Outstanding Claims	15,024	2,125	(4,228)	**12,921**
PFOS Provision	6,000	175	-	**6,175**
Landfill Capping	250	-	-	**250**
Other Provisions	256	40	-	**296**
	21,530	**2,340**	**(4,228)**	**19,642**
Current Provisions	2,814	2,398	(1,676)	**3,536**
Long Term Provisions	18,716	(58)	(2,552)	**16,106**
	21,530	**2,340**	**(4,228)**	**19,642**

Comparative Year 2023	At 1 Jan 2023 £'000s	Increase/ (Decrease) during the year £'000s	Utilised during the year £'000s	At 31 Dec 2023 £'000s
Insurance – Outstanding Claims	14,660	1,530	(1,166)	**15,024**
PFOS Provision	6,000	-	-	**6,000**
Landfill Capping	250	-	-	**250**
Other Provisions	673	(417)	-	**256**
	21,583	**1,113**	**(1,166)**	**21,530**
Current Provisions	3,575	100	(861)	**2,814**
Long Term Provisions	18,008	1,013	(305)	**18,716**
	21,583	**1,113**	**(1,166)**	**21,530**

28. Provisions (continued)

Insurance Provision

The insurance provision has been made to meet known and anticipated liabilities on claims under the Group insurance arrangements. In common with many other groups an element of self-insurance is included in the insurance programme after which the insurer settles claims. A corresponding asset for the element that will be settled by the insurer has been included in Note 21 Receivables from Exchange Transactions.

The timing of the settlement of anticipated liabilities for some insurance classes is often over a period of years as claims are negotiated. Other insurance classes are settled more quickly.

PFOS Provision

Guernsey Ports has a quantity of PFOS contaminated soil stored in protective bunds at the airport. This contaminated soil arose from a firefighting foam used both at the site of an aircraft crash in 1999 and more generally around the airport for training until the early 2000s when it was found that PFOS was potentially dangerous especially if it found its way into the water course.

The contaminated soil was removed and placed into protective bunds within the airport perimeter as at the time there was no recognised method for disposing of the contaminated soil. These bunds prevent PFOS from entering the water course but have a limited life of approximately 25 years. The soil would then have to be disposed of once technology was available and before the expiry of the life of the bunds.

During 2022 technical advice was received indicating that there were now options for disposing of the contaminated soil and which were able to provide reliable cost estimates to dispose of the contaminated soil.

A provision has therefore been recognised for the cost of disposing of the soil contaminated with PFOS. It is estimated that the outflow of funds in respect of this provision will take place in 2026.

Landfill Capping Provision

There is a constructive obligation to cap the landfill site at Mont Cuet once it has reached the end of its useful life. It is uncertain exactly when the site will be full and the cost that will be incurred, the cost has been estimated as £250,000.

Other Provisions

Other provisions consist of sundry provisions including the partial ownership provision where the Group may be required to buy back a property at the current market value, should the purchaser wish to sell. The timing of any repurchase is unpredictable.

29. Currency in Circulation

	2024 £'000s	2023 £'000s	2022 £'000s
In circulation at 1 January	62,068	63,395	67,110
Issued during the year	48,332	63,158	67,997
Withdrawn during the year	(46,826)	(64,485)	(71,712)
In circulation at 31 December	**63,574**	**62,068**	**63,395**
Nominal value of notes and coins which are considered unlikely to be either redeemed or exchanged at 31 December			
Commemorative coins	(8,884)	(8,815)	(8,695)
General notes and coins	(2,100)	(2,100)	(2,100)
Estimated Value of Liability as 31 December	**52,590**	**51,153**	**52,600**
Notes and Coins in Circulation analysed as:			
Notes	47,590	46,153	47,600
Coins	5,000	5,000	5,000
	52,590	**51,153**	**52,600**

Although the nominal value of the notes and coins in circulation amounted to £63.6m as at 31 December 2024 (2023: £62.1m), it has been estimated that a certain proportion of this total would not be redeemed at any point in the future. Consequently, it has been assumed that the liability would reduce accordingly. This estimate has been calculated using formulae, which considers the type of note or coin, as well as the levels of redemption in past years.

With regard to commemorative coins, the nominal value of coins issued as at 31 December 2024 was £9.5m (2023: £9.5m). The liability has been reduced by £8.9m (2023: £8.9m), due to the negligible levels of redemption in previous years. The commemorative coins may have a market value that exceeds their nominal value, due to either the value of the metals contained within the coins, and/or their demand within the marketplace.

30. Other Financial Liabilities

	Note	2024 Current £'000s	2023 Current £'000s	2022 Current £'000s
At Fair Value through Net Assets/Equity				
Amounts Invested by Depositors		45,269	33,771	35,670
Derivative Financial Instruments	41.5	95	104	-
Net Fair Value through Surplus or Deficit				
Derivative Financial Instruments	41.5	824	224	6
Total Financial Liabilities		**46,188**	**34,099**	**35,676**

31. Cashflow Statement Notes

31a. Analysis of Adjustments to the Surplus for the Year	2024 £'000s	2023 £'000s
Adjustments to the Surplus for Non-Cash and Working Capital Movements:		
Depreciation and Amortisation	61,066	59,914
Impairment	1,105	2,052
(Increase) in Inventories	(935)	(444)
(Increase)/Decrease in Debtors	12,354	(32,934)
Increase/(Decrease) in Impairment Provision for Receivables	(33)	1,011
Increase in Creditors	8,910	2,661
Increase/(Decrease) in Depositors	8,992	(4,703)
Adjustments for Pension Actuarial Amounts	12,758	9,858
Carrying Amount of Non-current Assets Sold or Derecognised	12,153	5,929
Contributions to Other Reserves/Provisions	(1,888)	(53)
Change in Fair Value of Investments	(132,454)	(107,896)
Adjustment for Depositor Returns	2,506	2,208
Increase in Carrying Value of Long Term Loans (EIR)	344	331
Adjustment for Investment Property Fair Value (Gains)/ Losses	(2,373)	1,383
Losses on Fair Value Change in Derivatives	975	2,379
Adjustment for Joint Venture Value	(289)	136
Total	**(16,809)**	**(58,168)**
Adjustments for items included in the Surplus that are Investing and Financing Activities:		
Finance Cost	14,705	14,502
Proceeds from the Sale of PP&E, Investment Property and Intangible Assets	(8,311)	(4,864)
Total	**6,394**	**9,638**

31. Cashflow Statement Notes (continued)

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in bank and short-term deposits and investments (considered to be cash equivalents), net of outstanding bank overdrafts.

Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the Statement of Financial Position as follows:

31b. Cash and Cash Equivalents	2024 £'000s	2023 £'000s
Cash and Bank balances	8,758	19,223
Bank Overdraft	(3,869)	-
Total	**4,889**	**19,223**

31c. Included within Cash Flows from Operating Activities is:	2024 £'000s	2023 £'000s
Interest received	2,542	2,681

31d. Cash Flows from Investing Activities	2024 £'000s	2023 £'000s
Purchase of PP&E, Investment Property and Intangible Assets	(73,970)	(74,883)
Investment in Joint Venture	-	(3,000)
Other Payments for Investing Activities	-	(16)
Proceeds from the Sale of PP&E, Investment Property and Intangible Assets	8,311	4,865
Net Proceeds from Purchase and Sale of Investments	71,032	104,695
Issue of New Loans to Third Parties	-	(26,815)
Repayment of Loans to Third Parties	2,946	1,649
Net Cash Flow from Investing Activities	**8,319**	**6,495**

31e. Cash Flows from Financing Activities	2024 £'000s	2023 £'000s
Repayment of Short- and Long-Term Borrowing	(17,545)	2,006
Other Payments for Financing Activities	(14,705)	(14,502)
Net Cash Flow from Financing Activities	**(32,250)**	**(12,496)**

31f. Reconciliation of Liabilities arising from Financing Activities

	At Jan 2024	Financing Cash Flows	Changes which are not Financing Cash Flows		At 31 Dec 2024
			Other Cash Flows	Other Non-Cash Flows	
	£'000s	£'000s	£'000s	£'000s	£'000s
Long-Term Borrowings	387,428	(3,754)	-	-	**383,674**
Short-Term Borrowings	34,044	(13,447)	-	-	**20,597**
Total Liabilities from Financing Activities	**421,472**	**(17,201)**	**-**	**-**	**404,271**

32. Reserves

32a. General Reserve	2024 £'000s	2023 £'000s
Balance at 1 January	**1,024,903**	**1,118,953**
Surplus for the year	**20,012**	**51,953**
Transfers to Other Reserves:		
Bond Reserve	(1,253)	(684)
Core Investment Reserve	(13,409)	(10,520)
Guernsey Insurance Fund	(27,027)	(20,026)
Long-Term Care Insurance Fund	(27,035)	(21,875)
	(68,724)	**(53,105)**
Other Surplus/(Deficit):		
Remeasurements of the Net Defined Benefit Liability	329,590	(91,922)
Gain/Loss arising on Financial Instruments held at Fair Value through Net Assets/Equity	181	(976)
	329,771	**(92,898)**
Balance at 31 December	**1,305,962**	**1,024,903**

32b. Bond Reserve	2024 £'000s	2023 £'000s
Balance at 1 January	**(71)**	**(755)**
Transfer from General Reserve:		
Investment return	991	434
Interest received from loans	1,767	1,503
Appropriations	10,034	10,315
	12,792	**12,252**
Transfer to General Reserve:		
Interest charge	(11,485)	(11,472)
Other expenses	(54)	(96)
Appropriations	-	-
	(11,539)	**(11,568)**
Balance at 31 December	**1,182**	**(71)**

32c. Core Investment Reserves

	2024 £'000s	2023 £'000s
Balance at 1 January	**168,620**	**158,100**
Transfer from General Reserve in respect of Capital Spend in the year:		
Allocations of Investment Returns	13,409	10,520
	13,409	**10,520**
Balance at 31 December	**182,029**	**168,620**

32d. Guernsey Insurance Fund

	2024 £'000s	2023 £'000s
Balance at 1 January	**736,847**	**716,821**
Transfer from General Reserve		
Net Expenditure during the year	28,010	21,828
	28,010	**21,828**
Transfer to General Reserve		
Appropriations	(983)	(1,802)
	(983)	**(1,802)**
Balance at 31 December	**763,874**	**736,847**

32e. Guernsey Long-Term Care Insurance Fund

	2024 £'000s	2023 £'000s
Balance at 1 January	**151,093**	**129,218**
Transfer from General Reserve		
Net Expenditure during the year	27,035	21,875
	27,035	**21,875**
Balance at 31 December	**178,128**	**151,093**

32f. Accounting Adjustment Reserve

	2024 £'000s	2023 £'000s
Balance at 31 December	**1,446,030**	**1,446,030**
The Accounting Adjustment Reserve comprises		
Initial Recognition of Property, Plant & Equipment Assets & Investment Properties*	1,713,142	
Initial Recognition of Pension Fund Net Obligation as at 1 January 2023	(259,040)	
Holiday Pay Accruals as at 1 January 2023	(3,870)	
Provisions as at 1 January 2023	(14,910)	
Insurance Re-imbursement Asset as at 1 January 2023	10,708	
Balance at 31 December 2022	**1,446,030**	

* £1,713,142k represents the initial Recognition of Property, Plant & Equipment assets & Investment Properties as at 1 January 2021.

General Reserve - retains the net balance of surpluses and deficits arising from the operational activities of the Group. Within the General Reserve there are a number of earmarked funds that have been created for a specific purpose and these are detailed within this note. Also within the General Reserve is the Unallocated Balance, which is used for managing any in year shortfalls in income, short term cyclical variations and other timing issues.

Bond Reserve – an earmarked reserve, used to hold the issue proceeds prior to any onward allocation and to accumulate funds for eventual repayment at the end of the life of the bond. The Bond Reserve also funds the issue costs and any ongoing expenses.

Core Investment Reserve – an earmarked long-term reserve, the capital value of which is only available to be used in the exceptional and specific circumstances of severe and structural decline in public sector finances or major emergencies.

Guernsey Insurance Fund (GIF) - is a contributory social security scheme providing a range of benefits including old age, sickness, and unemployment benefits. The Fund is financed broadly on the pay-as-you-go principle. Under this approach, contribution income in a year is intended to cover expenditure in the year, and no significant fund of assets would be built up out of which to finance future expenditure. This means contribution rates may change significantly over time owing to changes in the benefits provided, the profile of the population or the economic environment.

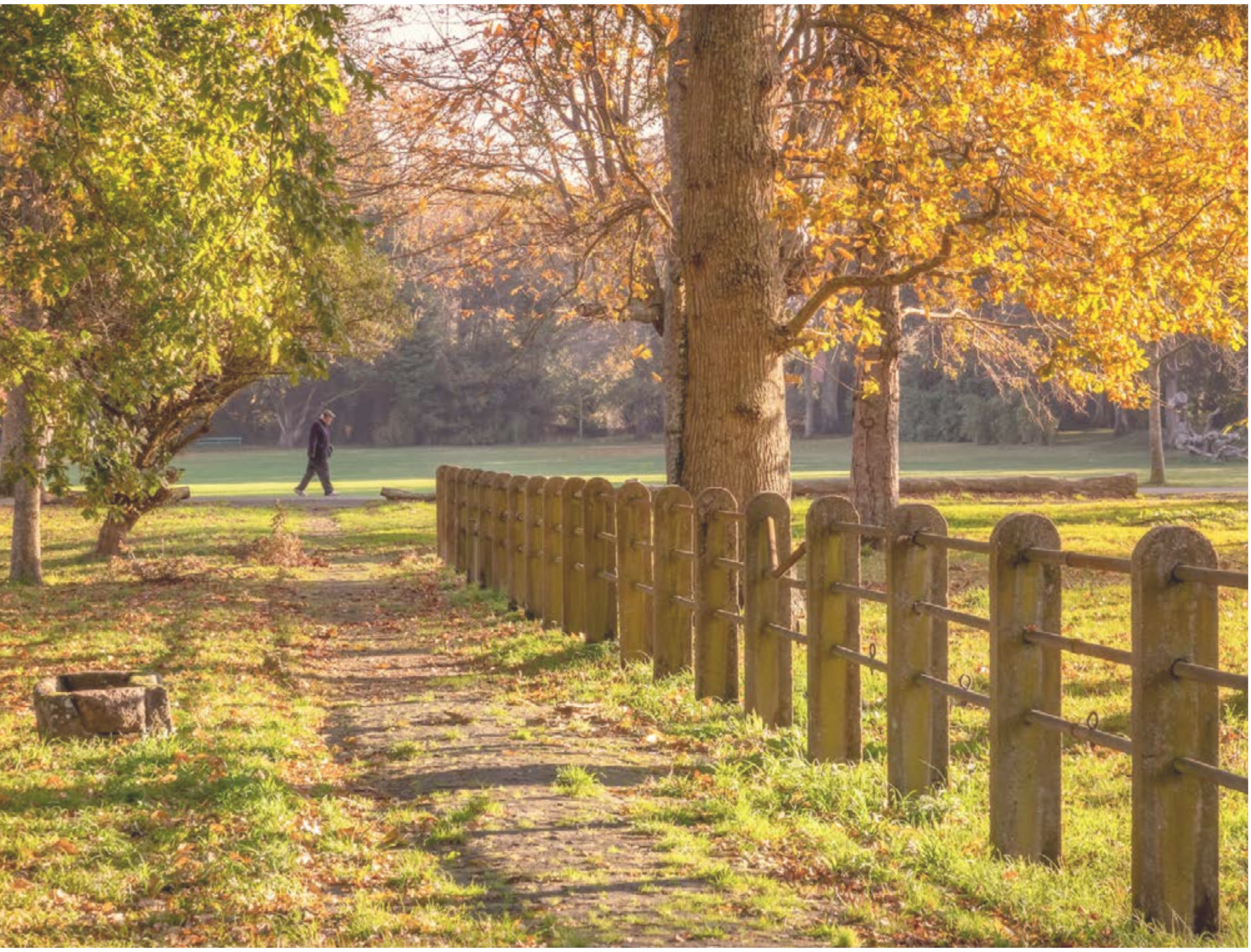
However, a fund has been built which acts as a reserve to meet unforeseen contingencies and to help smooth required increases in the contribution rate.

32. Reserves (continued)

Guernsey Long-Term Care Insurance Fund (LTCIF): The Long-term Care Insurance Fund provides weekly benefits towards the cost of private nursing or residential care on either a permanent or respite basis. The Fund is financed broadly on the pay-as-you-go principle. Under this approach, contribution income in a year is intended to cover expenditure in the year, and no significant fund of assets would be built up out of which to finance future expenditure. This means contribution rates may change significantly over time owing to changes in the benefits provided, the profile of the population or the economic environment.

However, a fund is maintained to act as a reserve to meet unforeseen contingencies and to help smooth required increases in the contribution rate.

Accounting Adjustment Reserve was created for accounting presentation adjustments and changes resulting from accounting policy amendments, and the implementation of IPSAS. These arise out of the different measurement or first time inclusion of assets and liabilities that were not included under the previous accounting framework.



33. Contingent Assets and Liabilities

Contingent Assets

There were no material contingent assets at 31 December 2024 (2023: None).

Contingent Liabilities

The Group has the following Contingent Liabilities:

Guernsey Housing Association LBG has a contractual obligation under the terms of leasehold agreements to repurchase the sold percentage of partial ownership properties in the event of a surrender or default by the leaseholder of the terms of the lease or on the death of a leaseholder. The repurchase value is determined by current market values and has been estimated to be £59.73m at 31 December 2024 (2023: £53.03m).

Details of guarantees given to third parties on behalf of entities outside of the group accounting boundary are detailed in Note 35.

34. Group Accounting Boundary

In Guernsey, parliamentary and governing functions are fused in one body, the States of Deliberation. Guernsey is governed not just through its parliament but by its parliament.

In practice, most day-to-day functions are carried out by Committees of the States, each of which is independently responsible to the States of Deliberation. Committees of the States – individually or collectively – are in no way analogous to an executive or government. A Committee is in effect an agent of the States of Deliberation exercising functions conferred on it by resolution of, or legislation approved by, the States of Deliberation.

The Policy & Resources Committee is the senior Committee of the States of Guernsey - it concentrates on leadership and co-ordination of the work of the States, fiscal policy and economic affairs, and representing the Island in external relations.

Most policy making, regulatory and public service functions are delegated to one of six Principal Committees. They focus on developing policy, advising the States of Deliberation on policy, reviewing performance and budgets, and delivering, or overseeing the delivery of, services with a view to securing improved outcomes for the community.

There are other Committees of the States of Guernsey, which may be designated Authority, Board, Commission or Committee, with responsibilities, inter alia, for scrutinising policy, financial affairs and legislation, for specific regulatory functions, for the procedures of the States and their Committees, and for the commercial and trading interests of the States of Guernsey.

34. Group Accounting Boundary (continued)

List of Committees of the States with effect from the 1st of May 2016 and as at 31 December 2024.

Senior Committee of the States of Guernsey:

- Policy & Resources Committee

Principal Committees of the States of Guernsey:

- Committee *for* Economic Development
- Committee *for* Education, Sport & Culture
- Committee *for* Employment & Social Security
- Committee *for the* Environment & Infrastructure
- Committee *for* Health & Social Care
- Committee *for* Home Affairs

Other Committees or Functions of the States of Guernsey:

- Development & Planning Authority
- Overseas Aid & Development Commission
- Scrutiny Management Committee
- States' Trading Supervisory Board
- Royal Court
- Law Officers of the Crown

From time to time the States of Guernsey may by Resolution establish any number of States' Investigation & Advisory Committees to enquire into particular but temporary pieces of work.

Unincorporated Trading Operations:

The following unincorporated entities operate under the direction of the States' Trading Supervisory Board (STSB) and are included in the Group Accounting Boundary:

- Guernsey Ports
- Guernsey Water
- Guernsey Dairy
- States Works
- Guernsey Waste

34. Group Accounting Boundary (continued)

States' Controlled Entities:

- Guernsey Electricity Limited*
- Guernsey Post Limited (and its subsidiary)*
- Aurigny Air Services Limited*/**
- Guernsey Housing Association LBG

*The States' Trading Supervisory Board carries out the States of Guernsey's role as the controlling entity of these companies.

**During the year there was a reorganisation of the Cabernet Limited group. Anglo Normandy Aero Engineering Limited and Aurigny Air Services Limited were amalgamated on 22 November 2024 with the surviving company being Aurigny Air Services Limited. The shares in Aurigny Air Services Limited held by Cabernet Limited were transferred to the States of Guernsey. All other assets and liabilities of Cabernet Limited were transferred subsequent to this. An application was made to the Guernsey Registry on 13 January 2025 for Cabernet Limited to be voluntarily struck off the register. Cabernet Limited was struck off the register on 14 March 2025.

Controlled Minor Entities:

There are a number of smaller entities which fall within the accounting boundary of the States of Guernsey, but which are not consolidated as they are considered to be immaterial to the financial statements as a whole. These are referred to as "Minor Entities". Any related party transactions are reported in Note 35 to these financial statements.

- JamesCo 750 Limited
- Social Investment Fund LBG
- Guernsey Training Agency
- The Guernsey Development Agency Limited

35. Related Party Transactions

The Group is required to disclose the existence of related party relationships and transactions. This is in respect of those parties that have the ability to control or exercise significant influence over the Group's financial and operating decisions or where the Group has significant influence or control over the related party.

Related party relationships are a normal feature of commerce. Therefore, the Government will transact with related parties as a matter of course. Related parties in accordance with IPSAS are defined in Appendix I – Glossary.

Disclosure of material transactions with such related parties is required to ensure transparency, accountability and to facilitate a better understanding of the Group's financial position and performance. Details of such relationships and transactions are set out below.

35. Related Party Transactions (continued)

Entities within the Group Accounting Boundary

The following entities are consolidated within the States of Guernsey's financial statements and transactions between them are eliminated on consolidation.

Committees of the States of Guernsey

States of Guernsey's parliamentary and governing functions are conducted by its parliament - the States of Deliberation. The day-to-day activities of the States of Guernsey are carried out by Committees of the States, each of which is independently responsible to the States of Deliberation, acting as agents of the States of Guernsey and exercising functions conferred on them by resolution of, or legislation approved by, the States of Deliberation.

The committees are consolidated within the Group's financial statements and transactions between them are eliminated on consolidation.

Controlled Entities

The States of Guernsey controls the following reporting entities:

	Place of Incorporation	States of Guernsey % Controlling Interest	
		2024	2023
Aurigny Air Services Limited, formerly Cabernet Limited (and its subsidiaries)	Guernsey	100%	100%
Guernsey Electricity Limited	Guernsey	100%	100%
Guernsey Post Limited (and its subsidiary)	Guernsey	100%	100%
Guernsey Housing Association	Guernsey	100%	100%

States' Unincorporated Trading Entities

- States' Trading Supervisory Board - Guernsey Ports
- States' Trading Supervisory Board - Guernsey Water
- States' Trading Supervisory Board - Guernsey Dairy
- States' Trading Supervisory Board - States Works
- States' Trading Supervisory Board - States Waste.

Related Parties outside of the Group Accounting Boundary

The following entities are not consolidated within the Group's financial statements. Transactions between them are disclosed in the table that follows this note where they are considered to be material to either party.

35. Related Party Transactions (continued)

Controlled Minor Entities

- Social Investment Fund LBG
- Guernsey Training Agency
- JamesCo 750 Limited

The States of Guernsey's Independent Schools & Libraries (Non-Governmental Bodies)

- The Ladies' College
- Elizabeth College
- Guille-Allès Library
- Priaulx Library

Other Entities

- Guernsey Financial Services Commission*
- Guernsey Competition and Regulatory Authority (GCRA)
- The Guernsey Development Agency Limited
- Guernsey Banking Deposit Compensation Scheme*
- Guernsey Sports Commission
- Office of the Public Trustee
- Office of the Data Protection Authority

*No material transactions

35. Related Party Transactions (continued)

Current Year - 2024					
	Income £'000s	**Expenditure** £'000s	**Balances due to the SOG** £'000s	**Balances due by the SOG** £'000s	**Notes**
Controlled Minor Entities					
Guernsey Training Agency	-	534	-	-	The Guernsey Training Agency receives a grant from the States of Guernsey.
JamesCo 750 Limited	311	295	6,745	-	The capital repayments on the loan from the States of Guernsey during the year were £775k, and interest of £311k was paid during the year. The States of Guernsey are funding certain capital works which cost £295k.
Social Investment Fund LBG	-	1,131	-	-	The Social Investment Fund LBG received a grant from the States of Guernsey.
Joint Venture					
Condor VesselCo Limited	1,362	-	25,460	-	Loan interest is received from Condor VesselCo Limited on the loan provided to the joint venture to finance the purchase and refurbishment of the vessel. Further details in Note 17.
Other Related Parties					
Charter Consulting Limited	-	24	-	-	Andrew Niles is a Non-States Member of the Committee *for* Economic Development. He is also a director of Charter Consulting Limited which provides advisory services to the States of Guernsey.
Colimochon Limited	-	18	-	-	Justin Bellinger is a director of Guernsey Electricity Limited and Colimochon Limited. Colimochon Limited provides advisory services to the States of Guernsey.

35. Related Party Transactions (continued)

Current Year - 2024					
	Income £'000s	Expenditure £'000s	Balances due to the SOG £'000s	Balances due by the SOG £'000s	Notes
Guernsey Farm Produce Limited	1,547	657	157	56	Mr D Cowlely is the Guernsey Farmers Association Representative on the Dairy Management Board. Mr Cowlely is also a director of Guernsey Farm Produce Limited which both supplies milk to and purchases processed milk from Guernsey Dairy. All transactions are on an arms length basis.
Dorey Financial Modelling	-	48	-	-	Deputy Adrian Gabriel's wife is a director of Dorey Financial Modelling. Dorey Financial Modelling provides advisory services to the States of Guernsey.
Elizabeth College	-	1,564	-	-	Deputy Mark Helyar is a director of Elizabeth College which receives a grant from the States of Guernsey.
Guernsey Competition and Regulatory Authority	-	326	-	-	Funding is provided to the GCRA to administer and enforce the competition law.
The Guernsey Development Agency Limited	-	565	-	-	The Agency receives a grant from the States of Guernsey.
Guernsey Finance LBG	-	2,500	-	-	Deputies Lyndon Trott, Nicholas Moakes and Stephen Falla are politically appointed Directors of Guernsey Finance LBG. Guernsey Finance LBG receives a grant from the States of Guernsey.
Guille-Allès Library	-	1,930	-	-	The President of the Committee for Education, Sport & Culture, Deputy Andrea Dudley-Owen sits on the management board of the library. The library receives a grant from the States of Guernsey.

35. Related Party Transactions (continued)

Current Year - 2024					
	Income £'000s	Expenditure £'000s	Balances due to the SOG £'000s	Balances due by the SOG £'000s	Notes
The Ladies' College	-	1,166	-	-	Deputy Heidi Soulsby is a Governor of the Ladies College which receives a grant from the States of Guernsey.
Guernsey Sports Commission	-	810	-	-	Deputy Heidi Soulsby and Deputy Marc Leadbeater are Trustees of the Sports Commission.
Office of the Public Trustee	-	-	6,046	-	The Office of the Public Trustee received funding to cover expenditure and liabilities which are recoverable from the trust structures within the responsibility of the Public Trustee.
Priaulx Library	-	383	-	-	The Priaulx Library receives a grant from the States of Guernsey. Deputy Sam Haskins is a council member of the Priaulx Library Council.
Guernsey Youth Commission	-	813	-	-	The Guernsey Youth Commission received a grant from the States of Guernsey.
Ronez Limited		N/A	N/A	N/A	Sally Ann-David was a Director of Guernsey Electricity Limited until 16 September 2023. Her brother is a director of Ronez which the group transacts with on an arms length basis. Ceased to be a related party in 2023.
Guarantees Non-Group Members					
The Ladies' College	-	-	-	-	The States of Guernsey has undertaken to assume The Ladies' College's obligations to Royal Bank of Scotland International Limited under the loan agreement should there be an event of default under a loan agreement for £3m that is repayable over 20 years from January 2017 and interest is payable at 1.45% above the Bank of England Base Rate.

35. Related Party Transactions (continued)

Comparative Year - 2023					
	Income £'000s	Expenditure £'000s	Balances due to the SOG £'000s	Balances due by the SOG £'000s	Notes
Controlled Minor Entities					
Guernsey Training Agency	-	628	-	-	The Guernsey Training Agency receives a grant from the States of Guernsey.
JamesCo 750 Limited	1,086	295	7,519	-	The capital repayments on the loan from the States of Guernsey during the year were £775k, and interest of £311k was paid during the year. The States of Guernsey are funding certain capital works which cost £295k.
Social Investment Fund LBG	-	898	-	-	The Social Investment Fund LBG received a grant from the States of Guernsey.
Joint Venture					
Condor VesselCo Limited	1,086	-	25,460	-	Loan interest is received from Condor VesselCo Limited on the loan provided to the joint venture to finance the purchase and refurbishment of the vessel. Further details in Note 17.
Other Related Parties					
Charter Consulting Limited	-	15	-	-	Andrew Niles is a Non-States Member of the Economic Development Committee. He is also a director of Charter Consulting Limited which provides advisory services to the States of Guernsey.
Colimochon Limited	-	-	-	-	Justin Bellinger is a director of Guernsey Electricity Limited and Colimochon Limited. Colimochon Limited provides advisory services to the States of Guernsey.

35. Related Party Transactions (continued)

Comparative Year - 2023					
	Income £'000s	Expenditure £'000s	Balances due to the SOG £'000s	Balances due by the SOG £'000s	Notes
Guernsey Farm Produce Limited	1,323	556	412	157	Mr D Cowlely is the Guernsey Farmers Association Representative on the Dairy Management Board. Mr Cowlely is also a director of Guernsey Farm Produce Limited which both supplies milk to and purchases processed milk from Guernsey Dairy. All transactions are on an arms length basis.
Dorey Financial Modelling	-	45	-	-	Deputy Adrian Gabriel's wife is a director of Dorey Financial Modelling. Dorey Financial Modelling provide advisory services to the States of Guernsey.
Elizabeth College	-	1,688	-	-	Deputy Mark Helyar is a director of Elizabeth College which receives a grant from the States of Guernsey.
Guernsey Competition and Regulatory Authority	-	392	-	125	Funding is provided to the GCRA to administer and enforce the competition law.
The Guernsey Development Agency Limited	-	50	-	-	The Agency receives a grant from the States of Guernsey.
Guernsey Finance LBG	-	2,500	-	-	Deputies Lyndon Trott, Nicholas Moakes and Stephen Falla are politically appointed Directors of Guernsey Finance LBG. Guernsey Finance LBG receives a grant from the States of Guernsey.
Guille-Allès Library	-	1,831	-	-	The President of the Committee for Education, Sport & Culture, Deputy Andrea Dudley-Owen sits on the management board of the library. The library receives a grant from the States of Guernsey.

35. Related Party Transactions (continued)

Comparative Year - 2023	Income £'000s	Expenditure £'000s	Balances due to the SOG £'000s	Balances due by the SOG £'000s	Notes
The Ladies' College	-	1,272	-	-	Deputy Heidi Soulsby is a Governor of the Ladies College which receives a grant from the States of Guernsey.
Guernsey Sports Commission	-	640	-	-	Deputy Heidi Soulsby and Deputy Marc Leadbeater are Trustees of the Sports Commission.
Office of the Public Trustee	-	-	5,891	-	The Office of the Public Trustee received funding to cover expenditure and liabilities which is recoverable from the trust structures within the responsibility of the Public Trustee.
Priaulx Library	-	362	-	-	The Priaulx Library receives a grant from the States of Guernsey. Deputy Sam Haskins is a council member of the Priaulx Library Council.
Guernsey Youth Commission	-	699	-	-	The Guernsey Youth Commission received a grant from the States of Guernsey.
Ronez Limited	3,103	300	42	52	Sally Ann-David was a Director of Guernsey Electricity Limited until 16 September 2023. Her brother is a director of Ronez which the group transacts with on an arms length basis.
Guarantees Non-Group Members					
The Ladies' College	-	-	-	-	The States of Guernsey has undertaken to assume The Ladies' College's obligations to Royal Bank of Scotland International Limited under the loan agreement should there be an event of default under a loan agreement for £3m that is repayable over 20 years from January 2017 and interest is payable at 1.45% above the Bank of England Base Rate.

35. Related Party Transactions (continued)

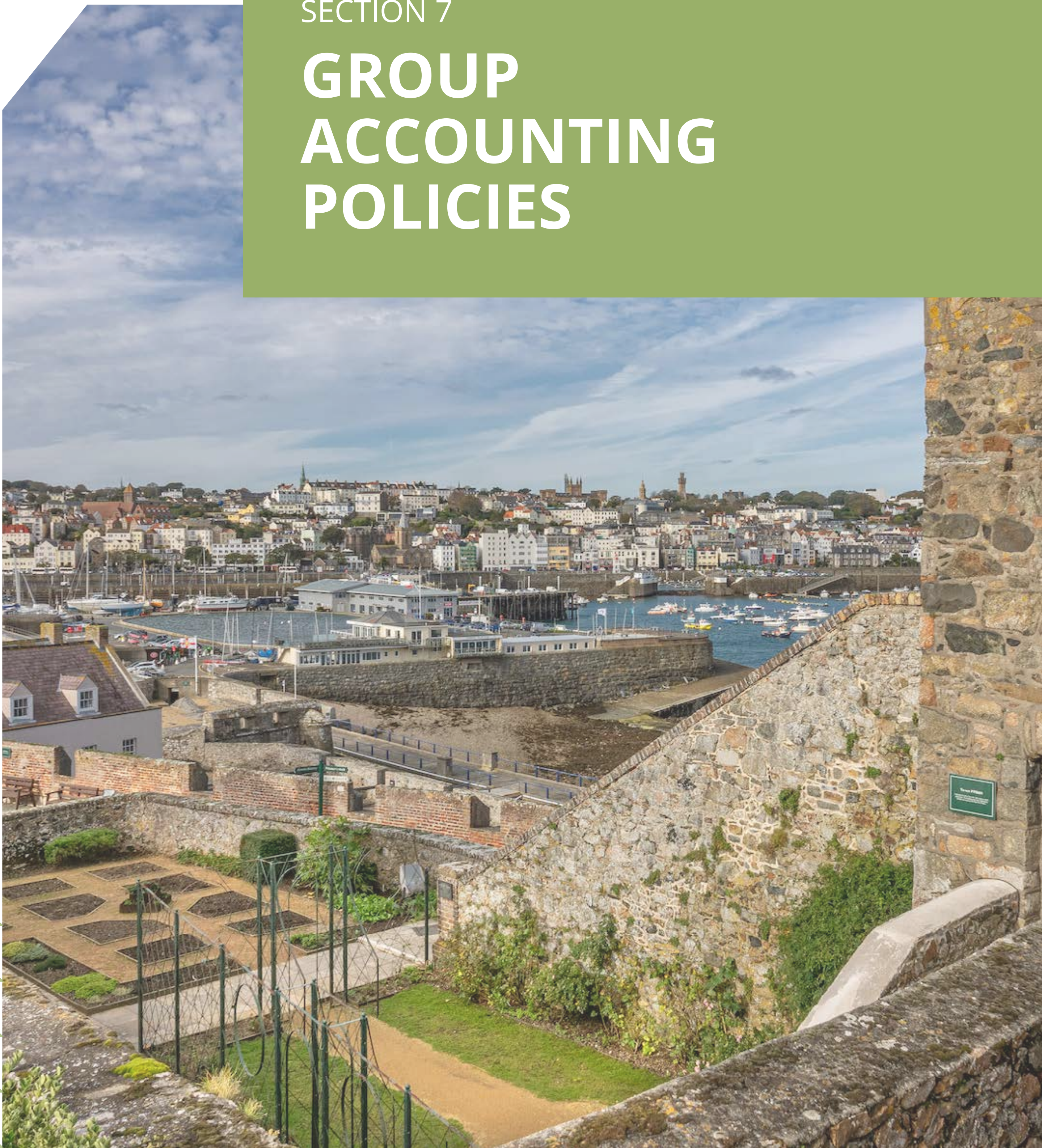
All transactions with related parties have been on an arm's length basis as if conducted with an unrelated party.

Key Management Personnel Remuneration

Key management personnel remuneration includes the remuneration of close family members of key management personnel where those close family members are employed by the group. Total key management personnel remuneration across the group totalled £6,886,764 (2023: £6,405,609).

SECTION 7

GROUP ACCOUNTING POLICIES



36. Group Accounting Policies

i. Going Concern

At the time of approving the consolidated financial statements, there is a reasonable expectation that the Group has adequate resources to continue in operational existence and to continue to exercise its functions for the foreseeable future. This is based on the income, expenditure, financial position, and cash flows monitored and projected for the Group and takes account of the States of Guernsey's power to set tax rates to meet its statutory obligations for the foreseeable future, as well as controls over public spending. Thus, it continues to adopt the going concern basis of accounting in preparing the financial statements.

ii. Basis of Consolidation

These consolidated financial statements combine those of the States of Guernsey and all of its material controlled entities, within the States of Guernsey group boundary (the 'accounting boundary'), hereafter known as "The Group". Entities that fall within the accounting boundary but are immaterial to the financial statements, as a whole, have not been consolidated. These entities are listed as Minor Entities in the Group Accounting Policies section, Note 34.

Controlled Entities

The States of Guernsey controls an entity if it has power over the entity; has exposure to variable returns from the entity and has the ability to affect those returns through its power over the entity. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. The financial statements of the Group's controlled entities are included in the consolidated financial statements from the date that control commences until the date on which that control ceases.

Controlled entity subsequent changes, that do not result in a loss of control, are accounted for as transactions with controllers (of the controlling entity), within net assets/equity.

Loss of Control of a Subsidiary

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary at their carrying amounts at the date when control is lost; the carrying amount of any non-controlling interest, and the other components of net assets/equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the Statement of Financial Performance.

If the Group retains any interest in the previously controlled entity, then such interest is measured at fair value at the date that control is lost. Subsequently, the retained interest is either accounted for as an equity-accounted associate or a financial asset at fair value through surplus or deficit depending on the level of influence retained.

Transactions eliminated on Consolidation and alignment of Accounting Policies

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Where necessary, adjustments are made to the financial statements of controlled entities to bring the accounting policies used into line with the accounting policies adopted by the group.

iii. Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint arrangements are classified as either a joint operation or a joint venture depending on the terms of the binding arrangement which gives joint control.

Recognition

Where a joint arrangement gives rights to the assets, and obligations for the liabilities, relating to the arrangement, the arrangement is a joint operation. Joint operations are accounted for by recognising the Group's assets, liabilities, revenue and expenses. Where these are held or incurred jointly, then the Group's share is recognised.

These items are accounted for under the relevant IPSASs applicable to the particular assets, liabilities, revenues and expenses. Where a joint arrangement is a joint venture, it is accounted for as an investment using the equity method.

iv. Investments in Joint Ventures

Investments in Joint Ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of an arrangement by way of a binding agreement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group

The Group's investment in its associates and joint ventures is accounted for using the equity method of accounting in the consolidated financial statements.

Under the equity method, investment in an associate or joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise the Group's share of post-acquisition surplus or deficits of the associates or joint ventures since the acquisition date. The Group's share of an associate's or joint venture's surplus or deficit is recognised in the Statement of Financial Performance. Distributions received from joint ventures reduce the carrying amount of the investment. In addition, when there has been a change recognised directly in the net assets/equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the Consolidated Movement in Reserves Statement.

Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not subsequently amortised.

The Group's investment in associates or joint ventures that are accounted for using the equity method are classified as a non-current asset.

The aggregate of the Group's share of surplus or deficit of associates in joint ventures is shown on the face of the statement of financial performance.

Unrealised gains or losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's interest in the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on the Group's investment in its associate or joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in the 'share of surplus of an associate or a joint venture' in the statement of financial performance. Goodwill included in the carrying amount of the investment in associate or joint venture is not tested for impairment separately; rather the entire carrying amount of the investment is tested as a single asset.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any remaining investment at its fair value in accordance with IPSAS 41. Any difference between the carrying amount of the associate or joint venture, upon loss of significant influence or joint control, and the fair value of the retained investment and proceeds from disposal is recognised in surplus or deficit.

v. Foreign Currency Transactions and Balances

Foreign currency transactions are translated, on initial recognition, into the functional currency of the respective Group entity, using the spot exchange rate between the functional currency and the foreign currency, prevailing at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the reporting date.

Foreign exchange gains and losses arising from the settlement of transactions or from the remeasurement of items, at rates which are different from those at which they were translated on initial recognition, are recognised in the Statement of Financial Performance.

vi. Segment Reporting

A segment is a distinguishable activity or group of activities for which financial information is reported separately in order to evaluate an entity's past performance in achieving its objectives and to make decisions about the future allocation of resources.

The States of Guernsey group has three operating service segments:

- Core Government: includes the Senior, Principal and Other Committees of the States of Guernsey, Social Security Fund and Specific Funds, which are responsible for policymaking, regulatory and public service functions and are accountable to the States of Deliberation. This segment is predominantly funded by tax and social security contributions.
- States' Unincorporated Trading Entities: including Guernsey Ports; Guernsey Waste; Guernsey Water; Guernsey Dairy and States Works, which were established to undertake specific activities on behalf of the States to achieve service delivery objectives for the local community. This segment is funded by trading activities and partially supported by tax revenues.

- Other Controlled Entities: representing entities that undertake commercial activity and includes Aurigny Air Services Limited; Guernsey Post Limited and Guernsey Electricity Limited. Also included is the Guernsey Housing Association LBG - a not-for-profit company limited by guarantee that offers rented or partial ownership accommodation to local people whose needs are not met by the private housing market, but who do not qualify for States Housing. This segment is predominantly funded by trading activities.

- Pension Scheme: representing the net pension assets/(liabilities) of the States of Guernsey Public Servants' Pension Scheme (PSPS). This segment is funded by contributions from participating members (employees and employers) and investment returns.

Each of these operating segments is managed separately as each segment requires different skills, technologies and other resources. All inter segment transfers are carried out at arm's length prices based on prices charged to unrelated entities in stand-alone sales of identical goods or services.

Segment information is prepared in line with the accounting policies adopted for preparing and presenting the group financial statements.

Segment revenues, segment expenses, segment assets, and segment liabilities are determined before balances and transactions between entities within the group financial statements are eliminated as part of the consolidation process, except to the extent that such intra-entity balances and transactions have occurred amongst entities within a single segment.

vii. Revenue from Non-Exchange Transactions

Non-exchange transactions are those where the Group receives an inflow of resources (i.e., cash and other tangible or intangible items) but provides no, or nominal direct consideration in return.

Income Tax, TRP, Social Security Contribution, Customs and Other Duties

Revenue arising from income taxes, property taxes, social security contributions; customs and other duties is recognised in the period in which the taxable income is earned; when it is probable that the inflow of resources will be received by the States and where the taxation revenue can be reliably measured.

ETI and Social Security Contribution Revenue is received as follows:

- For Employees - collected by their employer under the ETI Scheme, which is a pay as you go current year scheme.
- For Self Employed - collected on an estimated basis, until final income for the year is assessed.
- For Non-Employed - contributions are collected based on their income.

Social Security Contributions and some elements of income tax revenue can only be confirmed in subsequent years due to the timing of final taxable income confirmation and therefore consideration is given to future cash flows that may arise from assessments relating to the reporting period (and earlier), as well as levels of recoverability. This means that actual outcomes could differ from the estimates used. However, the level of estimation uncertainty is not considered to have a material impact on the financial statements.

Taxes and duties are measured at their fair value of the amount received, or receivable, adjusted for any corrections to previous year estimates.

For the above sources of taxation revenue, the taxable event is:

- Income Tax - the earning of assessable income during the taxation period by the taxpayer
- Property Taxes - the period for which the tax is levied
- Social Security Contributions - the earning of income on which social security contributions are payable
- Excise Duties - when dutiable goods move across the customs boundary or are manufactured in the Bailiwick.
- Other Duties (document registration, vehicle registration) - the date when the obligation to pay the duty is incurred.

Tax revenue received in advance is accounted for as receipts in advance (a liability). The liability is discharged when the taxable event occurs and recognised as revenue.

Transfers from fines and penalties; gifts and donations and services in kind

Revenues arising from fines and penalties; gifts and donations (including donated assets) are recognised at their fair value when it is probable that the future economic benefits or service potential will flow to the Group and the fair value of the assets can be measured reliably.

Revenues from fines and penalties are recognised when the fine or penalty is imposed (i.e. an enforceable legal claim has occurred).

The fair value of gifts and donations is ascertained by reference to an active market, or by engaging the expertise of relevant Group's internal or external professionals.

If conditions are attached to gifts and donations received, a liability is recognised until the condition is satisfied at which time the liability is reduced, and revenue is recognised.

Where services-in-kind are provided to the Group and the Group exercises control over the services provided and can reliably measure their fair value, an expense is recognised (for the consumption of the service provided) with an equal amount being recognised as revenue.

Where the service-in-kind is provided for the construction of an asset, the amount recognised in respect of services-in-kind is included in the cost of the asset being constructed.

viii. Revenue from Exchange Transactions

Exchange transactions are transactions where the Group receives assets or services or has liabilities extinguished and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) in exchange.

Rendering of Services

Revenue from the rendering of services is recognised when the percentage of completion of the transaction can be measured reliably and it is probable that economic benefits or service potential associated with the transaction will flow to the Group.

For the following revenue transactions, the application of these recognition criteria is:

- Housing Rental Income - rental income from the provision of housing is recognised as the income is earned in accordance with the terms of the tenancy agreement.
- Membership Fees - are recognised as revenue when no significant uncertainty as to their collectability exists.
- Planning Application Fees and Company Registration Fees are recognised as revenue in the period when the fee is due.
- Passenger Ticket Sales - passenger ticket sales, and sales ancillary thereto, are recorded as current liabilities in the “bookings paid in advance” account until recognised as revenue when the transportation service is provided.
- Sales of Electricity are accounted for on an accruals basis and include the estimated value of unbilled units at the year-end associated with the movement in unbilled units from the beginning of the year to the end of the year. Billable units are the units dispatched, adjusted for estimated network losses (5.2% based on management judgement when comparing units billed, units generated and imported, works power and units dispatched to the network over the past 8 years) and works power consumed within the company. The unbilled units are valued at current tariff rates. Customer payments received in advance for electricity sales are included within trade and other payables.

- Sales of Stamps - are accounted for on a receipt of funds basis. No provision is made for postal services expected to be provided for stamps in circulation, as they are deemed to be immaterial.
- Other Services - for other services rendered by the Group, revenue is measured over the term of the contract as the services are provided using the following methods:

  (a) Surveys of work performed;

  (b) Services performed to date as a percentage of total services to be performed; or

  (c) The proportion that the costs incurred to date bear on the estimated total costs of the transaction.

When the revenue from the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of costs incurred that are expected to be recoverable.

Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer; the revenue can be reliably measured and it is probable that economic benefits or service potential associated with the transaction will flow to the Group.

Where collectability is doubtful and recovery is not probable, the amount is recognised as an expense rather than as an adjustment to revenue previously recognised.

Income from Interest, Royalties, License Fees, Permits and Dividends

Revenue arising from interest, royalties and dividends is recognised when:

- it is probable that the inflow of resources will occur and
- their fair value can be reliably measured.

Revenue is recognised as follows:

- Interest income: is accrued on the basis of the effective interest rate for the relevant financial instrument rather than the cashflows determined by the contract. The effective interest rate is that which discounts the stream of future cash receipts expected over the life of the asset to equate to the amount in the Statement of Financial Position at initial measurement.
- Royalties, license fees and permits: are recognised as they are earned in accordance with the substance of the relevant agreement, which is normally on a straight-line basis over the term of the agreement.
- Dividends: when the Group's right to receive payment is established.

ix. Social Benefits

Social benefits are amounts paid by the Group to specific individuals and/or households to mitigate the effect of social risk and which address the needs of society.

These include, but are not limited to, retirement benefits, incapacity benefits, income support and unemployment benefits. Social benefits are accrued by the Group when eligibility criteria to receive a social benefit payment are met, for example:

- Reaching retirement age (in the case of the state pension)
- The death of a partner (in the case of a bereavement benefit)
- Level of income falling below a set level (in the case of income support)
- Becoming unemployed (in the case of unemployment benefit)
- Becoming unfit to work (in the case of incapacity benefit).

Recognition

The Group recognises a liability in the Statement of Financial Position for a Social Benefit Scheme when:

- it has a present obligation for an outflow of resources that results from a past event, and
- the present obligation can be measured reliably

The past event that gives rise to a liability for a social benefit scheme is the satisfaction by each beneficiary of all eligibility criteria to receive a social benefit payment.

Social benefits are charged as an expense to the Social Benefits line in the Statement of Financial Performance at the same point that a liability is recognised. Therefore, the Group recognises a liability and an expense for social benefit payments when the eligibility criteria for the next payment are satisfied.

Initial Measurement of the Liability

The liability for each social benefit scheme is measured by the Group at the best estimate of the social benefit payments that it expects to make in fulfilling the present obligation represented by the liability. Satisfaction of the eligibility criteria for each social benefit payment is a separate event, and the liability for each payment is measured separately.

The maximum amount to be recognised as a liability is the cost the Group expects to incur in making the next social benefit payment. Payments beyond this point are future events for which there is no present obligation. Since the liability in respect of social benefits cannot extend beyond the point at which eligibility criteria for the next payment will be satisfied, they are classified as short-term liabilities in the Statement of Financial Position.

Amounts are recognised as an expense in the Statement of Financial Performance throughout the year when the criteria for the next benefit payment is met. Liabilities for the next Social Benefit payment due are recognised when the criteria are satisfied.

Subsequent Measurement of the Liability

The liability for a Social Benefit scheme is reduced as Social Benefit payments are made. Any difference between the cost of making the Social Benefit payments and the carrying amount of the liability in respect of the Social Benefit scheme is recognised in the Statement of Financial Performance in the period in which the liability is settled.

Where the Group makes a Social Benefit payment before all eligibility criteria for the next payment has been satisfied, a payment in advance is recognised as an asset in the Statement of Financial Position.

The Group pursues all options to recover any Social Benefit overpayments. However, in the unusual event that an amount becomes irrecoverable, it is recognised as an expense in the Statement of Financial Performance

x. Targeted Benefits

Targeted benefits are those benefits that do not meet the definition of Social Benefits. This is because they are benefits that are not paid directly to a household or individual but are instead paid to a third party on behalf of the individual or household. Targeted Benefits are accounted for on an accruals basis, as expenditure in the period to which they relate.

xi. Grants Payable

Grants and Subsidies Expenditure

Where grants and subsidies are at the Group's discretion until payment, the expense is recognised when the payment is made. Otherwise, the expense is recognised when the specified criteria for the grant or subsidy have been fulfilled and notice has been given to the Group confirming that the criteria have been met.

xii. Borrowing Costs

Borrowing costs are expensed in the period in which they are incurred and are not included as a part of the acquisition, construction or production costs of the Group's assets.

xiii. Intangible Assets

Expenditure on non-monetary assets without physical substance is capitalised only when it is expected that future economic benefits or service potential will flow from the intangible asset to the Group.

Intangible assets are initially recognised at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value (established by reference to an active market) at the date of the exchange.

The Group capitalises the development costs of internally generated intangible assets only when it can demonstrate:

- the technical feasibility of completing the intangible asset and that adequate technical, financial and other resources are available to complete its development;
- that it intends to complete the project and is able to use (or sell) the asset;
- its ability to generate future economic benefits or deliver service potential through the use of the asset; and
- its ability to reliably measure the expenditure attributable to the intangible asset during its development.

Research expenditure incurred on acquired or internally generated intangible assets is charged directly to the Statement of Financial Performance in the period in which the expenditure is incurred.

Following initial recognition, the Group carries intangible assets at cost less any accumulated amortisation and accumulated impairment losses.

The depreciable amount of intangible assets is amortised on a systematic basis over their useful lives to the Depreciation & Amortisation line in the Statement of Financial Performance.

Intangible Assets have a useful life of up to 10 years.

The estimated useful life and amortisation method for intangible assets is reviewed at the end of each reporting period. The effect of any changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is treated as a change in accounting estimate.

Intangible assets are tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the Impairment Losses on Non-Financial Assets line in the Statement of Financial Performance.

During the period of development, an internally generated intangible is tested for impairment annually with any impairment losses recognised in the Impairment Losses on Non-Financial Assets line in the Statement of Financial Performance.

Intangible assets are derecognised from the Statement of Financial Position on disposal or when no future economic benefits are expected from their use or disposal.

The gain or loss arising from the derecognition of an intangible asset represents the difference between its carrying amount and any proceeds received and is recognised in Other Gains and Losses in the Statement of Financial Performance when the asset is derecognised.

xiv. Investment Property

Recognition

Investment properties are property assets held for the purpose of earning rental income, for capital appreciation or both. A property that is used to facilitate the delivery of services, for administrative purposes, to produce goods or is held for sale does not meet the definition of an investment property.

Measurement

Investment properties are measured initially at cost, including any transaction costs, and subsequently at fair value. Fair value is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Investment properties are not depreciated but are revalued annually to reflect market conditions at the year-end. Fair value gains or losses arising from revaluation are included the Statement of Financial Performance in the Investment Returns section.

Derecognition

Investment property is derecognised either on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

xv. Property, Plant and Equipment (PP&E)

PP&E assets are tangible items that are held for use in the production or supply of goods or services, for rental to others, where it is used in the delivery of Group' services or for administrative purposes, and that are expected to be used during more than one financial year.

Recognition

Expenditure on the acquisition of PP&E is capitalised on an accruals basis when it is probable that the future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably.

Expenditure that maintains but does not increase an asset's capacity to provide services or generate cashflows is charged as an expense to the Statement of Financial Performance in the year in which it is incurred.

Measurement

The Group applies the cost model to all PP&E assets and measures them at cost, less accumulated depreciation, and impairment loss. Where an item of PP&E is transferred to the Group for nil or nominal consideration, it is brought onto the Statement of Financial Position at its fair value. The difference between fair value and any consideration paid is credited to the Statement of Financial Performance as non-exchange revenue.

Cost includes the purchase price, 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 and costs required to dismantle and remove the item and restore the site on which it is located.

Borrowing costs are not capitalised whilst assets are under construction but are expensed in the period in which they are incurred. When assets under construction are completed, they are transferred into their relevant asset category.

When parts of items of PP&E are replaced, insofar as they meet the recognition criteria, the cost of replacing the part is recognised in the carrying value of the item of PP&E. The carrying amount of the part replaced is derecognised.

When the carrying amount of the replaced part cannot be determined, the cost of the replacement part may be used as an indication of the cost of the replaced part at the time it was acquired or constructed.

Depreciation

Depreciation is provided to write off the cost less estimated residual value of PP&E assets, on a straight-line basis, over their estimated useful lives. This excludes land which, in most cases, has an unlimited useful life, and assets under construction, which are not yet available for use.

The major categories of PP&E are depreciated over the following useful lives:

Asset Category	Life
Freehold Land	Not depreciated
Operational Buildings	Up to 100 years
Social Housing (excludes land)	Up to 80 years
Infrastructure (includes roads, coastal defences, Water and sewage systems & Electrical Generation & Distribution Assets)	Up to 75 years
Plant & Equipment	Up to 35 years
Vehicles, Vessels & Aircraft	Up to 20 years
Information Technology	Up to 5 years

The useful lives of buildings, social housing and infrastructure is estimated by the relevant Group professionals or external professional valuers.

Where PP&E assets have major components with substantially different useful lives or methods of depreciation, then each component is depreciated over its individual useful life or method of depreciation.

Depreciation methods, useful lives and, where applicable, residual values are reviewed at the end of each financial year and adjusted if appropriate. The effect of such adjustment is recognised as a change in accounting estimate.

Derecognition

PP&E is derecognised on disposal or when no future economic benefits or service potential is expected from its use.

Any gains or losses arising from the derecognition of property, plant and equipment are included under the heading Gain/Loss on Disposal of PP&E and Other Derecognition Costs within the Statement of Financial Performance.

For tangible Information Technology assets, and other assets with generally short useful economic lives and minimal residual values, the assets will be derecognised in the financial year when their net book value is written down to nil.

Impairment

At each reporting date the Group assesses whether there is any indication that its PP&E assets are impaired. If any indication exists, the Group' estimates the recoverable service amount of the asset. The recoverable service amount is the higher of an asset's fair value less costs to sell and its value in use.

For PP&E assets, which are primarily held for service delivery purposes, value in use represents the present value of the asset's remaining service potential. The Group uses the Depreciated Replacement Cost approach to determine the asset's remaining service potential.

PP&E assets that have previously been impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Heritage Assets

Heritage assets that are used for the Group's operational purposes are recognised and measured on the same basis as other items of PP&E.

Heritage assets that are not used for operational purposes but instead have cultural, environmental, or historical significance which include monuments, archaeological sites, conservation areas, nature reserves, works of art and some historical buildings are not recognised in the Statement of Financial Position.

Non-Current Asset Purchases Funded from Insurance Claims

Following a loss event pertaining to a recognised non-current asset(s) within the Statement of Financial Position, the affected asset(s) are impaired to reflect the extent of that loss via a reduction in cost and a corresponding impairment loss is charged to the Statement of Financial Performance.

The value of the related insurance claim would equate to the insurance proceeds receivable, which are accrued only when there is a high degree of certainty of receipt and should consider any attached conditions, such as whether the receipt of proceeds is conditional upon the asset(s) being replaced or rebuilt.

Subsequent purchase of replacement non-current asset(s) is treated as a non-current asset addition in the year.

Non-Current Asset Purchases Funded from the Seized Asset (Internal Fund)

Exceptionally, asset purchases may be funded from the proceeds of seized assets, retained in the Internal Fund of Seized Asset Fund. In such cases, an appropriation is made from the Seized Asset Fund Reserve to the General Reserve equivalent of the cost of the asset. See Appendix IX.

xvi. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Group as Lessee - Finance Leases

At the commencement of the lease term, an item of PP&E held under a finance lease is recognised in the Statement of Financial Position at its fair value measured at the inception of the lease (or the present value of the minimum lease payments, if lower).

An associated lease liability for the same amount is also recognised, representing the obligation to pay the lessor. Initial direct costs are added to the carrying amount of the asset.

After initial recognition, lease payments are apportioned between:

- a reduction of the outstanding liability, and
- finance charges.

The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Finance charges are recognised as finance costs in the Statement of Financial Performance.

Depreciation charges for PP&E recognised under finance leases are consistent with the Group's normal depreciation policy for similar assets that are owned. However, where there is no reasonable certainty that the Group will obtain ownership of the item by the end of the lease term the asset is depreciated over the shorter of the lease term or its useful life.

Group as Lessee - Operating Leases

An operating lease is a lease that it does not transfer substantially all the risks and rewards incidental to ownership.

Rentals paid under operating leases are charged to the Statement of Financial Performance as an expense on a straight-line basis over the life of the lease.

Group as Lessor - Operating Leases

Where an operating lease is granted by the Group, the leased asset is retained in the Statement of Financial Position. Depreciation charges are calculated consistent with the Group's normal depreciation policy for similar assets.

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease revenue.

Rental income is recognised as revenue on a straight-line basis over the lease term.

xvii. Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

At initial recognition, financial assets and financial liabilities are measured at their fair value (normally the transaction price) plus or minus, (other than items that are at fair value through surplus or deficit), transaction costs that are directly attributable to their acquisition or issue.

For financial assets or financial liabilities at fair value through surplus or deficit, transaction costs directly attributable to their acquisition are expensed immediately in surplus or deficit.

Trade receivables and payables (from exchange transactions) that have no stated interest rate are measured at their original invoice amount at initial recognition.

Financial Asset Classification

The Group classifies its financial assets into the following three categories:

- Fair value through surplus or deficit (FVTSD)
- Fair value through net assets equity (FVTNAE)
- Amortised cost

The classification depends on both:

- The Group's business model for managing the financial assets, and
- The contractual cash flow characteristics of the financial assets.

The Group's financial assets are measured subsequently at either amortised cost or FVTSD, depending on the classification of the financial assets. The Group has an immaterial amount of financial assets categorised as FVTNAE.

Financial Asset Subsequent Measurement - Fair Value through Surplus or Deficit (FVTSD)

General Investment Portfolio:

The Groups' investment portfolio, which is managed and whose performance is measured on a fair value basis, is carried in the Statement of Financial Position at fair value. Fair value of the portfolio financial assets and liabilities is measured using the following valuation techniques:

- Listed equity securities: unadjusted quoted prices in active markets for identical shares
- Other financial assets and liabilities, with no active market: including reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

The inputs to the fair value measurement techniques are categorised in accordance with the following hierarchy which reflects the significance of the inputs used in making the measurements:

- **Level 1**: Quoted prices (unadjusted) for identical assets or liabilities obtained from active markets. This level includes listed debt securities, and listed equity instruments.
- **Level 2**: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g. by applying techniques using inputs obtained from observable market data such as using quoted prices for similar assets or liabilities in active markets).
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (e.g. by developing unobservable inputs using the best information available in the circumstances, which might include the entity's own data). The use of such unobservable inputs may have a significant impact on the valuation of a financial asset or liability.

Changes in fair value (including any dividends or interest income) are recognised in the Statement of Financial Performance in the Other Surplus and Deficit line.

Quoted/Actively Traded Investments:

Investments that are listed or quoted on a recognised market are valued at the last traded or closing market price in the relevant market as at the year-end date.

Unquoted/Not Actively Traded Investments:

Where investments are part of an investment fund that is neither quoted nor listed, then the valuation is based upon the latest information available. That information is provided by the underlying investment fund.

Where the valuation date for the investment fund is not coterminous with the year end of the Group, the most recent valuation before the year end, as received from the underlying fund manager or administrator, is used as the basis of the valuation. This basis is then adjusted for underlying fund level cash flows that have occurred between the last valuation date and the year-end date. From time to time, non-cash flow related adjustments may also be made, if deemed to be of a material nature. The net asset value reported by the fund manager or administrator may be unaudited and, in some cases, the notified net asset value is based on estimates.

Exchange traded swaps and futures are valued at the current settlement value. The Over Counter Options are valued by the investment manager using generally accepted pricing models, where inputs are based on market data at the year-end date.

Forward exchange contracts are valued at the gain or loss that would arise from closing out the contract at the reporting date by entering an equal and opposite contract at that date.

Where the Group has future funding commitments to investments these are disclosed in the Notes to the Financial Statements. These are not recognised as a liability at the year-end.

Financial Asset Subsequent Measurement - Amortised Cost

Financial assets that are held for the collection of contractual cash flows and where those cash flows represent solely payments of principal and interest are measured at amortised cost. This classification relates principally to the Group's trade receivables, cash and cash equivalents and loans to third parties.

After initial recognition the carrying value of financial assets measured at amortised cost is determined using the effective interest rate method.

Interest receivable is calculated using the effective rate of interest for the instrument and is recognised in the Finance Income line in the Statement of Financial Performance, the amount is based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the financial asset to the amount at which it was originally recognised.

Most loans that are provided by the Group are at a market related interest rate and without significant transaction costs, therefore the effective interest rate and that specified in the contract will be the same. Consequently, the amount presented in the Statement of Financial Position is the outstanding principal receivable (including any accrued interest) whilst interest credited to the Finance Income line in the Statement of Financial Performance is the amount receivable for the year as specified in the loan agreement.

Impairment of Financial Assets

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets classified at amortised cost.

Impairment losses are not recognised for financial assets measured at fair value through surplus or deficit. Expected Credit Losses (ECLs) are measured on either a 12-month or lifetime basis:

- 12-month ECLs are a portion of the lifetime ECLs that result from default events on financial instruments that are possible within the next 12 months after the reporting date.
- Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument.

Significant judgement may be involved where there is an absence of market comparisons.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. The Group categorises these financial assets into groups that share similar credit risk characteristics and estimates the expected credit losses using a provision matrix based on historical credit loss experience, adjusted for current conditions and forward-looking estimates as relevant to each grouping.

For all other financial assets, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

The Group provides loans to individuals (e.g. student and home loans and loans to farmers), however it does not have reasonable and supportable information that is available without undue cost or effort to measure lifetime expected credit losses on an individual instrument basis.

The Group, therefore, recognises expected credit losses for these loans on a collective basis which considers comprehensive credit risk information incorporating past information, all relevant credit information and forward-looking macroeconomic information to approximate the result of recognising lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition on an individual instrument level.

To ensure that significant increases in credit risk are identified on a timely basis the Group groups these loans to individuals on the basis of shared credit risk characteristics.

Assessing Significant Increases in Credit Risk

When assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition.

In making this assessment, the Group considers historical experience adjusted for current conditions as well as reasonable and supportable forward-looking information that is available without undue cost or effort.

As a part of this process the Group will consider the following types of information:

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations (e.g. an actual or expected increase in interest rates or unemployment rates).
- An actual or expected significant change in the operating results of the borrower.
- An actual or expected internal credit rating downgrade for the borrower or decrease in behavioural scoring used to assess credit risk internally.
- An actual or expected significant change in the financial instrument's external credit rating.

However, regardless of the conclusions reached following this assessment, the Group considers that the credit risk on a financial asset has increased significantly since initial recognition when the contractual payments are more than 30 days past due, except where there is reasonable and supportable information that demonstrates otherwise.

Credit Impaired Financial Assets

A financial asset is credit-impaired when there is objective evidence of impairment at the reporting date such as:

- Significant financial difficulty of the borrower;
- A breach of contract, such as a default or past due event;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

For these financial assets, lifetime ECLs are recognised, and interest revenue is calculated on the asset's net carrying amount (i.e. the gross amounts less the ECL allowance).

Measurement of Expected Credit Losses

Expected Credit Losses are a probability-weighted estimate of credit losses.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive (the present value of cash shortfalls), discounted at the effective interest rate of the financial asset.

The Group measures the expected credit losses of a financial asset in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Write-off Policy

Financial assets are written off when there is no reasonable expectation of recovery. However, the Group continues to engage in enforcement activity to recover amounts due. Where recoveries are made, these are recognised in the Finance Income line in the Statement of Financial Performance.

Derecognition of Financial Assets

The Group derecognises financial assets when the contractual rights to receive cash flows from the financial assets expire, are waived or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

On derecognition of financial assets measured at amortised cost or fair value through surplus or deficit, any gain or loss arising is recognised in the Other Gains and Losses line in the Statement of Financial Performance.

Financial Liabilities - Classification

The Group's financial liabilities are classified into the following categories:

- Amortised cost – the public bond, bank overdrafts and trade and other payables
- Fair value through surplus or deficit – comprising third-party depositors (i.e. investors in the States of Guernsey's General Investment Portfolio).

Classification of financial liabilities is established at initial recognition when the Group becomes a party to the contractual provisions of the financial liability.

Financial Liabilities - Measurement

Financial liabilities are recognised in the Statement of Financial Position when the Group becomes a party to the contractual provisions of the financial instrument.

The Group's financial liabilities are recognised initially at fair value plus, in the case of borrowings (i.e. the Public Bond), directly attributable transaction costs.

After initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities at fair value through surplus or deficit, which are measured at fair value.

Amortised Cost

For financial liabilities measured at amortised cost, interest payable is based on the effective rate of interest for the instrument and is recognised in the Finance Costs line in the Statement of Financial Performance. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the financial liability to the amount at which it was originally recognised.

Fair Value through Surplus or Deficit (FVTSD)

For financial liabilities measured at fair value through surplus or deficit, gains or losses are recognised in the Other Gains and Losses line in the Statement of Financial Performance. Financial liabilities are derecognised when the obligation under the liability is discharged, waived, cancelled or it expires.

Derivative Financial Instruments

Some Group members activities expose them to the financial risks of changes in foreign currency exchange rates, interest rates and commodity prices.

To manage their exposure to these risks, the entities enter into a variety of derivative financial instruments, including foreign exchange forward contracts; commodity forward contracts; interest rate swaps and interest rate caps to hedge these exposures.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date.

The resulting fair value gains or losses are recognised in surplus or deficit except where the derivative is part of a designated hedging relationship (see hedge accounting policy below).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Derivative Financial Instruments and Hedge Accounting

The Group applies hedge accounting to reflect, in the financial statements, the effect of its risk management activities that use financial instruments to manage exposures arising from particular risks that could affect surplus or deficit. This is achieved by matching the timings of gains or losses on financial hedging instruments (derivatives) with hedged items.

Hedge accounting is applied only when the hedging relationship meets all of the following requirements:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items.
- there is formal designation and documentation of the hedging relationship and risk management objective and strategy at inception of the hedge.
- the hedge relationship meets the hedge effectiveness requirements.

At the inception of the hedge and on an ongoing basis, the Group determines whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, consistent with the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument.
- the effect of credit risk does not dominate the value changes that result from that economic relationship, and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

Certain forward currency contracts have been designated as hedging instruments in cash flow hedge relationships. These arrangements have been entered into to mitigate foreign currency exchange risk arising from highly probable sales transactions denominated in foreign currency.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in net assets/ equity and included within the cash flow hedge reserve in the movement in reserves statement. Any ineffectiveness in the hedge relationship is recognised immediately in surplus or deficit.

When the cashflows in connection with the hedged item impact surplus or deficit, any gain or loss previously recognised in the cash flow hedge reserve in the movement in reserves statement is transferred to surplus or deficit and presented as a reclassification adjustment.

If hedged future cash flows are no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

Hedge accounting is discontinued prospectively when the hedging instrument expires, is sold, terminated, exercised, or no longer qualifies for hedge accounting.

Financial Instruments – First Time Adoption

Adjustments to the carrying amount of a financial asset or financial liability, required to meet the requirements of IPSAS, are recognised in the Accounting Adjustment Reserve in the Movement in Reserves Statement at the date of adoption of IPSAS.

In line with the provisions of IPSAS 33 First-Time Adoption of Accrual Basis International Public Sector Accounting Standards, information about the nature and extent of risks arising from financial instruments has not been presented for the comparative period. This is because obtaining such information would have been costly and is therefore not feasible.

xviii. Inventories

Inventories are initially recognised at cost which includes purchase costs and, where applicable, direct labour costs and any other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method, except where the inventories are perishable items, in which case, cost is calculated using the First In First Out (FIFO) method.

After initial recognition, inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

When inventories are sold, exchanged or distributed their carrying amount is recognised as an expense in the period in which the related revenue is recognised or, where there is no related revenue, when the goods are distributed or related service is rendered.

xix. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and deposits that are immediately available for cash.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Highly liquid investments have a maturity of three months or less from the date of acquisition.

xx. Employee Benefits

Short-Term Employee Benefits

Short-term employee benefits are those that will be settled within twelve months after the reporting period in which employees have rendered services to the Group. They include items such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (including housing and relocation allowances) for current employees.

An expense is recognised in the Statement of Financial Performance in the year in which employees render services to the Group. Any amounts unpaid at the reporting date are recognised as an accrued expense in the Statement of Financial Position.

Holiday Pay Accrual

The group permits its employees to carry forward some of their unused holiday entitlement to the following year. At the reporting date, an accrual is recognised for the expected cost of such unused holiday entitlements and is based on an assessment of the remuneration that will be paid when the entitlement is used.

Post Employee Benefits

The Group operates both defined benefit and defined contribution pension schemes.

Defined Benefit Pension Scheme

The States of Guernsey Defined Benefit Pension Scheme (Public Servants' Pension Scheme) is funded by contributions from both the employer and employees.

The net obligation in respect of the defined benefit plan is recognised as an asset (or liability) in the Statement of Financial Position and represents the difference between the present value of the defined benefit obligation and the fair value of plan assets.

The defined benefit obligation is calculated by discounting expected future benefit payments back to the reporting date using a discount rate based on high quality corporate bonds as required by IPSAS. The expected future benefit payments are calculated by an independent actuary using the projected unit credit method, to estimate the future pension benefits that employees have earned for services performed in the current and prior periods.

Therefore, the pension liability is an estimate of the amount that would need to be invested in high quality corporate bonds at the reporting date to cover all the expected future benefit payments accrued up to the reporting date.

Scheme assets are used to generate returns to pay or fund employee benefits. Changes in the net defined benefit pension obligation are attributable to:

Service Cost - is recognised in the pay costs line in the group Statement of Financial Performance and comprises:

- Current service cost representing the increase in the present value of the defined benefit obligation resulting from service earned in the current year,
- Past service cost representing a change in the present value of the defined benefit obligation resulting from a plan amendment (the introduction or withdrawal of, or changes to, the defined benefit plan), or curtailment (resulting from a significant reduction in the number of employees covered by a plan) relating to employee services in previous periods,
- A gain or loss on settlement arising from when the group enters into a transaction that eliminates all further legal or constructive obligations for all or part of the benefits provided under a defined benefit plan.

Net Interest on the Net Defined Benefit Asset (or Liability) - is recognised in the finance costs line in the Statement of Financial Performance and represents the change during the period in the net defined benefit asset/(liability) that arises from the passage of time. It is calculated by multiplying the net defined benefit asset/(liability) at the start of the year by the discount rate used to measure the defined benefit obligation at the start of the year, taking account of any changes in the net defined benefit asset/(liability) during the period as a result of contribution and benefit payments.

Re-measurement of the Net Asset (or Liability) - is recognised in Accumulated Surpluses and Deficits in the group Movement in Reserves Statement and comprises:

- actuarial gains and losses representing changes in the present value of the defined benefit obligation resulting from the effects of changes in actuarial assumptions and experience adjustments (correction of the estimates made in the previous accounting reports leading up to the formal valuation),
- the return on plan assets but excluding amounts included in net interest on the net defined benefit liability/(asset).

Defined Contribution Schemes

The Group also operates defined contribution pension schemes, which are post-employment benefit plans under which fixed contributions are paid into a separate fund and where the Group has no legal or constructive obligation to pay further amounts if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Obligations for contributions to defined contribution pension schemes are charged to the Statement of Financial Performance in the pay costs line in the periods during which services are rendered by employees entitling them to the contributions. Prepaid contributions are recognised as an asset (prepayment) to the extent the contribution already paid exceeds the contribution due for service before the end of the reporting period and where a cash refund or a reduction in future payments is available.

Other Long-Term Employee Benefits

Liabilities recognised in respect of other long-term employee benefits (such as paid long service or sabbatical leave) are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Remeasurements are recognised in the Statement of Financial Performance in the period in which they arise.

Termination Benefits

Termination benefits result from either the Group's decision to terminate the employment of an employee or an employee's decision to accept an offer of benefits in exchange for the termination of their employment.

Termination benefits are expensed at the earlier of when the group can no longer withdraw the offer of those benefits or when the group recognises costs for a restructuring. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

xxi. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are liabilities recognised for future expenditure of an uncertain amount or timing. Provisions are recognised when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and
- a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Financial Performance net of any reimbursement.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

Contingent Liabilities

Any possible obligations that arise from past events and 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 Group are disclosed as contingent liabilities. Contingent liabilities are also disclosed where present obligations that arise from past events cannot be recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligations, or the amount of the obligations cannot be reliably measured.

Provisions and contingent liabilities are assessed continually to determine whether an outflow of resources in the form of economic benefits or service potential has become more or less probable. If it becomes more probable that an outflow will be required, a provision is recognised in the financial statements of the year in which the change of probability occurs. Similarly, where it becomes less probable that such an outflow will be required, a contingent liability is disclosed in the notes to the financial statements.

Contingent Assets

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the effective control of the Group.

Contingent assets are disclosed in the notes when it is probable that economic benefits will flow to the Group.

Voluntary pledges and other promised donations that are not supported by binding agreements which include offer and acceptance conditions, or that are supported by agreements that have not yet been formalised by acceptance, are considered contingent assets provided that the receipt is measurable and probable within the subsequent financial period.

Contingent assets are not recognised in financial statements, since this may result in the recognition of revenue that may never be realised.

However, contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognised in the financial statements of the period in which the change occurs.

xxii. Currency in Circulation

Currency in Circulation represents physical notes and coins with fixed and determinable values that are legal tender issued by or on behalf of the States of Guernsey.

Currency issued by the States of Guernsey comprises banknotes and coins. Commemorative notes and coins may also be issued from time to time. All banknotes and coins issued by the States of Guernsey can be exchanged or redeemed at face value.

When banknotes and coins are issued by the States of Guernsey they are recognised as a liability, in the Statement of Financial Position, to reflect the claim on the States of Guernsey in favour of the holder.

Demand for the issued currency may fluctuate, consequently the liability may rise or fall depending upon the value of notes and coins in circulation at any point in time.

At the end of their useful life, notes and coins are removed from circulation and destroyed. At that time, they will be treated as being withdrawn from circulation and the liability as being extinguished.

Unissued banknotes and coins are recognised as inventories and measured at their printing or minting cost. When these notes and coins are issued, their corresponding stock value will be charged to the Statement of Financial Performance.

37. Accounting Standards that Have Been Issued but Have Not Yet Been Adopted

A number of new standards are effective for annual periods commencing on or after 1 January 2025 or on or after 1 January 2026, with earlier application permitted. The Group has not yet early adopted these new or amended standards in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below.

37.1. IPSAS 43 Leases

This standard replaces IPSAS 13. It sets out the principles for the recognition, measurement, presentation and disclosure of leases. This standard brings IPSAS into line with International Reporting Standard 16 Leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents transactions.

IPSAS 43 introduces new contract and leases definitions and prescribes a right-of-use recognition and measurement model for all leases apart from those meeting short-term and low-value exemption categories. IPSAS 43 also provides additional guidance on the application of the risks and rewards model for lessor accounting.

This standard is mandatory for financial periods commencing on or after 1 January 2025. The broadened lease definition is expected to result in the recognition of more binding arrangements for leases, with a corresponding increase in lease liabilities and right-of-use assets in the 31 December 2025 Group Financial Statements.

The impact on the Group financial statements for the year ended 31 December 2025 is expected to be as follows:

- Right of Use Asset: £7.44m
- Right of Use Liability: £7.44m
- Expected favourable impact on the Statement of Financial Performance: £0.31m

37.2. IPSAS 44 Non-current Assets Held for Sale and Discontinued Operations

This standard specifically outlines how to account for non-current assets held for sale and discontinued operations. The standard also deals with the presentation and disclosure of those assets and operations. This brings IPSAS into alignment with International Financial Reporting Standard 5 Non-current Assets Held for Sale and Discontinued Operations.

IPSAS 44 is mandatory for financial periods that begin on or after 1 January 2025. It is not expected to have a significant impact on the Group, as the Group does not currently have any assets or operations of this nature.

37.3. IPSAS 45 Property, Plant, and Equipment

IPSAS 45 was developed to update principles drawn from IPSAS 17 (Property, Plant and Equipment), adding new guidance for heritage assets, infrastructure assets and the measurement of property, plant and equipment.

This standard is mandatory for financial periods commencing on or after 1 January 2025. The principal impact of this standard will be the first-time recognition of the Group's heritage assets* in the 31 December 2025 Statement of Financial Position.

*Property, Plant, and Equipment assets are described as heritage assets because of their rarity and/or significance in relation, but not limited, to their archaeological, architectural, agricultural, artistic, cultural, environmental, historical, natural, scientific, or technological features. The impact of this standard on the 31 December 2025 Financial Statements is being assessed.

37.4. IPSAS 46 Measurement

This standard was developed to help improve measurement guidance across IPSAS. This standard is mandatory for financial periods commencing on or after 1 January 2025.

It is not anticipated that this standard will have a significant impact on the Group financial statements for 31 December 2025 as the Groups' first year of applying IPSAS was 31 December 2024 and a thorough review of measurement has been carried out as part of the process of becoming IPSAS compliant.

37.5. IPSAS 47 Revenue

This standard sets out the accounting requirements for revenue transactions in the public sector in one standard. IPSAS 47 replaces IPSAS 9 Revenue from Exchange Transactions; IPSAS 11 Construction Contracts; and IPSAS 23 Revenue from Non-Exchange Transactions (Taxes and Transfers). This standard is mandatory for financial periods that commence on or after 1 January 2026. There is unlikely to be any significant impact of this standard within the 31 December 2026 Group financial statements.

37.6. IPSAS 48 Transfer Expenses

IPSAS 48 deals with accounting requirements for transfer expenses where an entity provides resources (such as goods or services*) to another entity without receiving anything directly in return.

Prior to the issue of this standard there was no explicit guidance dealing with transfer expenses. This standard is mandatory for financial periods that begin on or after 1 January 2026. There is unlikely to be any significant impact of this standard on the 31 December 2026 Group financial statements.

*This excludes Social Benefits which are dealt with under IPSAS 42.

38. Critical Judgements and Assumptions Made in Applying Accounting Policies

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, together with the accompanying disclosures, including the disclosure of contingent liabilities.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future reporting periods.

38.1. Critical Judgements in Applying Accounting Policies

Consolidation of Entities in which the Group holds less than the majority of voting rights (de facto control)

In line with the control framework in IPSAS 35, the Group considers Guernsey Housing Association LBG to be a controlled entity even though it is not a shareholder in the company. Guernsey Housing Association LBG is a company limited by guarantee, and the Group is not a member of the company.

There is a framework agreement in place between the States and Guernsey Housing Association LBG. This framework agreement gives the States rights which include:

- Nomination rights for tenants and the ability to set rents.
- Arrangements for surpluses to be paid to the States of Guernsey as requested.
- The written consent of the States of Guernsey before a development can take place and that consent can be withheld.
- Various steps in rights in the event of default of terms in the framework agreement.
- The States of Guernsey are exposed to variable benefits because the Guernsey Housing association LBG activities help the States of Guernsey to achieve its objectives.

In addition to the above the States of Guernsey provides grants, loan funding, transfers of assets and land to Guernsey Housing Association.

The States, therefore, considers that it controls Guernsey Housing Association LBG for the purposes of preparing these consolidated financial statements.

Independent Bodies

The States of Guernsey has established a number of bodies to provide supervisory and regulatory functions that help to protect and benefit consumers and businesses in the Bailiwick. The bodies have been established in legislation and are separate reporting entities for accounting purposes that must prepare annual financial statements and have them independently audited. Their statutory and other functions are defined in their respective legal frameworks.

Legislation sets out that the appointment, removal and terms and conditions of members/trustee for each body is determined by the States of Guernsey through its Committees. However, the respective laws also establish the independence of each body from the States of Guernsey and determine that the body 'is not a department or agent of the States, and its members are not servants or agents of the States.'

Such independent status is essential to ensure that each body is free from political or other pressures both from government and the sectors that they regulate, thereby guaranteeing the integrity of their supervisory and regulatory functions.

In view of this and based on the independent status delivered through their respective legal frameworks, the States does not consider that these bodies form a part of the Group accounting boundary. They are therefore excluded from these consolidated financial statements.

The independent bodies are:

- The Guernsey Competition & Regulatory Authority
- Guernsey Financial Services Commission
- Office of the Public Trustee
- Guernsey Banking Deposit Compensation Scheme
- Guernsey Data Protection Authority

Controlled Minor Entities

There are a number of smaller entities which fall within the accounting boundary of the States of Guernsey, but which are not consolidated as they are immaterial to the financial statements as a whole. These are referred to as "Minor Entities". Any related party transactions are reported in these financial statements.

The Minor Entities are:

- Social Investment Fund LBG
- Guernsey Training Agency
- The Guernsey Development Agency Limited
- JamesCo 750 Limited

38.2. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, with a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Group bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the financial statements when they occur.

Income Tax

The estimate in respect of Income tax receivable from Banks is the most significant estimate in relation to income tax receivable, as their profits or losses are subject to large fluctuations due to a number of external economic factors.

This makes the estimation of tax receivable more difficult than it is for companies and individuals operating in other sectors as they are subject to different risks and volatility. However, the States of Guernsey regularly reviews the performance of its estimation models, including discussing with the key banks on a quarterly basis, to ensure that estimations are as accurate as possible.

In contrast estimates in respect of individuals in employment are more certain as returns under the Employees Tax Instalment Scheme (ETI) are filed quarterly. These returns capture the tax deducted at source by employers. The final quarter return for the year ended 31 December 2024 filed in January 2025 can be used to support the estimate of income included as a receivable under the scheme.

Where individuals and companies (other than banks) have significant income during the year which will not be captured until they file their tax return in the year following the end of the year with the taxable event, they make payments based on estimated assessments. Because of the nature of their activities, it is easier to make reliable estimates than it is for the banking sector. Experience shows that where these estimated assessments are incorrect the individual or their tax adviser will appeal the assessment during the tax year. The Group monitors performance and investigates any significant variances. These estimates are therefore unlikely to fluctuate significantly.

Fair Value Measurement of Financial Instruments

- 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 41.3.2. Valuation of level 3 investments also impacts the calculation of the pensions scheme fair value of scheme assets in Note 42.

Useful Lives of Property, Plant and Equipment

The useful lives of buildings, social housing, vehicles, vessels, aircraft and infrastructure are estimated by professionals with relevant experience working for the Group or external professional valuers. The residual values and useful lives of property, plant and equipment are reviewed and, if appropriate, adjusted at the end of each reporting period.

The carrying value of an asset is immediately written down where this is greater than that asset's estimated recoverable amount, following an impairment assessment. These are carried out annually, or sooner if events or circumstances indicate potential impairment of the asset's carrying value.

Investment Properties

The Group carries its investment properties at fair value. Fair value gains or losses arising from revaluation are included in the Statement of Financial Performance in Other Gains and Losses.

The Group's portfolio of investment properties is valued at the end of each year by locally based professional valuers in accordance with the Market Value methodology as defined by the Royal Institution of Chartered Surveyors Valuation – Global Standards effective 31 January 2022.

The primary source of evidence for property valuations is recent, comparable market transactions on an arm's length basis as well as other factors such as the tenure of the property and tenancy details. However, the valuation of property is inherently subjective, as it is also based upon valuer assumptions and estimations that form part of the key unobservable inputs of the valuation, which may prove to be inaccurate, including market observations and ground and structural conditions of the property.

Further details of these assumptions are provided in Note 19b.

Sales of Goods

- Sales of Electricity

Included within sales of goods is sales of electricity. This includes an estimate for the value of unbilled units at the end of each financial period which represents the estimated units consumed by customers since the last billing date. The estimate is calculated as the units produced, less works power and an estimate of losses on the distribution network to determine the units delivered to customers. Billed units are deducted from this amount to derive the unbilled units. These unbilled units are valued at current tariff rates.

Sales of Water, Wastewater and Cesspit emptying

Measured and unmeasured water supplies and wastewater and cesspit emptying are billed on a quarterly cycle which means at the year-end a significant volume of water has been supplied and wastewater treated that has not been invoiced. Estimates are made based on subsequent invoicing.

Currency in Circulation

There is an assumption that all the Currency in Circulation is still in circulation and is actually payable to the bearer. This is adjusted for the estimate of these notes and coins unlikely to be redeemed. However, due to the uncertainty that all the cash assumed to be in circulation is actually in use, it is considered to be a significant estimate. The net liability takes account of the intrinsic value of coinage in circulation and an estimation of the value of notes and coins in circulation that are unlikely to be redeemed. This estimate has been calculated by considering the type of note or coin, as well as the levels of redemption in past years.

Defined Benefit Pension Scheme

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds.

The Group employs an independent actuary to estimate these factors in determining the pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends. The actuary provides the Group with expert advice about the assumptions to be applied. See Note 42.5 for further information. The defined contribution scheme is not impacted by the above as liability ceases when the contributions are paid across.

The scheme is a multi-employer scheme some of whom fall outside of the group boundary for the purposes of these consolidated financial statements. In determining the assets available to meet the group liabilities under the scheme the consulting actuaries apportion the assets based on contributions made.

Expected Credit Losses

The Group applies an expected credit loss model to assess potential impairment of financial assets. This involves estimates based on a number of factors including forecasts of general future economic conditions, financial performance of the other party and interest rates.

Provisions

There are provisions for the following items which involve estimates and judgement.

- Insurance Provisions

A provision has been made to meet known and anticipated liabilities on claims under the Group's insurance arrangements. The Group's insurers provide an assessment of the likely gross cost of settling the outstanding claims. This is judgemental based on the insurers experience and previous claims development.

- PFOS Provision

This is judgemental as a range of estimates were produced by the independent technical advisor and provisions were estimated on the basis of the preferred option of disposal.

- Partial Ownership Provision

The Group has a provision for future partial ownership buy backs by Guernsey Housing Association LBG. These are reliant on calculation of market values which are estimates.

More details of these provisions can be found in Note 28.

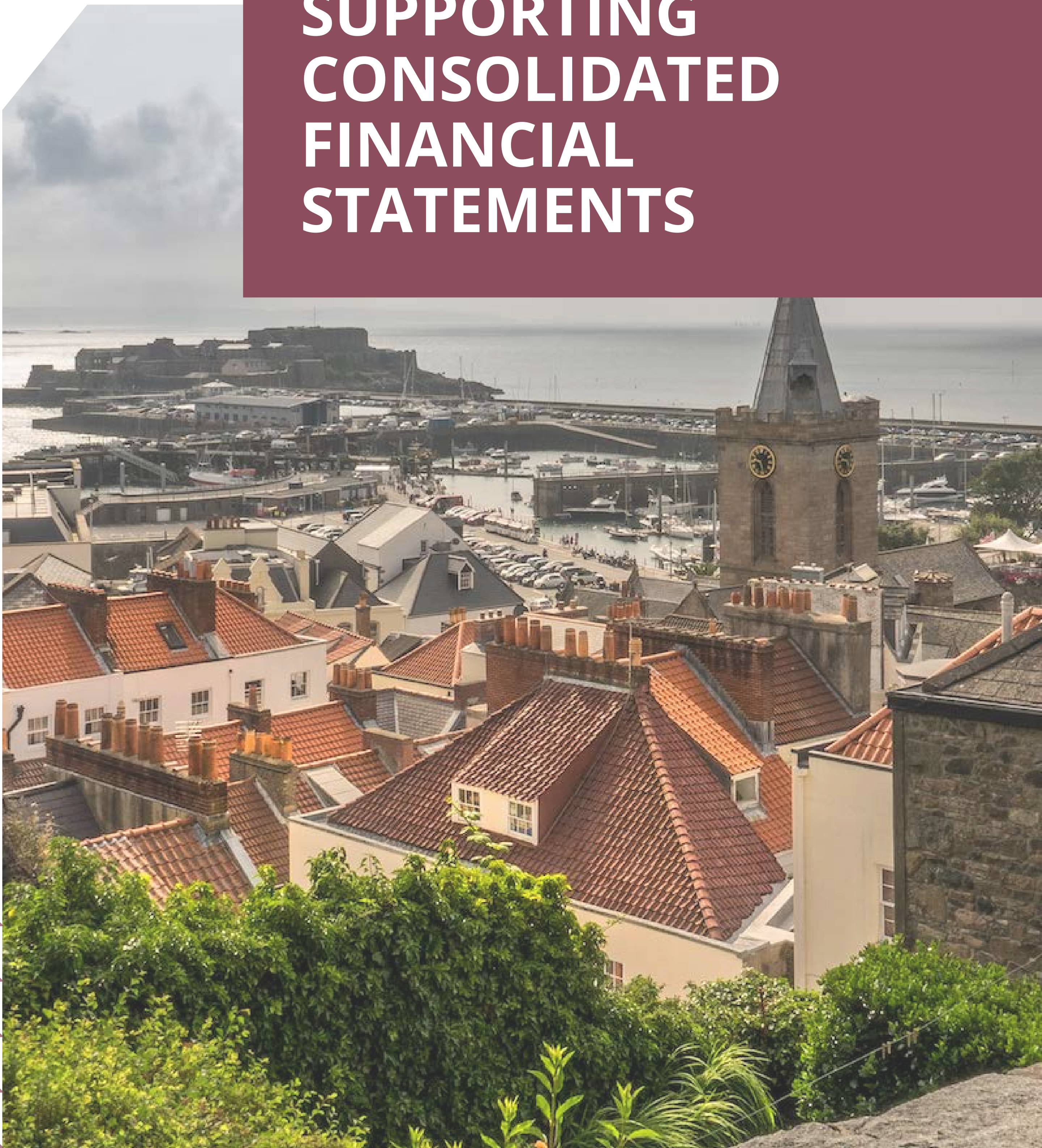
Consideration of a Provision for Decommissioning

A judgement has been made that the Group does not have any assets that require a provision for decommissioning. However, a risk exists that costs may be incurred in the future. These assets will include the Group's power station at the Vale and submarine cables to France and Jersey.

None of the assets currently have a definitive planning or legal obligation to decommission at their end of life but obligations could develop over time, for example, for environmental reasons. There are varying external opinions as to whether subsea cables should be left in place, or removed, at the end of their useful life as over time the interconnector asset becomes part of the marine infrastructure.

SECTION 8

ADDITIONAL DISCLOSURES SUPPORTING CONSOLIDATED FINANCIAL STATEMENTS



39. Group Segmental Analysis

These consolidated financial statements present the combined results of the States of Guernsey and all of its material controlled entities as those of a single economic entity.

To provide context and understanding of the Group's performance, this segmental analysis details financial information over three segments, noting the different types of activities within each and outlining the significance of these different activities, on the overall performance of the Group.

The three segments reflects the way in which they are managed, how they are funded and the different skills, technologies and other resources that underpin their operations:

1. Core Government - includes Senior, Principal and other Committees of the States including Social Security Funds and Specific Funds and is responsible for policymaking, regulatory and public service functions. These committees and funds are accountable to the States of Deliberation. This segment is predominantly funded by tax and social security contributions.

2. States' Unincorporated Trading Entities - includes Guernsey Ports; Guernsey Waste; Guernsey Water; Guernsey Dairy and States Works. These entities were established to undertake specific activities on behalf of the States to achieve service delivery objectives for the local community. This segment is funded by trading activities and is partially supported by tax revenues.

3. States' Controlled Incorporated Entities - entities undertaking commercial activity which includes: Aurigny Air Services Limited; Guernsey Post Limited and Guernsey Electricity Limited. Included within this segment, is the Guernsey Housing Association LBG (GHA) - a not-for-profit company limited by guarantee, that offers rented or partial ownership accommodation to local people whose needs are not met by the private housing market but who do not qualify for States Housing. This segment is predominantly funded by trading activities.

The financial performance of **Segment 1, 2 and 3** is set out in the Primary Segmental Analysis in Note 39.1 for the current and comparative year. Intra-entity balances and transactions that have occurred amongst entities within these segments have been eliminated. This Primary Segmental Analysis reconciles the results for each of these segments with the aggregated information in the consolidated financial statements.

The accounting adjustments required to align with IPSAS 39 Employee Benefits in connection with the States of Guernsey Public Servants' (defined benefit) Pension Scheme are presented in the Pension Accounting Adjustment column. These adjustments include replacing the employer contributions to the scheme, as expensed in each of the three segments, with the IPSAS 39 net charges for retirement benefits, together with the defined benefit liability (obligation) net of the scheme's assets (investments).

39. Group Segmental Analysis (continued)

The accounting arrangements for the States of Guernsey Public Servants' Pension Scheme are set out in Note 42, and 43 consolidation adjustments required to eliminate inter-segment transactions and balances arising from, for example, the sale of goods; provision of services or inter-entity loans (i.e. in addition to those eliminated within each segment).

Segment information is prepared in line with the accounting policies adopted for preparing and presenting the group financial statements.

To enable further evaluation of the results within each segment, these overall results are analysed across their constituent parts in a Secondary Segmental reporting structure in Notes 39.3 - 39.4. For Core Government, the out-turn result is analysed over the key activities of the States of Guernsey government in Note 39.2. The individual results of each component entity within **Segment 2 and 3** is provided in Notes 39.5 & 39.6.

Further analysis of the States' Core Government activities together with those of its Unincorporated Trading Entities is provided in Appendix VIII, which reports comparisons of actual out-turn against their approved budgets, which are made publicly available.

39.1 Segmental Analysis Current Year

Current Year 2024	Core Government £'000s Note 39.3	Unincorporated Trading Entities £'000s Note 39.5	Controlled Incorporated Entities £'000s Note 39.6	Pension Accounting Adjustments £'000s	Consolidated Adjustments £'000s	Total £'000s
Revenue						
Income Tax	417,610	-	-	-	-	**417,610**
Social Security Contributions	228,787	-	-	-	(5,119)	**223,668**
Other Taxes and Duties	108,103	-	-	-	(2,192)	**105,911**
Fines and Penalties	1,011	-	-	-	-	**1,011**
Gifts, Donations & Grants	140	-	2,887	-	(2,887)	**140**
Sales of Goods and Services	106,222	74,074	183,452	-	(32,470)	**331,278**
Other Revenue	7,366	3,371	929	-	(619)	**11,047**
Interest & Investment Income	6,769	-	731	-	(4,958)	**2,542**
Total Operating Revenue	**876,008**	**77,445**	**187,999**	**-**	**(48,245)**	**1,093,207**
Expenses						
Pay Costs	317,558	35,996	49,505	(2,334)	(5,119)	**395,606**
Benefit Payments	291,614	-	-	-	-	**291,614**
Grant Payments	32,614	-	-	-	(2,887)	**29,727**
Depreciation and Amortisation Expense	29,868	13,958	17,240	-	-	**61,066**
Impairment of Property, Plant and Equipment	-	1,105	-	-	-	**1,105**
Operating Costs	271,002	34,706	122,101	-	(35,281)	**392,528**
Finance Costs	12,020	721	7,265	15,092	(4,958)	**30,140**
Impairment Losses of Financial Assets	13,084	168	(162)	-	(13,057)	**33**
Total Operating Expenses	**967,760**	**86,654**	**195,949**	**12,758**	**(61,302)**	**1,201,819**
Other Gains and Losses						
Surplus/(Deficit) on disposal of non-current assets	(4,543)	2	699	-	-	**(3,842)**
Gains/(Losses) on financial assets	129,666	236	(98)	-	-	**129,804**
Other Gains/(Losses)	671	1,717	(15)	-	-	**2,373**
Total Other Gains and (Losses)	**125,794**	**1,955**	**586**	**-**	**-**	**128,335**

39.1 Segmental Analysis Current Year (continued)

Current Year 2024	Core Government	Unincorporated Trading Entities	Controlled Incorporated Entities	Pension Accounting Adjustments	Consolidated Adjustments	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
	Note 39.3	Note 39.5	Note 39.6			
Net surplus/(deficit) from equity accounted investments	289	-	-	-	-	**289**
Net surplus/(deficit) for the period	**34,331**	**(7,254)**	**(7,364)**	**(12,758)**	**13,057**	**20,012**
Assets and liabilities						
Non-Current Assets:						
Loans to third parties	150,445	-	-	-	(120,195)	**30,250**
Investment in controlled Entities	618,389	-	-	-	(618,370)	**19**
Other non-current assets	3,464,771	414,067	426,213	-	-	**4,305,051**
	4,233,605	**414,067**	**426,213**	**-**	**(738,565)**	**4,335,320**
Current Assets	185,197	23,178	53,462	-	(25,318)	**236,519**
Total Assets	**4,418,802**	**437,245**	**479,675**	**-**	**(763,883)**	**4,571,839**
Liabilities:						
Non-Current Liabilities	328,686	23,649	173,272	43,988	(120,195)	**449,400**
Current Liabilities	193,300	13,283	63,969	-	(25,318)	**245,234**
Total Liabilities	**521,986**	**36,932**	**237,241**	**43,988**	**(145,513)**	**694,634**
Net Assets	**3,896,816**	**400,313**	**242,434**	**(43,988)**	**(618,370)**	**3,877,205**

39.2 Segmental Analysis Comparative Year

Comparative Year 2023	Core Government	Unincorporated Trading Entities	Controlled Incorporated Entities	Pension Accounting Adjustments	Consolidated Adjustments	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
	Note 39.3	Note 39.5	Note 39.6			
Revenue						
Income Tax	427,082	-	-	-	-	**427,082**
Social Security Contributions	212,308	-	-	-	(4,485)	**207,823**
Other Taxes and Duties	100,587	-	-	-	(2,862)	**97,725**
Fines and Penalties	911	-	-	-	-	**911**
Gifts, Donations & Grants	248	-	1,949	-	(1,949)	**248**
Sales of Goods and Services	102,821	65,375	172,911	-	(27,837)	**313,270**
Other Revenue	8,247	3,344	273	-	(1,041)	**10,823**
Interest & Investment Income	6,622	-	1,122	-	(5,063)	**2,681**
Total Operating Revenue	**858,826**	**68,719**	**176,255**	**-**	**(43,237)**	**1,060,563**
Expenses						
Pay Costs	293,236	31,293	45,905	(1,480)	(4,485)	**364,469**
Benefit Payments	267,623	-	-	-	-	**267,623**
Grant Payments	30,142	-	-	-	(1,949)	**28,193**
Depreciation and Amortisation Expense	28,953	13,388	17,573	-	-	**59,914**
Impairment of Property, Plant and Equipment	-	-	2,052	-	-	**2,052**
Operating Costs	250,559	34,419	106,634	-	(31,740)	**359,872**
Finance Costs	12,355	559	6,983	11,338	(5,063)	**26,172**
Impairment Losses of Financial Assets	12,850	64	(23)	-	(11,880)	**1,011**
Total Operating Expenses	**895,718**	**79,723**	**179,124**	**9,858**	**(55,117)**	**1,109,306**
Other Gains and Losses						
Surplus/(Deficit) on disposal of non-current assets	(1,723)	77	581	-	-	**(1,065)**
Gains and Losses financial assets	105,337	185	(2,242)	-	-	**103,280**
Other Gains/Losses	(2,250)	897	(30)	-	-	**(1,383)**
Total Other Gains and Losses	**101,364**	**1,159**	**(1,691)**	**-**	**-**	**100,832**

39.2 Segmental Analysis Comparative Year (continued)

Comparative Year 2023	Core Government £'000s Note 39.3	Unincorporated Trading Entities £'000s Note 39.5	Controlled Incorporated Entities £'000s Note 39.6	Pension Accounting Adjustments £'000s	Consolidated Adjustments £'000s	Total £'000s
Net surplus/(deficit) from equity accounted investments	(136)	-	-	-	-	**(136)**
Net surplus/(deficit) for the period	**64,336**	**(9,845)**	**(4,560)**	**(9,858)**	**11,880**	**51,953**
Assets and liabilities						
Non-Current Assets:						
Loans to third parties	157,619	-	-	-	(123,719)	**33,900**
Investment in controlled Entities	622,167	-	5	-	(622,148)	**24**
Other non-current assets	3,400,411	413,943	423,724	-	-	**4,238,078**
	4,180,197	**413,943**	**423,729**	**-**	**(745,867)**	**4,272,002**
Current Assets	199,198	23,857	65,982	-	(27,087)	**261,950**
Total Assets	**4,379,395**	**437,800**	**489,711**	**-**	**(772,954)**	**4,533,952**
Liabilities:						
Non-Current Liabilities	331,127	20,212	183,863	360,820	(123,719)	**772,303**
Current Liabilities	185,784	15,783	59,747	-	(27,087)	**234,227**
Total Liabilities	**516,911**	**35,995**	**243,610**	**360,820**	**(150,806)**	**1,006,530**
Net Assets	**3,862,484**	**401,805**	**246,101**	**(360,820)**	**(622,148)**	**3,527,422**

39.3 Core Government

Current Year 2024	Central Activities	Corporate Services	P&R	Cf ED	Cf ES&C	Cf ESS	Cf E&I	Cf HSC	Cf HA	Other Comm-ittees	Social Security Contr. Fund	Specific Funds	Elimin-ations	Total
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Revenue														
Income Tax	417,610	-	-	-	-	-	-	-	-	-	-	-	-	**417,610**
Social Security Contributions	34,499	-	-	-	-	-	-	-	-	-	213,123	-	(18,835)	**228,787**
Other Taxes and Duties	108,103	-	-	-	-	-	-	-	-	-	-	-	-	**108,103**
Fines and Penalties	71	3	-	-	-	-	-	-	482	1	-	454	-	**1,011**
Gifts, Donations & Grants	-	-	-	-	61	-	-	80	(1)	-	-	-	-	**140**
Sales of Goods and Services	38,411	10,020	1,479	1,672	5,818	192	4,060	28,098	2,928	6,202	-	14,327	(6,985)	**106,222**
Other Income	4,066	908	-	4	270	7	29	2,563	-	31	-	-	(512)	**7,366**
Interest & Investment Income	6,745	2	-	-	-	-	-	-	-	-	22	-	-	**6,769**
Total Operating Revenue	**609,505**	**10,933**	**1,479**	**1,676**	**6,149**	**199**	**4,089**	**30,741**	**3,409**	**6,234**	**213,145**	**14,781**	**(26,332)**	**876,008**
Expenses														
Pay Costs	2,321	37,781	10,275	4,602	74,716	3,972	3,551	141,106	38,013	18,501	1,469	86	(18,835)	**317,558**
Benefit Payments	-	-	-	-	-	72,078	-	90	71	-	219,474	-	(99)	**291,614**
Grant Payments	150	-	4,044	3,154	14,486	2,239	1,205	2,272	38	4,101	414	1,232	(721)	**32,614**
Depreciation and Amortisation Expense	-	1,783	124	6	6,615	2,037	10,527	6,841	1,835	30	70	-	-	**29,868**
Impairment Losses of Financial Assets	12,764	220	-	90	7	13	3	250	(214)	(49)	-	-	-	**13,084**
Operating Costs	23,356	49,653	9,167	4,774	11,263	8,741	13,936	129,057	6,850	3,733	3,771	13,378	(6,677)	**271,002**
Finance Costs	12,020	-	-	-	-	-	-	-	-	-	-	-	-	**12,020**
Total Operating Expenses	**50,611**	**89,437**	**23,610**	**12,626**	**107,087**	**89,080**	**29,222**	**279,616**	**46,593**	**26,316**	**225,198**	**14,696**	**(26,332)**	**967,760**
Other Gains and Losses														
Surplus/(Deficit) on disposal of Non-Current Assets	-	2	-	-	(2,833)	(682)	(1,049)	12	7	-	-	-	-	**(4,543)**
Gains on Financial Assets	61,765	-	-	-	-	-	-	-	-	-	67,098	803	-	**129,666**
Other Gains/(Losses)	-	723	-	-	(12)	(30)	(10)	-	-	-	-	-	-	**671**
	61,765	**725**	**-**	**-**	**(2,845)**	**(712)**	**(1,059)**	**12**	**7**	**-**	**67,098**	**803**	**-**	**125,794**

CfED - Committee *for* Economic Development | **CfES&C** - Committee *for* Education, Sport & Culture | **CfESS** - Committee *for* Employment & Social Security
CfE&I - Committee *for* Environment & Infrastructure | **CfHSC** - Committee *for* Health & Social Care | **CfHA** - Committee *for* Home Affairs

39.3 Core Government (continued)

Current Year 2024	Central Activities	Corporate Services	P&R	Cf ED	Cf ES&C	Cf ESS	Cf E&I	Cf HSC	Cf HA	Other Comm-ittees	Social Security Contr. Fund	Specific Funds	Elimin-ations	Total
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Net Surplus/(Deficit) from Equity Accounted Investments	289	-	-	-	-	-	-	-	-	-	-	-	-	**289**
Net Surplus/(Deficit)	**620,948**	**(77,779)**	**(22,131)**	**(10,950)**	**(103,783)**	**(89,593)**	**(26,192)**	**(248,863)**	**(43,177)**	**(20,082)**	**55,045**	**888**	**-**	**34,331**
Assets and Liabilities														
Assets:														
Non-Current Assets	4,233,605													**4,233,605**
Current Assets	185,197													**185,197**
Total Assets	**4,418,802**													**4,418,802**
Liabilities:														
Non-Current Assets	328,686													**328,686**
Current Assets	193,300													**193,300**
Total Assets	**521,986**													**521,986**
Net Assets	**3,896,816**													**3,896,816**

39.3 Core Government (continued)

Comparative Year 2023	Central Activities	Corporate Services	P&R	Cf ED	Cf ES&C	Cf ESS	Cf E&I	Cf HSC	Cf HA	Other Comm-ittees	Social Security Contr. Fund	Specific Funds	Elimin-ations	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Revenue														
Income Tax	427,082	-	-	-	-	-	-	-	-	-	-	-	-	**427,082**
Social Security Contributions	32,848	-	-	-	-	-	-	-	-	-	196,292	-	(16,832)	**212,308**
Other Taxes and Duties	100,587	-	-	-	-	-	-	-	-	-	-	-	-	**100,587**
Fines and Penalties	911	-	-	-	-	-	-	-	-	-	-	-	-	**911**
Gifts, Donations & Grants	248	-	-	-	-	-	-	-	-	-	-	-	-	**248**
Sales of Goods and Services	32,279	10,267	1,399	1,584	5,656	350	3,945	28,227	3,647	6,383	-	14,212	(5,128)	**102,821**
Other Income	8,054	-	-	-	-	-	-	-	-	-	-	193	-	**8,247**
Interest & Investment Income	6,622	-	-	-	-	-	-	-	-	-	-	-	-	**6,622**
Total Operating Revenue	**608,631**	**10,267**	**1,399**	**1,584**	**5,656**	**350**	**3,945**	**28,227**	**3,647**	**6,383**	**196,292**	**14,405**	**(21,960)**	**858,826**
Expenses														
Pay Costs	892	34,064	11,565	4,434	69,502	3,871	2,955	131,795	34,544	16,446	-	-	(16,832)	**293,236**
Benefit Payments	-	-	-	-	-	66,669	-	92	58	-	200,804	-	-	**267,623**
Grant Payments	81	-	3,112	3,186	14,137	1,474	1,316	2,191	66	3,484	217	878	-	**30,142**
Depreciation and Amortisation Expense	-	1,253	109	6	6,591	1,800	10,522	6,762	1,822	8	80	-	-	**28,953**
Impairment of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Impairment Losses of Financial Assets	12,140	(185)	-	106	(12)	(39)	2	601	3	234	-	-	-	**12,850**
Operating Costs	21,929	46,980	769	4,667	11,952	8,353	13,077	117,758	7,341	3,591	5,052	14,218	(5,128)	**250,559**
Finance Costs	12,355	-	-	-	-	-	-	-	-	-	-	-	-	**12,355**
Total Operating Expenses	**47,397**	**82,112**	**15,555**	**12,399**	**102,170**	**82,128**	**27,872**	**259,199**	**43,834**	**23,763**	**206,153**	**15,096**	**(21,960)**	**895,718**
Other Gains and Losses														
Surplus/(Deficit) on disposal of Non-Current Assets	-	-	11	-	(274)	(1,246)	(627)	624	(211)	-	-	-	-	**(1,723)**
Gains on Financial Assets	50,912	-	-	-	-	-	-	-	-	-	53,565	860	-	**105,337**
Other Gains / (Losses)	-	(2,138)	-	-	(27)	(50)	(35)	-	-	-	-	-	-	**(2,250)**
	50,912	**(2,138)**	**11**	**-**	**(301)**	**(1,296)**	**(662)**	**624**	**(211)**	**-**	**53,565**	**860**	**-**	**101,364**

39.3 Core Government (continued)

Comparative Year 2023	Central Activities	Corporate Services	P&R	Cf ED	Cf ES&C	Cf ESS	Cf E&I	Cf HSC	Cf HA	Other Comm-ittees	Social Security Contr. Fund	Specific Funds	Elimin-ations	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Net Surplus/(Deficit) from Equity Accounted Investments	(136)	-	-	-	-	-	-	-	-	-	-	-	-	**(136)**
Net Surplus/(Deficit)	**612,010**	**(73,983)**	**(14,145)**	**(10,815)**	**(96,815)**	**(83,074)**	**(24,589)**	**(230,348)**	**(40,398)**	**(17,380)**	**43,704**	**169**	**-**	**64,336**
Assets and Liabilities														
Assets:														
Non-Current Assets	4,180,197													**4,180,197**
Current Assets	199,198													**199,198**
Total Assets	**4,379,395**													**4,379,395**
Liabilities:														
Non-Current Assets	331,127													**331,127**
Current Assets	185,784													**185,784**
Total Assets	**516,911**													**516,911**
Net Assets	**3,862,484**													**3,862,484**

39.4 Specific Funds

A number of specific (earmarked) funds are included within the General Reserve and have been created for a specific purpose.

The in-year transactions in respect of each fund is set out in the following table, together with remaining balances available to meet future funding commitments, as may be decided upon at a later date.

	2024					2023				
	Seized Asset Fund	Insurance Deductible Fund	Channel Islands (Guernsey) Lottery Fund	Guernsey Health Reserve	Total	Seized Asset Fund	Insurance Deductible Fund	Channel Islands (Guernsey) Lottery Fund	Guernsey Health Reserve	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Revenue	459	-	14,322	-	**14,781**	193	-	14,212	-	**14,405**
Expenses	(163)	(911)	(13,622)	-	**(14,696)**	(240)	(1,344)	(13,512)	-	**(15,096)**
Other Gains/ (Losses)	803	-	-	-	**803**	860	-	-	-	**860**
Net Surplus/(Deficit)	**1,099**	**(911)**	**700**	**-**	**888**	**813**	**(1,344)**	**700**	**-**	**169**
Movement:										
Brought Forward	11,448	14,803	-	105,217	**131,468**	14,507	15,034	-	112,447	**141,988**
Net Surplus/(Deficit)	1,099	(911)	700	-	**888**	813	(1,344)	700	-	**169**
General Reserve Transfers	(3,346)	1,263	(700)	(6,830)	**(9,613)**	(3,872)	1,113	(700)	(7,230)	**(10,689)**
Net Surplus/(Deficit)	**9,201**	**15,155**	**-**	**98,387**	**122,743**	**11,448**	**14,803**	**-**	**105,217**	**131,468**

39.5 States' Unincorporated Trading Entities

Current Year 2024	Guernsey Ports £'000s	Guernsey Water £'000s	Guernsey Dairy £'000s	States Works £'000s	Guernsey Waste £'000s	Inter-Segment Eliminations £'000s	Total £'000s
Revenue							
Sales of Goods	24,272	20,234	10,520	17,616	12,493	(11,061)	**74,074**
Other Income	3,183	188	-	-	-	-	**3,371**
Total Operating Revenue	**27,455**	**20,422**	**10,520**	**17,616**	**12,493**	**(11,061)**	**77,445**
Expenses							
Pay Costs	18,735	4,392	1,893	10,445	531	-	**35,996**
Depreciation and Amortisation Expense	5,411	5,177	311	1,113	1,946	-	**13,958**
Impairment of Property Plant and Equipment	776	-	-	-	329	-	**1,105**
Impairment Losses of Financial Assets	67	43	-	23	35	-	**168**
Operating Costs	10,181	10,349	8,472	5,650	11,115	(11,061)	**34,706**
Finance Costs	73	624	24	-	-	-	**721**
Total Operating Expenses	**35,243**	**20,585**	**10,700**	**17,231**	**13,956**	**(11,061)**	**86,654**
Other Surplus/(Deficit)							
Surplus/(Deficit) on disposal of Non-Current Assets	2	(36)	-	36	-	-	**2**
Gains/(Losses) on Financial Assets	(208)	110	24	233	77	-	**236**
Other Gains/(Losses)	1,717	-	-	-	-	-	**1,717**
Total Other Surplus/(Deficit)	**1,511**	**74**	**24**	**269**	**77**	**-**	**1,955**
Net Surplus/(Deficit) for the period	**(6,277)**	**(89)**	**(156)**	**654**	**(1,386)**	**-**	**(7,254)**
Assets and liabilities							
Assets:							
Non-Current Assets	229,346	152,983	2,940	8,195	20,603	-	**414,067**
Current Assets	4,181	6,303	2,028	7,667	3,681	(682)	**23,178**
Total Assets	**233,527**	**159,286**	**4,968**	**15,862**	**24,284**	**(682)**	**437,245**

39.5 States' Unincorporated Trading Entities (continued)

Current Year 2024	Guernsey Ports £'000s	Guernsey Water £'000s	Guernsey Dairy £'000s	States Works £'000s	Guernsey Waste £'000s	Inter-Segment Eliminations £'000s	Total £'000s
Liabilities							
Non-Current Liabilities	8,027	14,995	627	-	-	-	**23,649**
Current Liabilities	5,470	2,864	1,289	2,467	1,875	(682)	**13,283**
Total Liabilities	**13,497**	**17,859**	**1,916**	**2,467**	**1,875**	**(682)**	**36,932**
Net Assets	**220,030**	**141,427**	**3,052**	**13,395**	**22,409**	**-**	**400,313**

Comparative Year 2023	Guernsey Ports £'000s	Guernsey Water £'000s	Guernsey Dairy £'000s	States Works £'000s	Guernsey Waste £'000s	Inter-Segment Eliminations £'000s	Total £'000s
Revenue							
Sales of Goods and Services	20,322	17,854	9,693	17,400	10,686	(10,580)	**65,375**
Other Income	3,163	185	1	(5)	-	-	**3,344**
Total Operating Revenue	**23,485**	**18,039**	**9,694**	**17,395**	**10,686**	**(10,580)**	**68,719**
Expenses							
Pay Costs	14,826	4,181	1,803	9,979	504	-	**31,293**
Depreciation and Amortisation Expense	5,191	4,814	270	1,180	1,933	-	**13,388**
Impairment Losses of Financial Assets	24	14	-	2	24	-	**64**
Operating Costs	11,094	10,212	7,656	5,706	10,331	(10,580)	**34,419**
Finance Costs	77	457	25	-	-	-	**559**
Total Operating Expenses	**31,212**	**19,678**	**9,754**	**16,867**	**12,792**	**(10,580)**	**79,723**

39.5 States' Unincorporated Trading Entities (continued)

Comparative Year 2023	Guernsey Ports £'000s	Guernsey Water £'000s	Guernsey Dairy £'000s	States Works £'000s	Guernsey Waste £'000s	Inter-Segment Eliminations £'000s	Total £'000s
Other Surplus/(Deficit)							
Surplus/(Deficit) on disposal of Non-Current Assets	-	16	-	61	-	-	**77**
Gains and (Losses) Financial Assets	(88)	67	(31)	151	86	-	**185**
Other Gains/Losses	937	(45)	-	5	-	-	**897**
Total Other Surplus/(Deficit)	**849**	**38**	**(31)**	**217**	**86**	**-**	**1,159**
Net Surplus/(Deficit) for the period	**(6,878)**	**(1,601)**	**(91)**	**745**	**(2,020)**	**-**	**(9,845)**
Assets and liabilities							
Assets:							
Non-Current Assets	229,400	151,915	3,125	7,032	22,471	-	**413,943**
Current Assets	6,303	5,582	1,894	7,622	3,140	(684)	**23,857**
Total Assets	**235,703**	**157,497**	**5,019**	**14,654**	**25,611**	**(684)**	**437,800**
Liabilities							
Non-Current Liabilities	7,955	11,611	646	-	-	-	**20,212**
Current Liabilities	7,207	4,370	1,165	1,912	1,813	(684)	**15,783**
Total Liabilities	**15,162**	**15,981**	**1,811**	**1,912**	**1,813**	**(684)**	**35,995**
Net Assets	**220,541**	**141,516**	**3,208**	**12,742**	**23,798**	**-**	**401,805**

39.6 States' Controlled Incorporated Entities

Current Year 2024	Aurigny Air Services Limited	Guernsey Electricity Limited	Guernsey Post Limited	Guernsey Housing Association LGB	Inter-Segment Eliminations	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Revenue						
Grants	2,887	-	-	-	-	**2,887**
Sales of Goods and Services	60,446	72,372	38,564	12,781	(711)	**183,452**
Other Income	504	356	69	-	-	**929**
Interest & Investment Income	179	415	85	52	-	**731**
Total Operating Revenue	**64,016**	**73,143**	**38,718**	**12,833**	**(711)**	**187,999**
Expenses						
Staff Cost	14,921	16,984	15,732	1,868	-	**49,505**
Depreciation and Amortisation Expense	5,054	7,524	1,311	3,351	-	**17,240**
Impairment of PPE	-	-	-	-	-	**-**
Impairment Losses of Financial Assets	(67)	(101)	6	-	-	**(162)**
Operating Costs	50,478	44,162	22,879	5,293	(711)	**122,101**
Finance Costs	1,225	2,679	-	3,361	-	**7,265**
Total Operating Expenses	**71,611**	**71,248**	**39,928**	**13,873**	**(711)**	**195,949**
Other Surplus/(Deficit)						
Surplus/(Deficit) on disposal of Non-Current Assets	-	(13)	61	651	-	**699**
Gains/ (Losses) of Financial Assets	(31)	(113)	46	-	-	**(98)**
Other Gains/ (Losses)	-	-	(15)	-	-	**(15)**
Total Other Surplus/(Deficit)	**(31)**	**(126)**	**92**	**651**	**-**	**586**
Net Surplus/(Deficit) for the period	**(7,626)**	**1,769**	**(1,118)**	**(389)**	**-**	**(7,364)**

39.6 States' Controlled Incorporated Entities (continued)

Current Year 2024	Aurigny Air Services Limited	Guernsey Electricity Limited	Guernsey Post Limited	Guernsey Housing Association LBG	Inter-Segment Eliminations	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Assets and liabilities						
Assets:						
Non-Current Assets	44,257	159,945	16,854	205,157	-	**426,213**
Current Assets	10,698	27,312	10,811	4,737	(96)	**53,462**
Total Assets	**54,955**	**187,257**	**27,665**	**209,894**	**(96)**	**479,675**
Liabilities:						
Non-Current Liabilities	35,980	51,839	-	85,453	-	**173,272**
Current Liabilities	23,812	22,240	5,191	12,822	(96)	**63,969**
Total Liabilities	**59,792**	**74,079**	**5,191**	**98,275**	**(96)**	**237,241**
Net Assets	**(4,837)**	**113,178**	**22,474**	**111,619**	**-**	**242,434**

Comparative Year 2023	Aurigny Air Services Limited	Guernsey Electricity Limited	Guernsey Post Limited	Guernsey Housing Association LBG	Inter-Segment Eliminations	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Revenue						
Grants	1,949	-	-	-	-	**1,949**
Sales of Goods and Services	59,816	64,004	38,399	11,359	(667)	**172,911**
Other Income	-	193	80	-	-	**273**
Interest & Investment Income	265	583	218	56	-	**1,122**
Total Operating Revenue	**62,030**	**64,780**	**38,697**	**11,415**	**(667)**	**176,255**
Expenses						
Pay Costs	14,430	13,715	16,118	1,642	-	**45,905**
Depreciation and Amortisation Expense	5,374	7,529	1,287	3,383	-	**17,573**

39.6 States' Controlled Incorporated Entities (continued)

Comparative Year 2023	Aurigny Air Services Limited £'000s	Guernsey Electricity Limited £'000s	Guernsey Post Limited £'000s	Guernsey Housing Association LBG £'000s	Inter-Segment Eliminations £'000s	Total £'000s
Impairment of PP&E	2,038	14	-	-	-	**2,052**
Impairment Losses of Financial Assets	73	(96)	(7)	7	-	**(23)**
Operating Costs	38,144	41,882	23,031	4,244	(667)	**106,634**
Finance Costs	1,411	2,096	-	3,476	-	**6,983**
Total Operating Expenses	**61,470**	**65,140**	**40,429**	**12,752**	**(667)**	**179,124**
Other Surplus/(Deficit)						
Surplus/(Deficit) on Disposal of Non-Current Assets	-	-	132	449	-	**581**
Gains/ (Losses) of Financial Assets	(1,808)	(598)	164	-	-	**(2,242)**
Other Gains/(Losses)	-	-	(30)	-	-	**(30)**
Total Other Surplus/(Deficit)	**(1,808)**	**(598)**	**266**	**449**	**-**	**(1,691)**
Net Surplus/(Deficit) for the period	**(1,248)**	**(958)**	**(1,466)**	**(888)**	**-**	**(4,560)**
Assets and liabilities						
Assets:						
Non-Current Assets	49,263	155,434	17,376	201,656	-	**423,729**
Current Assets	18,004	33,133	11,255	3,646	(56)	**65,982**
Total Assets	**67,267**	**188,567**	**28,631**	**205,302**	**(56)**	**489,711**
Liabilities:						
Non-Current Liabilities	41,838	53,202	-	88,823	-	**183,863**
Current Liabilities	22,641	26,039	5,042	6,081	(56)	**59,747**
Total Liabilities	**64,479**	**79,241**	**5,042**	**94,904**	**(56)**	**243,610**
Net Assets	**2,788**	**109,326**	**23,589**	**110,398**	**-**	**246,101**

40. Notes Relating to Social Benefits and Targeted Benefits

40.1 ESS Contributory Funds

The Social Security Contributory Funds, which consist of the Guernsey Insurance Fund and the Long Term Care Insurance Fund have been amalgamated with General Revenue funds as 'Core Government' for reporting purposes effective 1st January 2022. In accordance with the 'Social Insurance (Guernsey) Law (1978)' and 'The Long Term Care Insurance (Guernsey) Law 2002' the balance, returns and withdrawals of the Funds are accounted for separately. Also in accordance with the Laws, the Committee for Employment & Social Security has signed off the notes to the accounts that relate to those Funds and requested (or authorised) the Policy & Resources Committee to present them to the States of Guernsey.

	2024			2023		
	Total £'000s	**GIF** £'000s	**LTCIF** £'000s	**Total** £'000s	**GIF** £'000s	**LTCIF** £'000s
Income						
Contributions	**213,123**	172,182	40,941	**196,292**	159,176	37,116
Expenditure						
Social Benefits	**(193,299)**	(193,299)	-	**(176,324)**	(176,324)	-
Targeted Benefits	**(26,175)**	(582)	(25,593)	**(24,480)**	(954)	(23,526)
Grants	**(280)**	(280)	-	**(217)**	(217)	-
Administration	**(5,374)**	(5,085)	(289)	**(5,052)**	(4,740)	(312)
	(225,128)	**(199,246)**	**(25,882)**	**(206,073)**	**(182,235)**	**(23,838)**
Operating (Deficit)/Surplus before Depreciation Charge	**(12,005)**	**(27,064)**	**15,059**	**(9,781)**	**(23,059)**	**13,278**
Depreciation charge	**(70)**	(70)	-	**(80)**	(80)	-
Operating (Deficit)/Surplus	**(12,175)**	**(27,134)**	**15,059**	**(9,861)**	**(23,139)**	**13,278**
Investment Returns	**67,120**	55,144	11,976	**53,565**	44,968	8,597
Transfer to General Revenue	**(983)**	(983)	-	**(1,803)**	(1,803)	-
Net Surplus	**54,062**	**27,027**	**27,035**	**41,901**	**20,026**	**21,875**
Opening Balance of Reserves	**887,940**	736,847	151,093	**846,039**	716,821	129,218
Net Surplus for the year	**54,062**	27,027	27,035	**41,901**	20,026	21,875
Closing Balance of Reserves	**942,002**	**763,874**	**178,128**	**887,940**	**736,847**	**151,093**

40.2 Funding of Benefits

The following information is presented to show the allocation of Employment and Social Security operating activity between General Revenue (GR), and the Social Security Contributory Funds.

	2024					2023			
	Total	GIF	LTCIF	GR	Consolidation Adjustments	Total	GIF	LTCIF	GR
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Social Benefits									
States Pension	**169,669**	169,669	-	-	-	**154,198**	154,198	-	-
Sickness Benefit	**5,763**	5,763	-	-	-	**5,212**	5,212	-	-
Incapacity Benefit	**12,068**	12,068	-	-	-	**11,246**	11,246	-	-
Bereavement Benefit	**1,456**	1,456	-	-	-	**1,463**	1,463	-	-
Unemployment Benefit	**877**	877	-	-	-	**703**	703	-	-
Parental Benefit	**2,576**	2,576	-	-	-	**2,646**	2,646	-	-
Industrial Injury Benefit	**322**	322	-	-	-	**273**	273	-	-
Industrial Disablement Benefit	**567**	567	-	-	-	**584**	584	-	-
Income Support	**50,505**	-	-	50,505	-	**46,876**	-	-	46,876
Family Allowance	**7,118**	-	-	7,118	-	**6,622**	-	-	6,622
Severe Disability Benefit	**6,861**	-	-	6,861	-	**5,819**	-	-	5,819
Carer's Allowance	**3,738**	-	-	3,738	-	**3,119**	-	-	3,119
Total	**261,520**	**193,298**	**-**	**68,222**	**-**	**238,761**	**176,325**	**-**	**62,436**
Targeted Benefits									
Death	**590**	488	-	102	-	**544**	462	-	82
Back to Work	**153**	153	-	-	-	**220**	220	-	-
Medical	**3,368**	71	-	3,297	-	**3,773**	142	-	3,631
Other	**390**	(130)	-	619	(99)	**799**	129	-	670
Residential Home Care	**13,814**	-	13,814	-	-	**12,469**	-	12,469	-
Nursing Home Care	**11,779**	-	11,779	-	-	**11,057**	-	11,057	-
Total Targeted Benefits	**30,094**	**582**	**25,593**	**4,018**	**(99)**	**28,862**	**953**	**23,526**	**4,383**
Total	**291,614**	**193,880**	**25,593**	**72,240**	**(99)**	**267,623**	**177,278**	**23,526**	**66,819**

The Residential Home Care benefit is available to eligible residents of private residential homes to assist with the cost of their long-term care. The Nursing Home Care benefit is the equivalent benefit for eligible residents of private nursing homes.

40.3. Characteristics of the Social Benefit Schemes

40.3.1. General

Some social benefits are funded from social security contributions to the Guernsey Insurance Fund. The legislation applicable to those items funded by the Guernsey Insurance Fund is "The Social Insurance (Guernsey) Law, 1978". Where social benefits are noted as funded through General Revenue they are non-contributory benefits.

Further information about social benefits is available on the States of Guernsey website on the Benefits Allowances & Support page (which can be found here if viewing the digital version).

40.3.2. States Pension

The scheme provides a States Pension to those that have achieved States Pension age in accordance with "The Social Insurance (Guernsey) Law, 1978". Pensions are payable when a person reaches pension age. Pension age is set depending on date of birth and is between sixty-five years old and seventy years old.

To be entitled to receive a full States Pension a person must have contributed an average of at least fifty social insurance contributions per year over a forty-five-year period. If this test is not met, then a reduced pension may be payable. If the yearly average is less than ten no Pension will be payable unless contributions paid to another country can be used to raise the average. If you were a married or divorced woman as of 31 December 2003, you may be assisted by your husband or ex-husband's contribution record up to that date.

States Pension is funded from GIF.

40.3.3. Sickness Benefit

A person who is unable to work due to illness or injury may qualify for Sickness Benefit if they meet certain contribution conditions.

- A person must have paid at least 26 social insurance contributions as an employed or self-employed person at any time in their working life; and
- They must have paid or had credited at least 26 social insurance contributions as an employed or self-employed person, in the relevant contribution year.

In order to receive sickness benefit the claimant must have a medical certificate, from a doctor, dentist, physiotherapist, osteopath or chiropractor, to say that the claimant is unfit for work.

This benefit is funded from the GIF.

40.3.4. Incapacity Benefit

If a person in receipt of sickness benefit or industrial injury benefit and is still unable to work after a period of six months, they will cease to be paid sickness or industrial injury benefit but may instead be paid incapacity benefit. As with sickness benefit, there are certain contribution conditions that must be met before incapacity benefit can be paid:

- A person must have paid at least 26 social insurance contributions as an employed or self-employed person at any time in their working life; and
- They must have paid or had credited at least 26 social insurance contributions as an employed or self-employed person, in the relevant contribution year.

In order to receive incapacity benefit the claimant must have a medical certificate, from a doctor, dentist, physiotherapist, osteopath or chiropractor, to say that the claimant is unfit for work.

This benefit is funded from GIF.

40.3.5. Bereavement Benefits

The bereavement benefits include Bereavement Allowance, Bereavement Payment, and Widowed Parent's Allowance. To be paid at the full rate, the deceased must have paid or had credited an average of at least fifty social insurance contributions per year, between the age of twenty and their date of death (or pension age).

If this test is not met then a reduced benefit may be payable, provided that at least one hundred and fifty-six social insurance contributions that count towards benefit were paid during the deceased's working life. Benefits are not payable if at the time of death, the claimant was divorced from the deceased, had married someone else or was still married but co-habiting with someone else.

Bereavement Payment is a single lump sum payment for widows and widowers. Bereavement Allowance is a weekly allowance paid for up to fifty-two weeks to people under pensionable age who are widowed and who are not in receipt of Widowed Parent's Allowance.

Widowed Parent's Allowance is a weekly allowance available if a person's spouse or cohabiting partner dies and they have a dependent child under the age of eighteen. The applicant needs to be under pension age.

These benefits are funded from GIF.

40.3.6. Unemployment Benefit

Unemployment benefit is a cash benefit paid to unemployed people who are looking for work with an employer. To receive unemployment benefit the claimant must:

- Be unemployed, available for and actively seeking work.
- Have made at least 26 social insurance contribution payments as an employed person in Guernsey, at any time in their working life.
- Have made at least 26 contribution payments as an employed person or have received contribution credits as an employed person during the relevant contribution year.
- Hold a valid residency certificate or employment permit.

This benefit is funded from GIF.

40.3.7. Parental Benefit

Parental Benefits consists of several different sub benefits depending on circumstances.

- The Maternity Grant is a one-off payment made to pregnant women or new mothers to help with the cost of having a baby.
- The Adoption Grant is a one-off payment made to parents who are adopting a child.
- Maternal Health Allowance can only be claimed by the birth mother while she is off work in the pre-birth or initial post-birth period.
- Two weeks after the birth, Maternal Health Allowance switches automatically to Newborn Care Allowance. This allowance can be claimed by whichever parent is taking time off work to care for their baby.
- Parental Allowance is payable for up to 26 weeks to a parent who takes time off work to care for a child they have adopted.

Certain contribution conditions must be met for a person to qualify for Maternal Health Allowance, Newborn Care Allowance, and Parental Allowance.

- A person must have paid at least 26 social insurance contributions as an employed or self-employed person during their working life.
- They must have paid, or had credited, at least 26 contributions as an employed or self-employed person during the relevant contribution year.

This benefit is funded from GIF.

40.3.8. Industrial Injury Benefit

Industrial Injury Benefit is a weekly benefit payable to a person who is incapable of all work as a result of an accident at work or prescribed industrial disease.

In order to receive industrial injury benefit the person must have a medical certificate, from a doctor, dentist, physiotherapist, osteopath or chiropractor, to say that the claimant is unfit for work. Industrial injury benefit isn't paid if a person is already entitled to or receiving States pension, unemployment benefit or parental benefits.

This benefit is funded from GIF.

40.3.9. Industrial Disablement Benefit

Industrial Disablement Benefit is a weekly benefit payable to a person to compensate for loss of physical or mental faculty resulting from an accident at work or prescribed industrial disease. The degree of disability is assessed by an independent Medical Board.

The rate of benefit payable is dependent on the degree of disablement assessed by a Medical Board. The benefit is only payable if the degree of disablement is 20% or more.

This benefit is funded from the GIF.

40.3.10. Income Support

Income support is a means-tested benefit that enables all households in Guernsey and Alderney to access financial support sufficient to ensure an acceptable standard of living.

If a person's household income is not sufficient to meet their needs (requirement rate) Income Support provides financial assistance to bring their household income up to the required level.

Other support is available through Income Support in relation to medical cover, aids and adaptations, winter fuel costs, and the additional costs associated with living with a disability.

In order to receive income support the person must:

- be ordinarily resident in Guernsey and have a valid residency certificate or permit.
- be over the age of 18
- no longer be in full time education
- have savings below the set capital limits (see table below)

Anyone claiming income support who is under pensionable age and all dependants who are of working age (i.e. over school leaving age but under pensionable age) and who have left full-time education, must also be in full-time work, or acting in compliance with work requirements relating to them, in order to be eligible for income support.

40.3.10. Income Support (continued)

Household	Capital Limit £'000
Single person	15
Couple	18
Family, one child	20
Family, two children	25

This benefit is paid in accordance with "The Income Support (Guernsey) Law, 1971". Income support is a non-contributory benefit funded through General Revenue.

40.3.11. Family Allowance

Family Allowance can be claimed by anyone responsible for bringing up a child who is, under eighteen and still in full-time education, provided that their gross household income is less than £120,000 per annum. Family allowance is paid in accordance with 'The Family Allowance (Guernsey) Law, 1950'.

Family Allowance is a non-contributory benefit funded through General Revenue.

40.3.12. Severe Disability Benefit

A person who has a physical or mental disability which requires frequent attention by day or by night in connection with their bodily functions, or constant supervision throughout the day or night to avoid substantial danger to themselves or others, may be eligible to receive Severe Disability Benefit.

Severe Disability Benefit is not payable if a person's annual household income exceeds £121,100.

This benefit is paid in accordance with "The Severe Disability Benefit and Carer's Allowance (Guernsey) Law, 1984". It is a non-contributory benefit funded through General Revenue.

40.3.13. Carer's Allowance

A person over 18 who is assisting someone in receipt of Severe Disability Benefit with their bodily functions or providing continual supervision for at least 35 hours per week may qualify for Carer's Allowance. Carer's allowance is not payable if a person's annual household income exceeds £121,100.

This benefit is paid in accordance with "The Severe Disability Benefit and Carer's Allowance (Guernsey) Law, 1984". It is a non-contributory benefit funded through General Revenue.

40.3.14. Other Social Benefits

These are benefits paid which are infrequent and of low value in aggregate. These benefits are paid in accordance with 'The Social Insurance (Industrial Injuries Benefits) (Guernsey) Regulations, 1978' and with 'The Income Support (Guernsey) Law, 1971'. Industrial injuries benefits are funded from the GIF, and income support is funded from General Revenue.

40.4. Characteristics of the Targeted Benefit Schemes

40.4.1. General

Targeted benefits do not meet the definition of social benefits as they are not cash benefits paid to an individual or household but are instead paid to a third party on behalf of the individual or household.

Some targeted benefits are funded from social security contributions to the GIF and LTCIF. The legislation applicable 'The Social Insurance (Guernsey) Law, 1978' for the GIF and 'The Long-term Care Insurance (Guernsey) Law, 2002' for the LTCIF.

Where targeted benefits are noted as funded through General Revenue these are non-contributory benefits.

Further information about targeted benefits is available on the States of Guernsey Website on the Benefits Allowances & Support page (which can be found here if viewing the digital version).

40.4.2. Death Grant

Death Grant provides a single lump sum payment to assist with funeral expenses upon the death of a person. To be paid at the full rate, the deceased must have paid or had credited an average of between 45 and 52 social insurance contributions per year, between the age of twenty and their date of death (or pension age).

If this test is not met then a reduced benefit may will be payable provided the deceased had paid or had credited an average of ten social insurance contributions per year, between the age of twenty and their date of death (or pension age).

Death Grant is funded from GIF.

40.4.3. Back to Work Benefits

Back to work benefits may be provided at the discretion of Social Security on the recommendation of the Administrator and are aimed at people who are getting sickness benefit, incapacity benefit, industrial injury benefit, industrial disablement benefit, unemployment benefit or income support and would like some help in getting back to work. The Back to Work benefits are a suite of benefits intended to facilitate a person to enter or return to employment. These benefits include:

- Back to work bonus - a lump sum paid to a person who has started a new job after being sick or unemployed for six months or longer.
- Grants towards the cost of interview attire, work-related equipment, etc.
- Funding for work-related skills training.
- Recruitment grant for employers – available to employers that recruit someone who has been claiming an incapacity or job seeking benefit for more than six months.

These benefits are funded from the GIF.

40.4.4. Medical

Medical benefits consist of Pharmaceutical Service which assists with prescription charges and Health Benefit provides a grant towards a consultation with a doctor or a nurse.

These benefits are funded from General Revenue.

40.4.5. Residential Home Care & Nursing Home Care

A person is eligible for residential home care benefit or nursing home care benefit if they meet the criteria below:

- At any time in your life, you must have lived in Guernsey or Alderney for a continuous period of five years;
- You must have lived in Guernsey or Alderney for at least the last twelve months before making your claim;
- You must have been assessed as needing care in a residential home or nursing home setting;
- You have a valid care certificate issued by the Needs Assessment Panel which is operated by the Committee for Health & Social Care; and
- You have a room in a private residential or nursing home.

These benefits are funded from LTCIF.

40.5. Significant Amendments to Benefits during the reporting period.

40.5.1. Inflation

RPIX for the year ending June in the prior year is used as a core measure for increasing the majority of benefits. RPIX in June 2023, used for 2024 changes was 6.8% (2022: 7.0%). Figures in the tables below are for 31st December each year with the change representing the increase in benefits rates during 2024.

40.5.2. Income Support

Due to the significant increases in inflation during 2022 and 2023 Income Support benefits were increased twice in both financial years. Increases are usually implemented in January each year. In 2023, an interim uprating was applied in August. There was only one annual uprating increase applied in 2024 – this was effective from 5 January 2024. The figures shown in the table below are at 31st December each year with the change being the total change for 2024.

Income support requirement rates were also subject to a re-basing exercise informed by the research into an updated Minimum Income Standard for Guernsey, completed in 2021 by Loughborough University's Centre for Research in Social Policy. The previous review of baskets was performed by the same organisation in 2010. This review identified that short-term support payments required the largest increase. Short-term support claims represent a small percentage of total claims (January 2022: 4.8% of the claim volume).

	Frequency	2024 £	2023 £	Change (%)
Income Support				
Couple householder short term	Weekly	259.31	249.84	**3.8**
Couple householder long term	Weekly	368.99	355.52	**3.8**
Single householder short term	Weekly	155.45	149.77	**3.8**
Single householder long term	Weekly	221.93	213.83	**3.8**
Single non-householder 18 years or over short term	Weekly	118.64	114.31	**3.8**
Single non-householder 18 years or over long term	Weekly	168.98	162.81	**3.8**
Member of household				
Aged 11 and over short term	Weekly	113.82	109.66	**3.8**
Aged 11 and over long term	Weekly	129.63	124.90	**3.8**
Aged 5 - 10 years short term	Weekly	89.08	85.83	**3.8**
Aged 5 - 10 years long term	Weekly	98.62	95.02	**3.8**
Under five years short term	Weekly	73.04	70.37	**3.8**
Under five years long term	Weekly	86.09	82.95	**3.8**
RENT Addition for a non-householder	Weekly	<92.00	88.50	**4.0**

As Income Support had received two uplifts in the prior year as a result of rising costs, the increase in January 2024 was less than RPI.

Income Support Maximum Rent Allowances were increased in 2024 by 6.8%, this being the RPIX from 30th June 2023.

40.5.3. Other Social Benefits

The rates of most of the other non-contributory benefits and all the contributory benefits were increased in 2024 in line with the cost-of-living for the year ending 30 June 2023 (6.8%).

40.6. Key Demographic, Economic and Other External Factors that Influence the Level of Expenditure under the Social Benefit Schemes.

40.6.1. Demographic Factors

The ability to finance the social benefits funded through social security is affected by both the level of contribution incomes, the number of contributors and the volume of claims, which is related to the size and makeup of the population.

Guernsey's published population projections (available at www.gov.gg/population) show the potential for a downward pressure on the number of working people, who make the largest financial contributions, as the largest age cohorts move into retirement and are replaced by a smaller generation of younger people as a result of the reduction in fertility rates to below the replacement rate.

This is balanced by inward net migration, which tends to be focused among economically active individuals. Higher levels of net inward migration (as experienced in the last four years) could increase the revenues associated with the provision of Social Benefit Schemes under the Social Security contributions system; lower levels of net inward migration could reduce the funding available. Migration levels tend to be closely linked to economic conditions.

The movement of these larger cohorts into older age groups, combined with increased life expectancy is placing a sustained upward pressure on multiple Social Benefits, including, but not limited to the States pension, income support, severe disability benefits, carers allowance and bereavement benefits. Projected costs could be affected by changes in life expectancy from the expected trends, or an increase in net inward migration of older people.

The current low fertility rates exert a downward impact on the cost of providing parental benefits and family allowance. Higher or lower fertility rates could impact the cost of these.

40.6.2. Public Health Factors

The cost of social benefit schemes was significantly impacted by the Covid-19 pandemic during 2020 and 2021, with shorter term impacts on benefits such as Income Support and Sickness Benefits. There has been an upward movement in long-term incapacity benefits since 2020 and while this cannot be definitively linked to longer term health impacts resulting from Covid-19, the operational teams are experiencing a larger proportion of diagnosis attributed to mental health. These cases are arguably slower and more challenging to resolve but there are active interventions in place to help islanders manage their health conditions.

Another widespread public health crisis could result in similar short and long-term increases.

Other health factors such as levels of obesity and related conditions such as type 2 diabetes, the mental health of the community and long waiting lists for medical treatment may also have an impact on the cost of health and incapacity related social benefits. They may also impact the cost of providing income support benefits.

40.6.3. Economic Factors

The cost of social benefits is impacted by a number of economic factors including:

The Rate of Inflation (as measured by RPIX)

RPIX is used to determine the increase in the rates of the non-contributory social benefits and is one of the metrics used in the determination of the annual uprating of the States Pension and other contributory social benefits. High levels of price inflation therefore directly increase costs. In exceptional circumstances, this may also trigger an increase in the benefit rates outside the normal budgeting cycle, as was the case in 2023 in respect of income support. It is also expected that higher levels of inflation would increase earnings (albeit at a lag) resulting in higher contribution revenues.

Median Earnings Growth

This is one of the metrics used in the determination of the annual uprating of the States Pension and other contributory benefits. Therefore, earnings growth in excess of inflation increases costs. Earnings growth in the community may also reduce the need for income support and increase contribution revenues.

Rates of Employment and Unemployment

This directly impacts the number of unemployment benefit claims but may also influence the number and value of individual claims for income support and contribution revenues.

40.6.3. Economic Factors (continued)

The Cost and Availability of Housing

Housing costs form a part of the income support assessment process. Changes in housing costs may impact demand for income support and the value of individual claims.

Other External Factors

There are currently no other known factors that would impact the level of social benefits payable.

41. Notes Relating to Financial Instruments and Financial Risk Management

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

41.1. Categories of Financial Instruments

The following table shows the categories of financial assets and liabilities held by the Group; the financial instruments being shown at their carrying amount as reported in the Statement of Financial Position.

Financial assets and liabilities are classified at either amortised cost or fair value through surplus or deficit (FVTSD). Classification of financial assets depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

	Note	2024		2023	
		Non-Current £'000s	Current £'000s	Non-Current £'000s	Current £'000s
Financial Assets					
Financial Assets at Fair Value through Surplus or Deficit:					
General Investment Portfolio	24a	1,757,599	-	1,691,177	-
Derivative Financial Instruments	24a	-	3,360	-	3,562
Financial Assets at Amortised Cost:					
Exchange Receivables	21a	-	65,689	-	66,754
Cash and Cash Equivalents	31b	-	8,758		19,223
Loans and Advances	24b	30,250	4,290	33,900	3,584
Other Financial Assets at Amortised Cost	24b	-	-	-	5,000
Other Financial Assets:					
Investment in Unlisted Companies	24c	24	-	24	-
Total Financial Assets		**1,787,873**	**82,097**	**1,725,101**	**98,123**

41.1. Categories of Financial Instruments (continued)

	Note	2024 Non-Current £'000s	2024 Current £'000s	2023 Non-Current £'000s	2023 Current £'000s
Financial Liability					
Financial Liabilities at Fair Value through Surplus or Deficit:					
Depositor Investments	30	-	45,269	-	33,771
Derivative Financial Instrument	30	-	95	-	104
Financial Liabilities at Fair Value through net Assets/ Equity:					
Derivative Financial Instruments	30	-	824	-	224
Financial Liabilities at Amortised Cost:					
Trade Payables	26	5,506	114,563	5,202	108,329
Bank Overdraft	31b	-	3,869	-	-
Bank Loans	27a	64,734	20,597	68,832	34,044
Bond Loan	27b	318,940	-	318,596	-
Total Financial Liabilities		**389,180**	**185,217**	**392,630**	**176,472**

41.2. Financial Instruments: Income, Expense, Gains and Losses

Current Year 2024

	Note	Financial Asset		Financial Liabilities	
		Surplus or Deficit £'000s	Net Assets/ Equity £'000s	Surplus or Deficit £'000s	Net Assets/ Equity £'000s
Net Gains/(Losses) on:					
Financial assets measured at fair value through surplus or deficit	13	132,310	-	-	-
Financial assets measured at fair value through net assets/equity	14	-	181	-	-
Financial liabilities measured at fair value through surplus or deficit		-	-	(2,506)	-
Total net Gains/(Losses)		**132,310**	**181**	**(2,506)**	**-**
Interest Revenue:					
Financial assets measured at amortised cost	4	2,542	-	-	-
Total net Gains/(Losses)		**2,542**	**-**	**-**	**-**
Interest Expense:					
Financial liabilities measured at amortised cost	10	-	-	(15,048)	-
		-	**-**	**(15,048)**	**-**
Total Income, Expense, Gains and (Losses)		**134,852**	**181**	**(17,554)**	**-**

41.2. Financial Instruments: Income, Expense, Gains and Losses (continued)

Comparative Year 2023

	Note	Financial Asset		Financial Liabilities	
		Surplus or Deficit	Net Assets/ Equity	Surplus or Deficit	Net Assets/ Equity
		£'000s	£'000s	£'000s	£'000s
Net Gains/(Losses) on:					
Financial assets measured at fair value through surplus or deficit	13	105,488	-	-	-
Financial assets measured at fair value through net assets/equity	14	-	(976)	-	-
Financial liabilities measured at fair value through surplus or deficit		-	-	(2,208)	-
Total net Gains/(Losses)		**105,488**	**(976)**	**(2,208)**	**-**
Interest Revenue:					
Financial assets measured at amortised cost	4	2,681	-	-	-
Total net Gains/(Losses)		**2,681**	**-**	**-**	**-**
Interest Expense:					
Financial liabilities measured at amortised cost	10	-	-	(14,834)	-
		-	**-**	**(14,834)**	**-**
Total Income, Expense, Gains and (Losses)		**108,169**	**(976)**	**(17,042)**	**-**

41.3. Fair Value of Financial Assets and Financial Liabilities

41.3.1. Classes and Categories of Financial Instruments and their Fair Values

Table below combines information about:

- Classes of financial instruments held by the Group based on their nature and characteristics
- The carrying amounts of financial instruments
- Fair values of financial instruments (except for financial instruments whose carrying amount approximates their fair value)
- Fair value hierarchy levels of financial assets and financial liabilities for which fair value is disclosed, reflecting the significance of the inputs used in making the fair value measurements.

41.3.1. Classes and Categories of Financial Instruments and their Fair Values (continued)

Fair Value* Hierarchy

In measuring the fair value of the Group's financial assets and financial liabilities, the inputs to the fair value measurement techniques are categorised in accordance with the following hierarchy which reflects the significance of the inputs used in making the measurements:

- **Level 1:** Quoted prices (unadjusted) for identical assets or liabilities obtained from active markets. This level includes listed debt securities, listed equity instruments.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g. by applying techniques using inputs obtained from observable market data such as using quoted prices for similar assets or liabilities in active markets).
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (e.g. by developing unobservable inputs using the best information available in the circumstances, which might include the entity's own data). The use of such unobservable inputs may have a significant impact on the valuation of a financial asset or liability.

*The fair value of a financial asset or liability is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Classes and Categories of Financial Instruments and their Fair Values - Current Year 2024

		CARRYING AMOUNT							FAIR VALUE (FV)				
		Financial Assets			Financial Liabilities			Total	Measured at FV			Not Measured at FV	Total
	Note	FV through Surplus/ Deficit	Amortised Cost	Other Financial Assets	FV through Surplus/ Deficit	FV through Net Asset/ Equity	Amortised Cost		Quoted Market Price Level 1	Using Observable Inputs Level 2	Using Un-Observable Inputs Level 3		
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Financial Assets measured at FV:													
States' General Investment Portfolio	24a												
Absolute Return		198,185	-	-	-	-	-	**198,185**	-	198,185	-	-	**198,185**
Bonds and Fixed Interest Securities		476,289	-	-	-	-	-	**476,289**	258,785	217,504	-	-	**476,289**
Property		58,954	-	-	-	-	-	**58,954**	-	37,308	22,646	-	**58,954**
Equities and Derivatives		751,732	-	-	-	-	-	**751,732**	482,410	269,322		-	**751,732**
Private Market Investments		212,156	-	-	-	-	-	**212,156**	-	111	212,045	-	**212,156**
Cash and Cash Equivalents (held by investment managers)		60.283	-	-	-	-	-	**60,283**	60,283	-	-	-	**60,283**
		1,757,599	**-**	**-**	**-**	**-**	**-**	**1,757,599**	**-**	**-**	**-**	**-**	**-**
Derivative Financial Instruments	24b	3.360	-	-	-	-	-	**3,360**	-	3,360	-	-	**3,360**
Fin. Assets not measured at FV:	24b												
Exchange Receivables*	21a	-	65,689	-	-	-	-	**65,689**	N/A	N/A	N/A	65,689	**65,689**
Cash and Cash Equivalents*	31b	-	8,758	-	-	-	-	**8,758**	N/A	N/A	N/A	8,758	**8,758**
Loans and Advances	24b	-	34,540	-	-	-	-	**34,540**	N/A	N/A	N/A	34,540	**34,540**
Fin. Liabilities measured at FV:													
Depositors Investments	30	-	-	-	(45,269)	-	-	**(45,269)**	(45,269)	-	-	-	**(45,269)**
Derivative Fin. Instruments	30	-	-	-	(95)	(824)	-	**(919)**	-	(919)	-	-	**(919)**
Fin. Liabilities not measured at FV:													
Trade Payables*	26	-	-	-	-	-	(114,563)	**(114,563)**	N/A	N/A	N/A	(114,563)	**(114,563)**
Bank Overdraft*		-	-	-	-	-	(3,869)	**(3,869)**	N/A	N/A	N/A	(3,869)	**(3,869)**
Bank Loans	27	-	-	-	-	-	(85,332)	**(85,332)**	N/A	N/A	N/A	(85,332)	**(85,332)**
Bond Loan	27	-	-	-	-	-	(318,940)	**(318,940)**	N/A	N/A	N/A	(318,940)	**(318,940)**
Total Fin. Assets and Liabilities		**1,760,959**	**108,987**	**-**	**(45,364)**	**(824)**	**(522,704)**	**1,301,054**					

Classes and Categories of Financial Instruments and their Fair Values - Comparative Year 2023

		CARRYING AMOUNT							FAIR VALUE (FV)				
		Financial Assets			Financial Liabilities			Total	Measured at FV			Not Measured at FV	Total
	Note	FV through Surplus/ Deficit	Amortised Cost	Other Financial Assets	FV through Surplus/ Deficit	FV through Net Asset/ Equity	Amortised Cost		Quoted Market Price Level 1	Using Observable Inputs Level 2	Using Un-Observable Inputs Level 3		
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Financial Assets measured at FV:													
States' General Investment Portfolio	24a												
Absolute Return		172,931	-	-	-	-	-	**172,931**	4,976	167,955	-	-	**172,931**
Bonds and Fixed Interest Securities		504,069	-	-	-	-	-	**504,069**	249,833	254,236	-	-	**504,069**
Property		82,450	-	-	-	-	-	**82,450**	2,889	52,932	26,629		**82,450**
Equities and Derivatives		658,439	-	-	-	-	-	**658,439**	339,873	318,566	-	-	**658,439**
Private Market Investments		188,646	-	-	-	-	-	**188,646**	-	128	188,518	-	**188,646**
Cash and Cash Equivalents (held by investment managers)		84,642	-	-	-	-	-	**84,642**	81,217	3,425	-	-	**84,642**
		1,691,177	**-**	**-**	**-**	**-**	**-**	**1,691,177**	**-**	**-**	**-**	**-**	**-**
Derivative Financial Instruments	24b	3,562	-	-	-	-	-	**3,562**		3,562			**3,562**
Fin. Assets not measured at FV:	24b												
Exchange Receivables*	21a	-	66,754	-	-	-	-	**66,754**	N/A	N/A	N/A	66,754	**66,754**
Cash and Cash Equivalents*	31b	-	19,223	-	-	-	-	**19,223**	N/A	N/A	N/A	19,223	**19,223**
Loans and Advances	24c	-	37,620	-	-	-	-	**37,620**	N/A	N/A	N/A	37,620	**37,620**
Other		-		-	-	-	-	**-**	N/A	N/A	N/A	-	**-**
Fin. Liabilities measured at FV:													
Depositors Investments	30	-	-	-	(33,771)	-	-	**(33,771)**	(33,771)	-	-	-	**(33,771)**
Derivative Fin. Instruments	30	-	-	-	(104)	(224)	-	**(328)**	-	(328)	-	-	**(328)**
Fin. Liabilities not measured at FV:													
Trade Payables*	26	-	-	-	-	-	(108,329)	**(108,329)**	N/A	N/A	N/A	(108,329)	**(108,329)**
Bank Overdraft*		-	-	-	-	-	-	**-**	N/A	N/A	N/A	-	**-**
Bank Loans	27	-	-	-	-	-	(102,876)	**(102,876)**	N/A	N/A	N/A	(102,876)	**(102,876)**
Bond Loan	27	-	-	-	-	-	(318,596)	**(318,596)**	N/A	N/A	N/A	(318,596)	**(318,596)**
Total Fin. Assets and Liabilities		**1,694,739**	**123,597**	**-**	**(33,875)**	**(224)**	**(529,801)**	**1,254,436**					

41.3.1. Classes and Categories of Financial Instruments and their Fair Values (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs** that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

**Establishing what represents observable inputs requires significant judgement. The Group considers observable data to be inputs other than quoted prices included within Level 1 that are observable either directly (that is prices) or indirectly (that is derived from prices).

Significant transfers between Level 1 and 2 of the fair value hierarchy

There were no significant transfers between level 1 and level 2 of the fair value hierarchy during the period.

41.3.2. Valuation Techniques and Significant Assumptions used to determine Fair Value of Financial Instruments

The basis of valuation of each class of investment asset is set out in the following table. There has been no change in the valuation techniques used during the year.

All assets 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.

Financial Asset or Liability	Input Level in FV Hierarchy	Valuation Techniques used to measure FV*	Significant Assumptions used to measure FV
Financial Assets and Liabilities not measured at Fair Value			
Cash and Cash Equivalents **Trade and Other Receivables** **Trade and Other Payables**	N/A	Carrying value is deemed to be fair value because of the short-term nature of investments	Not required
Loans and Other Advances and External Borrowing	N/A	Market Rate for similar instruments	Not required

41.3.2. Valuation Techniques and Significant Assumptions used to determine Fair Value of Financial Instruments (continued)

Financial Asset or Liability	Input Level in FV Hierarchy	Valuation Techniques used to measure FV*	Significant Assumptions used to measure FV
Financial Assets and Liabilities measured at Fair Value:			
Cash and Cash Equivalents	Level 1	Carrying value is deemed to be fair value because of the short-term nature of investments	Not required
	Level 2	Carrying value is deemed to be fair value because of the short-term nature of investments	Not required
Equities and Derivatives	Level 1	Quoted price	Not required
	Level 2	Closing price where bid and offer prices are published.	Not required
Alternatives	Level 1	Quoted price	Not required
	Level 2	NAV based pricing, though pricing underlying listed equity	Not required
Bond and Fixed Interest Securities	Level 1	Quoted price	Not required
	Level 2	Discounted cash flows – calculating the present value of the contractual cash flows (using the market rate for similar instruments) that will take place over the remaining term of the instruments	
Property	Level 1	Quoted price	Not required
	Level 2	Net Asset value (NAV) based on third party valuation of underlying assets, all of which are level 1 and level 2	
	Level 3	NAV based on unaudited valuation statement, which is valued by the Manager	Valuations will be impacted by factors such as occupancy rates, lease terms, covenant terms, transactional activity in sector.

41.3.2. Valuation Techniques and Significant Assumptions used to determine Fair Value of Financial Instruments (continued)

Financial Asset or Liability	Input Level in FV Hierarchy	Valuation Techniques used to measure FV*	Significant Assumptions used to measure FV
Private Market Investments	Level 2	NAV based on third-party valuation of underlying assets, all of which are level 1 and level 2	Underlying NAVs
	Level 3	Measured at fair value using the reported NAV, as this is based on the most up-to-date information available provided by the underlying investment fund.	Valuation models apply numerous subjective judgments by the Investment Manager. These are subject to assumptions around factors such as Liquidity discounts, EBITDA multiples etc.
Interest Rate Swap Derivatives	Level 1	The present value of the estimated future cash flows based on observable yield curves.	Interest Rates
Interest Rate Cap Derivatives	Level 2	Calculated by using current market rates.	Market rates provided by the bank.
Fuel Forward Contract Derivatives	Level 2	The fair value has been estimated by calculating the difference between the total cost of the contracts (number of tonnes of fuel contracted to purchase multiplied by the contracted rate) and the cost of the equivalent amount of fuel had it been purchased at the forward rate available at the year end.	Fuel prices
Foreign Currency Exchange Forward Contracts Derivatives	Level 1	Market forward exchange rates at the year-end.	Exchange Rates

41.3.3. Level 3 Fair Value Measurements (using significant unobservable inputs)

The fair value of the private market investments within the States' investment portfolio cannot be determined by using observable inputs or measures and are measured using other techniques as set out in the table above. Their fair value measurements are categorised within Level 3 of the Fair Value Hierarchy.

41.3.3.1. Reconciliation of Level 3 Fair Value Measurements

The following table presents a reconciliation from the beginning balances to the ending balances for fair value measurements categorised within Level 3 of the fair value hierarchy, by class of financial instrument:

	Investments in Private Markets £'000s	Property £'000s	Other £'000s	Total £'000s
Opening Balance	190,676	18,069	6,402	**215,147**
Total Gains or Losses for the year - recognised in Surplus or Deficit in 'Other Gains and Losses'				
Realised	8,556	2,008		**10,564**
Unrealised	(8,102)	(2,328)	1,186	**(9,244)**
Purchases	62,457	1,228	98	**63,783**
Sales	(41,542)	(5,017)	-	**(46,559)**
Transfers into Level 3	-	-	-	**-**
Transfers out of Level 3	-	-	-	**-**
Closing Balance	**212,045**	**13,960**	**7,686**	**233,691**

Total gains or losses attributable to assets held at the end of the year that are included in the Statement of Financial Performance in 'Other Gains and Losses'.

41.3.3.2. Transfers Into and Out of Level 3

There were no transfers into or out of Level 3.

41.3.3.3. Level 3 Sensitivity Analysis

Having analysed historical data and current market trends, and consulted with independent investment advisors, the States of Guernsey 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 2024.

			Impact on Surplus or Deficit	
Type of Financial Instrument categorised at Level 3	Valuation Technique (as specified above)	Sensitivity of FA to reasonably possible alternative assumptions	Increase	(Decrease)
			£'000s	£'000s
Financial Assets measured at FVTSD (included in States' Investment Portfolio):				
Investment In Private Equity Companies	Measured at fair value using the reported net asset value ("NAV"), as this is based on the most up-to-date information available provided by the underlying investment fund	+/- 10%	21,205	(21,205)
Property and Other	NAV based on unaudited valuation statement, which is valued by the Manager	+/- 10%	2,165	(2,165)

41.4. Financial Instruments - Risk Management

The Group is exposed to the following risks arising from financial instruments:

- **Credit risk** – the risk of financial loss to the Group if customers and other parties (e.g. those who have received loans) fail to discharge their obligations
- **Liquidity risk** – the risk that the Group might not have funds available to meet its commitments to meet its obligations associated with financial liabilities
- **Market risk** – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk (such as equity price risk).

41.4. Financial Instruments - Risk Management (continued)

In particular, the most significant exposure to risk arises from investing activities in the States of Guernsey's General Investment Portfolio (GIP) and the possibility that an event or situation arises that reduces the likelihood of achieving its financial objectives. Management of the GIP's financial risk exposure is outlined below.

The Group also has a controlling interest in nine subsidiary entities which provide key services for the Island, and which assist with the delivery of Government policy. These entities will encounter many of the same risks to which the States is exposed but these are managed directly by the individual Boards and Management teams.

Overview of the States' Risk Management Framework for Financial Instruments

The States of Guernsey monitors and manages its financial risk exposure under the States' general risk management framework as well as under the specific governance arrangements for the significant investment of assets in the States' General Investment Portfolio.

The States of Guernsey's Policy and Resources Committee has overall responsibility for the States' risk management framework. The Committee's responsibilities are set out comprehensively in the Governance Framework which establishes the roles, responsibilities and procedures for the efficient and effective governance of the Framework which establishes the roles, responsibilities and procedures for the efficient and effective governance of the General Investment Portfolio, which establishes that:

- The States of Guernsey set the permitted investment rules specifying eligible investments
- The Policy and Resources Committee (P&R) sets investment objectives and monitors performance through a standing invitation to attend meetings (as a non-voting observer) and through the Annual Report prepared by the States Investment Board
- The States Investment Board, appointed by the Committee, sets and implements the investment strategies to seek to achieve the agreed objectives
- The States' Treasury provides day-to-day management and administration
- Independent consultants provide expert investment advice to the Board on strategy and manager selection

The States Investment Board's Annual Report which includes the Policy and Resources Committee investment objectives can be found in Appendix XI of these financial statements.

The States of Guernsey Internal Audit team focuses on evaluating and improving risk management, control and governance processes providing assurance to the Chief Executive Officer and other key stakeholders that committees are effectively managing risks to the States' objectives.

41.4. Financial Instruments - Risk Management (continued)

The risk associated with poor governance essentially occurs where there is a failure to act as issues emerge. Governance is the framework within which other risks are considered and the result of this consideration should, where appropriate, lead to action. The States' Risk Management Framework ensures that the States' exposure to financial risk is minimised. To achieve this, the key controls and risk mitigation include:

- Objectives are well understood;
- Fund manager and other provider mandates are well defined;
- Strategic review of the Contributory Funds is undertaken regularly; and
- Fund managers and other providers are asked to articulate how their strategies might perform in different market and economic conditions.

Once this is done, the risks in the other areas can be defined and evaluated. The focus is then on designing metrics and benchmarks that are consistent with the conditions identified above

41.4.1. Credit Risk

41.4.1.1. Credit Risk Management Practices

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from the Group's deposits with banks; its investments with financial institutions and from the contractual obligations of its customers and borrowers. It is the risk that customers, tenants, or borrowers and the financial institutions it invests with will fail to make payments under the terms of their respective contracts. Credit risk is managed at entity level throughout the group in accordance with each entity's risk management policies.

To reflect expected shortfalls in contractual cash flows, the group calculates expected credit losses (ECLs) for the following financial instruments to which the impairment requirements of IPSAS 41 apply, consistent with the approach outlined for each financial asset (see Notes 41.4.1.2 and 41.4.1.3 below for further detail):

Financial Assets subject to Impairment Requirements	Note	Credit Risk Policy
Trade Exchange Receivables	41.4.1.2	Using the simplified approach which measures the loss allowance at an amount equal to lifetime expected credit losses.
Loans and Advances (including loans to related parties)	41.4.1.3	The loss allowance is measured at an amount equal to lifetime expected credit losses (ECLs) when there has been a significant increase in credit risk since initial recognition. Where credit risk has not increased significantly since initial recognition or remains low, loss allowances are measured at an amount equal to 12-month ECLs.

41.4.1.1. Credit Risk Management Practices (continued)

Cash and Cash Equivalents	N/A (no ECL recognised)	Although cash and cash equivalents are measured at amortised cost and are therefore subject to impairment, the impairment amounts are not considered material.

Note: No impairment loss is recognised for investments in equity instruments or the States' investment portfolio as these financial instruments are carried at Fair Value.

Expected credit losses are measured in a way that reflects:

(a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.

(b) The time value of money; and

(c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

To minimise the Group's exposure to credit risk, credit risk gradings have been developed to categorise customers and borrowers in line with their anticipated risk of default. Due to the nature of the Group's customers and borrowers, the credit rating information is developed internally using each group entity's own records as well as using other publicly available financial information. The credit ratings are regularly reviewed and updated as necessary.

41.4.1.1. Credit Risk Management Practices (continued)

The following table sets out the framework for recognising expected credit losses:

Risk Level	Expected Credit Loss measurement approach	Credit Risk Category
The debtor/borrower has a low risk of default and makes payments in line with their contractual obligations.	12-Month Expected Credit Loss	A
The amount is >30 days past due but the amount is still considered collectable.	Lifetime Expected Credit Loss-not credit impaired	B
The amount is >30 days past due with credit risk increased significantly since initial recognition.	Lifetime Expected Credit Loss-not credit impaired	C
The amount is >90 days past due or evidence exists that the borrower is (for example) suffering significant financial difficulty.	Lifetime Expected Credit Loss-credit impaired	D
There is evidence indicating that the Group is unlikely to recover amounts due.	Amount is written off	E

The following impairment losses for financial assets were recognised in the Statement of Financial Performance during the year:

	Note	2024 £'000s	2023 £'000s
Impairment Losses			
Impairment of Trade Receivables	23	37	1,011
Impairment of Other Loans and receivables	26c	(4)	-
Total		**33**	**1,011**

41.4.1.2. Credit Risk Management (Trade Receivables)

The Group uses a simplified approach for measuring the expected credit losses impairments of trade exchange receivables. As such receivables do not have a significant financing component, the loss allowance is always measured at an amount equal to lifetime expected credit losses.

41.4.1.2. Credit Risk Management (Trade Receivables) (continued)

For the purpose of recognising expected loss allowances, trade exchange receivables are grouped on the basis of customer types with shared credit risk characteristics, that reflect their ability to pay total amounts due according to the contractual terms, and on days past due to facilitate an analysis that will enable significant increases in credit risk to be identified on a timely basis.

To determine the expected credit losses for each group, a provision matrix is used. The provision matrix is based on historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical default rates and forward-looking estimates are updated and changes in the forward-looking estimates are analysed.

The expected credit losses for each group of trade receivables is estimated using the following provision matrix:

Current Year – 2024

		1-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due
Expected Credit Loss Rates					
Trade Receivables	ECL Rate	1.5-2%	3%	5%	7.5% -100%

	1-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
Carrying Value					
Trade Receivables	54,775	2,841	859	13,734	72,209
Lifetime Expected Credit Loss Allowance					
Trade Receivables	27	26	8	6,459	6,520
Credit Impaired	**No**	**No**	**No**	**No**	

41.4.1.2. Credit Risk Management (Trade Receivables) (continued)

Comparable Year - 2023

		1-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due
Expected Credit Loss Rates					
Trade Receivables	ECL Rate	1.0%	0.3%	0.1%	8.1%-100%

	1-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
Carrying Value					
Trade Receivables	57,710	1,891	1,634	12,342	73,577
Lifetime Expected Credit Loss Allowance					
Trade Receivables	25	3	1	6,794	6,823
Credit Impaired	**No**	**No**	**No**	**No**	

The following table provides a reconciliation from the opening balance to the closing balance of the loss allowance for trade receivables:

	2024 £'000s	2023 £'000s
Reconciliation		
Opening Balance	**6,823**	**6,826**
Change in loss allowance recognised in Surplus or Deficit	37	1,011
Amounts written off during the year	(336)	(1,014)
Other Changes	(4)	-
Closing Balance	**6,520**	**6,823**

Trade receivables whose contractual payments are beyond agreed credit terms and where all reasonable attempts to recovery have been exhausted, are provided for and in some cases written off. Any write offs would be an accounting adjustment only and the group would continue recovery efforts on amounts due.

41.4.1.3. Credit Risk Management (Loans and Advances)

Loss allowances in respect of the States' loans and advances to third parties are measured on the basis of Lifetime Expected Credit Losses as they are not considered to be low risk.

The following table provides a reconciliation from the opening balance to the closing balance of the loss allowance for Loans:

	2024				2023			
	12 Month ELC	Lifetime ELC not credit impaired	Lifetime ELC credit impaired	Total	12 Month ELC	Lifetime ELC not credit impaired	Lifetime ELC credit impaired	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Reconciliation								
Opening Balance	-	3	-	**3**	-	3	-	**3**
Change in loss allowance recognised in Surplus or Deficit	-	-	-	**-**		-	-	**-**
Closing Balance	-	3	-	**3**	-	3	-	**3**

41.4.1.4. Exposure to Credit Risk

Credit Risk - Loans and Receivables

Exposure to credit risk arises principally from the Group's receivables from customers, taxpayers and external loans to other entities and individuals.

The tables below detail the credit quality of such financial assets and financial guarantee contracts, as well as the group's maximum exposure to credit risk by credit risk rating grades:

	Note	Group's Credit Risk Rating	12-month or lifetime ECL	Gross Carrying Amount	Loss Allowance	Net Carrying Amount
				£'000	£'000	£'000
2024						
Loan to Joint Venture (i)	24c	A	12-month ECL (low credit risk asset)	23,333	-	**23,333**
Loan to Other Parties	24c	C	Lifetime ECL (not credit impaired)	11,339	(132)	**11,207**
Trade Receivables (ii)	21a	C	Lifetime ECL (simplified approach	72,209	(6,520)	**65,689**
				106,881	**(6,652)**	**100,229**
2023						
Loan to Joint Venture (i)	24c	A	12-month ECL (low credit risk asset)	25,333	-	**25,333**
Loan to Other Parties	24c	C	Lifetime ECL (not credit impaired)	12,287	(136)	**12,151**
Trade Receivables (ii)	21a	C	Lifetime ECL (simplified approach	73,576	(6,823)	**66,753**
				111,196	**(6,959)**	**104,237**

41.4.1.4. Exposure to Credit Risk (continued)

(i) The fair value of collateral held that could be sold was £34.3m (2023: £36.1m). This relates to the States of Guernsey, which can enforce their collateral in satisfying the debt owed by Condor VesselCo Ltd in the event of them failing to meet their contractual obligations.

(ii) As indicated above, for trade receivables and loans and advances, the group has applied the simplified approach in IPSAS 41, using a provision matrix, to measure the loss allowance at lifetime ECL. The credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Notes 41.4.1.2 and 41.4.1.3 include further details on the loss allowance for these assets respectively.

(iii) For financial guarantee contracts, the gross carrying amount represents the maximum amount the group has guaranteed under the respective contracts.

Credit Risk - Financial Assets at Fair Value through Statement of Financial Performance

The carrying amount of the group's financial assets at Fair Value through Surplus or Deficit (FVTSD), as disclosed in Note 24, best represents their respective maximum exposure to credit risk. These include the States' General Investment Portfolio and Derivative Financial Assets (see below). The Group holds no collateral over any of these balances.

Credit risk is the assessed likelihood that the issuer of a security or loan is unable to discharge its contractual obligations which could result in loss to the GIP. It is the responsibility of the investment managers to monitor dealing activity to ensure best execution, which involves measuring various indicators including the quality of the trade settlement and incidence of failed trades.

41.4.1.4. Exposure to Credit Risk (continued)

The credit profile of fixed income securities held in the portfolio is summarised in the table below:

Currency	2024 GIP £'000	2023 GIP £'000
Rating		
AAA	50,921	45,342
AA	169,840	106,036
A	48,563	60,114
BBB	118,447	130,892
BB	48,012	88,005
B	10,751	37,551
CCC	2,377	1,041
CC	78	46
C	7	43
D	50	26
NR	27,243	34,973
Total Fixed Income	**476,289**	**504,069**

The Custodian is Northern Trust Limited which has a credit rating of AA- from Standard & Poor's, Aa2 from Moody's, and AA from Fitch Ratings. The States' investments are held in accounts which are segregated from the Custodian's own trading assets. If the Custodian were to become insolvent, the States of Guernsey's right of ownership is clear and they are therefore protected. However, the States of Guernsey's cash balances, which are held with the Custodian, may be at risk in this instance as the States of Guernsey would rank alongside other creditors of the Custodian. This risk is minimised through the use of daily cash sweeps which invest excess overnight balances over £1,000 into money markets funds. These funds contain highly diversified range of counterparties, with credit ratings of "A" or better.

Cash and Cash Equivalents and Derivative Financial Assets

The credit risk in respect of cash & cash equivalents (of £60.82m) and derivative financial assets (of £3.36m) is not considered significant as amounts are held with banks and financial institutions which have high credit-ratings as assigned by the international credit-rating agency (Standard & Poor's, Moody's and Fitch Ratings)..

41.4.1.4. Exposure to Credit Risk (continued)

Counterparty Risk

Counterparty risk is the risk of the counterparty to an agreement not carrying out his side of the deal. Where derivatives are used, the risk of counterparty default is reduced through the requirement in the relevant documentation that regular collateral or margin payments be made. It is also considered in the selection of counterparties and the incorporation of protection mechanisms in the documentation in the event of a downgrade in credit quality of an existing counterparty.

41.4.2. Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity Risk Management

The Group's framework for managing liquidity is designed to ensure that it will have sufficient liquid assets (e.g. cash) available to meet its liabilities when they fall due. This is achieved through the Group's cashflow management processes, which enable the Group to monitor cash flow requirements whilst maximising its cash return on investments. A cash fund is utilised by the States of Guernsey to ensure liquidity requirements are met on a day-to-day basis across the group while earning a cash return and providing diversification of counterparty and investments. Whilst ensuring that sufficient liquid assets are maintained by the States of Guernsey in the General investment Portfolio* to meet short-term requirements, the level of expected cash inflows from taxation; trade and other receivables is also monitored across the group against expected cash outflows in connection with trade and other payables.

Furthermore, the States of Guernsey has agreed a Revolving Credit Facility (RCF) with Lloyds Bank Corporate Markets PLC, for a sum of up to £100m. The facility agreement commenced in March 2022, and covers a period of three years, this has now been extended under the same terms to March 2026.

The revolving element of the facility allows for separate loan tranches to be drawn and repaid over a period of either 1, 2, 3 or 6 months. The RCF provides the States of Guernsey with additional liquidity and the lender is under obligation to advance money when requested.

41.4.2. Liquidity Risk (continued)

The following tables provide a maturity analysis for the Group's financial liabilities as at the reporting date showing the remaining contractual maturities:

Current Year:

At 31 Dec 2024	Within 1 Month	1-2 Months	2-12 Months	1-5 Years	More than 5 Years	Total
	£'000	£'000s	£'000s	£'000s	£'000s	£'000s
Borrowings (inc. Public Bond)	-	5,571	5,571	55,705	586,243	**653,089**
Payables under Exchange Transactions	114,563	-	-	3,891	-	**118,454**
Depositors	45,269	-	-	-	-	**45,269**
Total	**159,832**	**5,571**	**5,571**	**59,596**	**586,243**	**816,812**

Comparative Year:

At 31 Dec 2023	Within 1 Month	1-2 Months	2-12 Months	1-5 Years	More than 5 Years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Borrowings (inc. Public Bond)	-	5,571	5,571	55,705	597,384	**664,230**
Payables under Exchange Transactions	108,328	-	-	3,790	-	**112,118**
Depositors	33,771	-	-	-	-	**33,771**
Total	**142,099**	**5,571**	**5,571**	**59,495**	**597,384**	**810,119**

The amounts in the above table are based on the Group's undiscounted contractual principal and interest cashflows in respect of the Group's financial liabilities (e.g. the coupon interest payments in respect of the Public Bond are included in borrowings.

The amount shown above in respect of financial guarantees represents the maximum amount that the Group would be required to be paid if the guarantees were called.

41.4.2. Liquidity Risk (continued)

General Investment Portfolio* - Liquidity Risk Management

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations, obligations, and future developments, the cash flow requirements of the States need to be monitored, and the timing of investment and divestment to and from the GIP controlled.

In order to ensure good cash flow management, a detailed forecasting of cash flows, associated with the underlying investments within the General Investment Pool, is performed periodically and features heavily in the management and governance of the General Investment Portfolio.

The investments categorised under the level 1 Fair Value hierarchy are valued at £801m at the year-end (2023: £679m). Investments with quoted prices and traded on an active market could usually be liquidated within one month. However, due to the size of certain of the level 1 holdings, it is assumed it that may take longer to liquidate some of these holdings and as such they have been analysed as 1-3 months.

41.4.3. Market Risk

Market risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices thereby impacting the Group's income or the value of its financial instruments. Market risk comprises three types of risk:

- currency risk,
- interest rate risk, and
- other market price risk

The Group is exposed to market risk through its use of financial instruments and in particular to currency risk, interest rate risk and certain other market price risks, which result from both its operating and investing activities.

Market risk in connection with the States of Guernsey's investing activities for the Consolidated Investment Fund, which represents a significant financial asset of the group, is discussed separately below.

Market Risk – Operating Activities

The operating activities of entities of the group, in particular Guernsey Electricity Limited and Aurigny Air Services Limited, expose it to the financial risks of changes in foreign currency exchange rates; interest rates and commodity prices. These entities use derivative financial instruments such as forward foreign exchange and commodity contracts, as well as interest rate swaps and caps to hedge these exposures. These transactions are undertaken within guidelines set out by each relevant entity's risk management framework. The objective of such market risk management is to manage and control market risk exposures within acceptable parameters and minimise volatility in the group's statement of financial performance. Neither entity uses derivative financial instruments for trading purposes.

Market Risk – Investing Activities – General Investment Portfolio

In its dealings with financial instruments the States of Guernsey is exposed to market risk arising from the possibility that the value of its financial instruments and investment income will fluctuate because of changes in interest rates, foreign currency exchange rates and market prices (stock market movements).

The States of Guernsey reviews and agrees policies for managing these risks and these policies have remained unchanged from those applying in the comparative year. Each investment manager assesses exposure to market risk as part of their investment decision making process and monitors the overall level of market risk on the investment portfolio under its management on an ongoing basis. Overall portfolio risk is monitored by the investment consultant and regular reporting provided to the States' Investment Board (SIB).

The principal market risks are controlled by the guideline allocations to major asset categories, (bonds equities, cash, property, hedge funds, private equity etc.).

In addition to the major asset guidelines there are further 'minor' guidelines, which are required to ensure the proper diversification of the total portfolio within the asset type, principally on the character of investments held and position size.

41.4.3.1.Currency Risk

Certain of the General Investment Portfolio's assets and liabilities and income are denominated in currencies other than sterling, which is the base currency of the Fund and the Group's financial statements. As a result, movements in exchange rates will affect the Sterling value of those items.

Management of Currency Risk

Overall portfolio currency exposure is monitored by the investment consultant and managed within agreed parameters. Some investment managers are responsible for managing currency risk and monitoring exposure to foreign currencies within their mandates. Investment managers are permitted to use forward foreign currency exchange contracts to limit the exposure to anticipated changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments.

Open Forward Foreign Currency Contracts

There were open forward currency contracts at the year-end to hedge part of the dollar exposure.

41.4.3.1. Currency Risk (continued)

Foreign Currency Exposure

At the year-end, the net currency exposure of the General Investment Portfolio (GIP) was as follows:

Current Year - 2024

Currency	Total £'000s	FX Forward £'000s	Monetary £'000s	Non-Monetary £'000s
Australian dollar	2,795	-	1	2,794
Canadian dollar	10,249	-	83	10,166
Euro	16,925	-	565	16,360
United States dollar	583,256	(257,486)	12,080	828,662
Swiss franc	3,247	-	49	3,198
Danish krone	1,302	-	53	1,249
Japanese yen	1,678	-	-	1,678
Total FX Exposure	**619,452**	**(257,486)**	**12,831**	**864,107**

Comparative Year - 2023

Currency	Total £'000s	FX Forward £'000s	Monetary £'000s	Non-Monetary £'000s
Australian dollar	2,900	-	-	2,900
Canadian dollar	9,033	-	49	8,984
Euro	13,601	-	427	13,174
United States dollar	420,970	-	6,849	414,121
Swiss franc	2,210	-	15	2,195
Danish krone	986	-	7	979
Japanese yen	4,228	-	61	4,167
Total FX Exposure	**453,928**	**-**	**7,408**	**446,520**

At 31 December 2024, had the GBP strengthened by 5% in relation to other currency exposure of the General Investment Portfolio, with all other variables held constant, the valuation of the portfolio would have changed by the amounts shown below. The analysis is performed on the same basis for 2023. A 5% weakening of GBP against other currencies respectively would have resulted in an equal but opposite effect.

41.4.3.1.Currency Risk (continued)

Foreign Currency Exposure - Sensitivity Analysis	31.12.2024 £'000s	31.12.2023 £'000s
AUD	139	145
CAD	512	452
EUR	846	680
USD	29,162	21,048
Total	**30,659**	**22,325**

41.4.3.2. Interest Rate Risk

Interest rate risk is 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 risk in respect of interest rate movements on its investment in debt instruments held within the General Investment Portfolio. Changes in interest rates will affect the interest income for debt instruments on variable rates and the fair value of those investments held at fixed rates of interest and therefore the gains and losses arising from the consolidated investment fund in the Statement of Financial Performance.

The Bond Loan is carried at amortised cost with a fixed interest rate, so any changes in fair value will not impact the Statement of Financial Performance.

Management of Interest Rate Risk

Exposure to interest rate risk within the General Investment Fund is managed by the SIB, their advisers, and underlying fund managers through the use of various strategies consistent with the permitted investment rules. These strategies include asset allocation, manager and strategy selection, diversification and, at the underlying manager level, may include bond portfolio management techniques and the management of interest rate risk by entering into derivative instruments (such as interest rate swap and forward contracts).

The States' investment managers are responsible for regularly monitoring and assessing the exposure to interest rate risk and taking appropriate investment decisions to maximise returns within acceptable levels of exposure.

41.4.3.2. Interest Rate Risk (continued)

The interest rate profile of the fixed income assets held in General Investment Portfolio at year-end is as follows:

Interest Rate Profile	2024 £'000s	2023 £'000s
Less than 12 months	65,245	91,793
Less than 5 years	185,842	163,738
Less than 10 years	108,176	139,355
Greater than 10 years	117,025	109,183
Total	**476,288**	**504,069**

Sensitivity Analysis - Interest Rate Risk

Fixed and variable rate securities and cash and cash equivalents are subject to interest rate risk.

Surplus or deficit is sensitive to a higher or lower interest income for cash and cash equivalents and debt instruments at variable rates of interest as well as an increase or decrease in fair value for debt instruments measured at fair value through surplus or deficit.

The following table sets out the impact on surplus or deficit if interest rates changed by 1% with all other variables held constant:

Asset Type	2024 £m	Impact on Surplus/Deficit 1% Increase £m	Impact on Surplus/Deficit 1% (Decrease) £m
Fixed and Variable Rate Instruments	476,288	4,763	4,763

41.4.3.3. Other Price Risks

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The States of Guernsey is exposed to other price risks as a result of holding risk assets, such as equity, property, commodities, and other alternatives, within the General Portfolio. This type of risk is significant for the States as approximately 75% of the General Investment Portfolio is invested in this type of asset. As the General Investment Portfolio

41.4.3.3. Other Price Risks (continued)

is measured at FVTSD, changes in market price will directly affect the States' net results in the Statement of Financial Performance and its net assets.

Management of Other Price Risk

The investment managers control price risk arising from investments in risk assets through stock selection, diversification and by hedging through the purchase or sale of financial derivatives in accordance with terms defined under the Investment Management Agreement.

Sensitivity Analysis – Other Price Risk

The following table illustrates the sensitivity of the GIP to a movement in the fair values of all asset classes. A 10% variance in the fair values is considered a reasonable expectation of movement, which would create a significant movement in valuation. A 10% variance would have resulted in an increase or decrease of equal value.

	2024 £'000s	2023 £'000s
Fair Value at year end	1,757,599	1,677,456
Variance of 10% in fair value	+/- 175,760	+/- 167,746

These investments are all classified at fair value through surplus or deficit and therefore any movements in price will impact gains and losses recognised in surplus or deficit.

41.4.4. Governance Risk

The risk associated with poor governance essentially occurs where there is a failure to act as issues emerge. Governance is the framework within which other risks are considered, and the result of this consideration should, where appropriate, lead to action. The States' Risk Management Framework set out above, describes the approach taken to ensure that the States' exposure to financial risk is minimised.

41.5. Derivative Financial Instruments and Hedge Accounting

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and commodity prices and it uses forward foreign exchange and commodity contracts and interest rate swaps to hedge these exposures. The Group does not use derivative financial instruments for trading purposes.

Derivative financial instruments are measured at fair value and are summarised below:

	2024		2023	
	Non-Current £'000s	Current £'000s	Non-Current £'000s	Current £'000s
Derivative Financial Assets at Fair Value through Surplus or Deficit:				
Interest rate swaps	-	2,804	-	2,883
Interest rate caps	-	517	-	679
Foreign currency exchange forward contracts	-	39	-	-
Total Derivative Financial Assets	**-**	**3,360**	**-**	**3,562**
Derivative Financial Liabilities at FV through Surplus or Deficit:				
Interest rate swaps	-	(95)	-	(58)
Other	-	-	-	(46)
	-	**(95)**	**-**	**(104)**
Derivative Financial Liabilities at FV through Net Assets/Equity:				
Forward foreign currency contracts	-	(824)	-	(224)
	-	**(824)**	**-**	**(224)**
Total Derivative Financial Liabilities	**-**	**(919)**	**-**	**(328)**

42. Notes Relating to the Public Servants' Pension Scheme (PSPS)

42.1. Nature of the Benefits provided by the States of Guernsey Public Servants' Pension Scheme

Nature of the Fund

The States of Guernsey Superannuation Fund is primarily a funded defined benefit arrangement which provides retirement benefits based on final pensionable salary for service to 29 February 2016 and based on career average revalued earnings from 1 March 2016. Some protected members will continue to accrue benefits linked to final pensionable salary after 1 March 2016. Employees hired after 1 May 2015 accrue benefits based on career average revalued earnings.

The Scheme is governed by the scheme rules.

The most recent formal actuarial valuation of the Fund was carried out as at 31 December 2024. The funding position remains within the agreed standard parameters of the rules. As a result, the states resolved to set a rate at the agreed 7.5%.

For the disclosures as at 31 December 2024 we have determined the Defined Benefit Obligation based on the actuarial valuation of the Fund as at 31 December 2023, projected forward to 31 December 2024, taking account of changes in benefit levels and market conditions.

Restriction of Access

As the Fund shows a shortfall, it has not been necessary for us to make any adjustments to the balance sheet items as a result of the restriction of asset requirements of IPSAS 39.

Funding Policy

The Fund is funded by means of regular contributions from employer and employee to cover the current benefit accrual, with the rates of employer contribution set after each triennial actuarial valuation. The funding method currently employed is the Projected Unit Method, which sets contribution rates based on the benefits expected to be accrued in the year following the valuation date. This contribution rate is then adjusted to take account of any surplus or shortfall in the Fund. The States of Guernsey determine the level of contributions payable to the Fund following advice from the Fund's actuary.
The same contribution rate for future benefit accrual is set for each of the employers participating in the Fund, except for Guernsey Electricity who operate their own Actuarial Accounts.

42.1. Nature of the Benefits provided by the States of Guernsey Public Servants' Pension Scheme (continued)

Discount Rate

The discount rate is the interest rate used to determine the present value of liabilities. IPSAS 39 indicates that the discount rate should have regard to the current rates of return on government bonds, high quality corporate bonds or by another financial instrument of a currency and term consistent with the Fund's liabilities. Under IPSAS 39, it is up to the Policy & Resources Committee which rate to adopt, so long as the rate reflects the time value of money (see BC9* in Appendix B of the IPSAS 39 standard).

Given that the previous disclosures adopted high quality corporate bond yields for the discount rate, it has been decided to continue to adopt high quality corporate bond yields in deriving the discount rate under IPSAS 39.

Fund Amendments

There have been no amendments to the Fund during the year and no special events have occurred.

42.2. Transactions relating to Retirement Benefits

The cost of retirement benefits is recognised in the Statement of Financial Performance when they are earned by employees, rather than when the benefits are eventually paid as pensions.

The following charges are included in the Statement of Financial Performance in the following line items:

	Note	2024 £'000s	2023 £'000s
Included in Pay Costs:			
Current service cost	6	27,354	25,145
Included Finance Charges and Other Costs:			
Net interest on net defined benefit liability/ (asset)	10	15,092	11,338
Total Post-Employment Benefits charged to Surplus or Deficit in the Statement of Financial Performance		**42,446**	**36,483**

*Basis for Conclusions

42.2. Transactions relating to Retirement Benefits (continued)

Remeasurements recognised in the Movement in Reserves Statement (under 'Accumulated Surplus/Deficits'):

	2024 £'000s	2023 £'000s
Actuarial gains/(losses) defined benefit obligation due to change in actuarial assumptions and experience adjustments	254,464	(122,187)
Return on Plan Assets – excluding amounts included in net interest on the net defined liability/(asset)	75,126	30,265
Total Post-Employment Benefits charged to surplus or Deficit in the Statements of Financial Performance	**329,590**	**(91,922)**

The Net Pension Liability (recognised in the Statement of Financial Position) is as follows:

	2024 £'000s	2023 £'000s
Pension Scheme Assets	1,638,710	1,529,552
Pension Scheme Liabilities	(1,682,698)	(1,890,372)
Net Asset/(Liability)	**(43,988)**	**(360,820)**

42.3. Assets and Liabilities in relation to Retirement Benefits

Reconciliation of present value of the scheme liabilities:

	2024 £'000s	2023 £'000s
Balance as at 1 January	**1,890,372**	**1,718,123**
Current Service Cost	27,354	25,145
Interest Expense	83,156	80,675
Contributions by members	21,197	18,998
Remeasurement of the net defined benefit liability/(asset):		
Actuarial gains/(losses) arising on liabilities from experience	26,218	68,433
Actuarial gains/(losses) arising from demographic assumptions	(2,831)	(32,370)
Actuarial gains/(losses) arising in financial assumptions	(277,851)	86,124
Benefits paid	(84,917)	(74,756)
Balance as at 31 December	**1,682,698**	**1,890,372**

Reconciliation of the present value of the scheme assets:

	2024 £'000s	2023 £'000s
Balance as at 1 January	**1,529,552**	**1,459,083**
Interest revenue	68,064	69,337
Contributions by members	21,197	18,998
Contributions by employer	29,688	26,625
Remeasurement of the net defined benefit liability/(asset):		
Return on plan assets (excluding amounts included in interest revenue or expense)	75,126	30,265
Benefits paid	(84,917)	(74,756)
Balance as at 31 December	**1,638,710**	**1,529,552**

The actual return on scheme assets in the year was a gain of £146.3m (2023: Gain of £100.8m).

42.4. Major Classes of Plan Assets

Reconciliation of present value of the scheme assets:

	2024 £'000s	2023 £'000s
Equities and Derivatives	655,484	642,411
Bonds and Fixed Interest Securities	508,000	305,910
Property	65,548	76,478
Alternatives	180,258	168,251
Private Market Investments	180,258	168,251
Cash	49,162	168,251
	1,638,710	**1,529,552**

All of the Fund's assets have a quoted market price in an active market. The Fund is invested in the States of Guernsey's bond.

Major categories of plan assets as a percentage of total plan assets.

The Pension Fund's assets consist of the following categories, by proportion of the total assets held:

	2024 %	2023 %
Equities and Derivatives	40	42
Bonds and Fixed Interest Securities	31	20
Property	4	5
Alternatives	11	11
Private Market Investments	11	11
Cash	3	11
	100	**100**

The States of Guernsey operates a Defined Contribution Account which holds balances for those staff that receive pensionable benefits in the form of defined contributions, as well as those members who have made additional voluntary contributions. This balance is held by third parties and administered by BWCI. As required under IPSAS 39, the disclosures exclude the value of the defined contribution (DC) section of the Fund as at 31 December 2024. We have therefore excluded the value of the DC section from both the assets and the liabilities.

The employer contributed £29.7m to the Fund from 1 January 2024 to 31 December 2024. Contributions by members of the Fund were £21.2m over the same period. Administration expenses paid from the Fund totalled £3.26m for the year from 1 January 2024 to 31 December 2024.

42.5. Significant Actuarial Assumptions used to determine the present value of the defined benefit obligation

	2024 £'000s	2023 £'000s
Assumptions:		
Longevity at 65 current pensioners		
Men	86	86
Women	89	89
Longevity at 65 for future pensioners		
Men	87	87
Women	90	90
Inflation/ Pension Increase Rate – Teachers' Scheme (UK CPI)	2.9%	2.7%
Inflation/ Pension Increase Rate - All Other Schemes	3.1%	3%
Salary Increase Rate	3.85%	3.75%
Discount Rate used to discount post-employment benefit obligations*	5.6%	4.5%

*See Note 42.1 - Discount Rate

42.6. Pension Assumptions Sensitivity Analysis

The following table illustrates the sensitivity of the Defined Benefit Obligation at 31 December 2024 to changes in the significant actuarial assumptions.

	Change in Assumption	Impact on Defined Benefit Obligation
Discount Rate	+ 0.10%	Decrease by 1.4%
Inflation	+ 0.25%	Increase by 3.3%
Salary Increases	- 0.50%	Decrease by 0.9%
Life expectancy + 1 year		Increase by 1.8%
Nil Commutation		Increase by 2.0%

42.7. Risks to which the Pension Plan exposes the States of Guernsey

The States of Guernsey is exposed to the risk that additional contributions will be required in order to recover the Fund as a result of poor experience. Some of the key factors that could lead to shortfalls are:

- **Investment performance –** the return achieved on the assets may be lower than expected.
- **Inflation –** inflation could be higher than expected, resulting in higher benefits than expected.
- **Mortality –** members could live longer than foreseen. This would mean that benefits are paid for longer than expected, increasing the value of the related liabilities.
- **Options for Members –** members may exercise options resulting in unanticipated extra costs.

In order to assess the sensitivity of the Fund's pension liability to these risks, sensitivity analyses have been carried out. Each sensitivity analysis is based on changing one of the assumptions used in the calculations, with no change in the other assumptions. The same method and calculation has been applied to calculate the original pension liability and the results are presented in comparison to that liability.

It should be noted that in practice it is unlikely that one assumption will change without a movement in other assumptions; there may also be some correlation between some of these assumptions. It is further noted that the value placed on the liabilities does not change on a straight line basis when one of the assumptions is changed. For example, a 2% change in an assumption will not necessarily produce twice the effect on the liabilities of a 1% change.

42.8. Impact on the States' Cash Flows

The Fund is funded by means of regular contributions to cover the current benefit accrual, with the rates of contribution set after each triennial actuarial valuation. The funding method currently employed is the Projected Unit Method, which sets contribution rates based on the benefits expected to be accrued in the year following the valuation date. This contribution rate is then adjusted to take account of any surplus or shortfall in the Fund if outside the agreed benchmark. The States of Guernsey determine the level of contributions payable to the Fund following advice from the Scheme's actuary. The same contribution rate for future benefit accrual is set for each of the employers participating in the Fund, except for employers who operate their own Actuarial Accounts.

42.9. Asset-Liability Matching Strategies

There are no asset-liability matching strategies operated in the pension scheme.

43. Previous Basis of Accounting and IPSAS

43.1. Reconciliation between Net Assets/Equity under the Previous Basis of Accounting to the opening balance of Net Assets/Equity at the date of adoption of IPSAS

First Time Adoption of IPSAS

These financial statements, including the comparatives, have been prepared in accordance with International Public Sector Accounting Standards. Previously published financial statements have been prepared in accordance with stated accounting policies adopted by the States of Guernsey. This appendix shows the adjustments required to the balances reported as at 31 December 2023 under the previous accounting policies and how it has affected the reported financial position and the financial performance for the year ended 31 December 2023.

The date of first-time adoption of International Public Sector Accounting Standards is 1 January 2024.

The Group applied IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS) in preparing these first IPSAS consolidated financial statements.

Reconciliation between the States of Guernsey Statement of Financial Position as at 31 December 2023 in accordance with its previous basis of accounting, and the Group Statement of Financial Position as at the date of adoption of IPSAS on 1 January 2024 is presented in the table below:

43. Previous Basis of Accounting and IPSAS (continued)

	SOG Closing Statement of Financial Position 31 Dec 2023 £'000s	Presentation and Alignment £'000s	SOG Re-formatted Closing Statement of Financial Position at 31 Dec 2023 £'000s	IPSAS Adjust-ments £'000s	SOG IPSAS Adjusted SoFPOS at 31 Dec 2023 £'000s	Change to Group Boundary £'000s	Defined Benefit Pension Fund Adjustment £'000s	Eliminations on Consol-idation £'000s	Group Opening Position at 1 Jan 2024 £'000s
Column	A	B	C	D	E	F	G	H	I
Assets									
Non-Current Assets									
Investments	1,691,177	(1,691,177)	**-**	-	**-**	-	-	-	**-**
Property, Plant and Equipment	1,580,675	44,249	**1,624,924**	-	**1,624,924**	807,937	-	-	**2,432,861**
Shareholdings in States' Trading Entities	508,558	(508,558)	**-**	-	**-**	-	-	-	**-**
Receivables	151,012	(151,012)	**-**	-	**-**	-	-	-	**-**
Investment Properties	72,079	-	**72,079**	-	**72,079**	23,697	-	-	**95,776**
Intangible Assets	-	-	**-**	-	**-**	6,034	-	-	**6,034**
Investments accounted for using the Equity Method	-	3,000	**3,000**	(136)	**2,864**	-	-	-	**2,864**
Receivables from Exchange Transactions	-	-	**-**	9,367	**9,367**	-	-	-	**9,367**
Assets Under Construction	44,249	(44,249)	**-**	-	**-**	-	-	-	**-**
Other Financial Assets & Investments	-	2,354,354	**2,354,354**	116,609	**2,470,963**	5	-	(745,867)	**1,725,101**
	4,047,750	**6,607**	**4,054,357**	**125,840**	**4,180,197**	**837,673**	**-**	**(745,867)**	**4,272,003**
Current Assets									
Inventories	7,591	-	**7,591**	-	**7,591**	13,952	-	-	**21,543**
Receivables	184,339	(184,339)	**-**	-		-	-	-	**-**
Prepayments	8,148	(8,148)	**-**	-		-	-	-	**-**
Receivables from Exchange Transactions	-	40,453	**40,453**	2,091	**42,544**	47,643	-	(10,127)	**80,060**

43. Previous Basis of Accounting and IPSAS (continued)

	SOG Closing Statement of Financial Position 31 Dec 2023 £'000s	Presentation and Alignment £'000s	SOG Re-formatted Closing Statement of Financial Position at 31 Dec 2023 £'000s	IPSAS Adjust-ments £'000s	SOG IPSAS Adjusted SoFPOS at 31 Dec 2023 £'000s	Change to Group Boundary £'000s	Defined Benefit Pension Fund Adjustment £'000s	Eliminations on Consol-idation £'000s	Group Opening Position at 1 Jan 2024 £'000s
Column	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**I**
Receivables from Non-Exchange Transactions	-	128,979	**128,979**	-	**128,979**	-	-	-	**128,979**
Other Financial Assets & Investments	-	16,448	**16,448**	-	**16,448**	13,395	-	(17,697)	**12,146**
Cash and Cash Equivalent	3,636	-	**3,636**	-	**3,636**	15,587	-	-	**19,223**
	203,714	**(6,607)**	**197,107**	**2,091**	**199,198**	**90,577**	**-**	**(27,824)**	**261,951**
Liabilities:									
Current Liabilities									
Bank Overdraft	-	-	**-**	-	**-**	-	-	-	**-**
Trade and Other Payables	59,424	-	**59,424**	3,790	**63,214**	59,032	-	(10,127)	**112,119**
Taxes and Transfer Payable	-	-	**-**	-	**-**	-	-	-	**-**
Social Benefit Liabilities	-	-	**-**	-	**-**	-	-	-	**-**
Short Term Borrowing	30,000	-	**30,000**	-	**30,000**	13,710	-	(9,666)	**34,044**
Finance Lease Payables	-	-	**-**	-	**-**	-	-	-	**-**
Provisions	71	-	**71**	2,743	**2,814**	-	-	-	**2,814**
Other Financial Liabilities	38,603	-	**38,603**	-	**38,603**	3,527	-	(8,031)	**34,099**
Currency in Circulation	51,153	-	**51,153**	-	**51,153**	-	-	-	**51,153**
	179,251	**-**	**179,251**	**6,533**	**185,784**	**76,269**	**-**	**(27,824)**	**234,229**
Non-Current Liabilities							-		
Long Term Borrowing	318,596	-	**318,596**	-	**318,596**	192,551	-	(123,719)	**387,428**
Trade and Other Payable	-	-	**-**	-	**-**	5,339	-	-	**5,339**
Provisions	-	-	**-**	12,531	**12,531**	6,185	-	-	**18,716**
Defined Benefit Pension Obligation	-	-	**-**	-	**-**	-	360,820	-	**360,820**
	318,596	**-**	**318,596**	**12,531**	**331,127**	**204,075**	**360,820**	**(123,719)**	**772,303**
Net Assets	**3,753,617**	**-**	**3,753,617**	**108,867**	**3,862,484**	**647,906**	**(360,820)**	**(622,148)**	**3,527,422**

43. Previous Basis of Accounting and IPSAS (continued)

	SOG Closing Statement of Financial Position 31 Dec 2023	Presentation and Alignment	SOG Re-formatted Closing Statement of Financial Position at 31 Dec 2023	IPSAS Adjust-ments	SOG IPSAS Adjusted SoFPOS at 31 Dec 2023	Change to Group Boundary	Defined Benefit Pension Fund Adjustment	Eliminations on Consol-idation	Group Opening Position at 1 Jan 2024
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Column	A	B	C	D	E	F	G	H	I
Reserves									
General Reserve	496,874	-	**496,874**	330	**497,204**	445,084	(101,780)	184,395	**1,024,903**
Bond Reserve	(71)	-	**(71)**	-	**(71)**	-	-	-	**(71)**
Core Investment Reserve	168,620	-	**168,620**	-	**168,620**	-	-	-	**168,620**
States Controlled Entities Reserve*	487,112	-	**487,112**	116,609	**603,721**	-	-	(603,721)	**-**
Guernsey Insurance Fund	736,847	-	**736,847**	-	**736,847**	-	-	-	**736,847**
Long-Term Care Insurance Fund	151,093	-	**151,093**	-	**151,093**	-	-	-	**151,093**
Accounting Adjustment Account	1,713,142	-	**1,713,142**	(8,072)	**1,705,070**	-	(259,040)	-	**1,446,030**
Share Capital-Owned Entities	-	-	**-**	-	**-**	202,822	-	(202,822)	**-**
Total Reserves	**3,753,617**	**-**	**3,753,617**	**108,867**	**3,862,484**	**647,906**	**(360,820)**	**(622,148)**	**3,527,422**

The following analysis provides further information in connection with the adjustments (in columns B-H) made to the States of Guernsey's separate Statement of Financial Position, prepared under its modified accruals basis of accounting (in Column A), to the IPSAS compliant consolidated financial statements as at the date of adoption of IPSAS on 1 January 2024 (in Column I).

- **Column A** - represents the Statement of Financial Position of the States of Guernsey's, consistent with the format presented in the 31 December 2023 published financial statements.

- **Column B** - sets out the various adjustments required to align the presentation of line items in Column A with the new format for the Statement of Financial Position under IPSAS. These adjustments do not change the overall results presented.

43. Previous Basis of Accounting and IPSAS (continued)

Column B Presentation & Alignment	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Amounts adjusted against reserves General Reserves	States' Controlled Entities Reserve*	Accounting Adjustments	Share Capital
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Reclassify the following Non-Current Assets to 'Other Financial Assets & Investments' established under the revised format for the Statement of Financial Position								
Investments	-	(1,691,177)	-	-	-	-	-	-
Shareholdings in States' Trading Entities	-	(508,558)	-	-	-	-	-	-
Receivables	-	(151,012)	-	-	-	-	-	-
Investments accounted for using Equity Method	-	3,000	-	-	-	-	-	-
Other Financial Assets & Investments (Non-Current)	-	2,354,354	-	-	-	-	-	-
Net Total - representing loan to group member re-classified from current assets - included in Other Financial Assets & Investments line	**-**	**6,607**	**-**	**-**	**-**	**-**	**-**	**-**
Amalgamate Assets Under Construction with Property, Plant & Equipment								
Property, Plant & Equipment	-	44,249	-	-	-	-	-	-
Assets under Constructions	-	(44,249)	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reclassify the following Current Assets to new line items established under the revised format for the Statement of Financial Position								
Receivables	(184,339)	-	-	-	-	-	-	-
Prepayments	(8,148)	-	-	-	-	-	-	-
New line items								
Receivables from Exchange Transactions	40,453	-	-	-	-	-	-	-
Receivables from Non-exchange Transactions	128,979	-	-	-	-	-	-	-
Other Financial Assets & Investments	16,448	-	-	-	-	-	-	-
Net Total - representing loan to group member re-classified to Non-current Assets	**(6,607)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Impact on The States of Guernsey's Net Assets & Reserves	**(6,607)**	**6,607**	**-**	**-**	**-**	**-**	**-**	**-**

43. Previous Basis of Accounting and IPSAS (continued)

- **Column C** - reports the Statement of Financial Position of the States of Guernsey as at 31 December 2023 presented under the new IPSAS format for the Statement of Financial Position.
- **Column D** - represents adjustments required to the States of Guernsey's 31 December 2023 published financial statements to comply with the accounting requirements under IPSAS. Prior year adjustments have been charged against the Accounting Adjustment Reserve and the States' Controlled Entities Reserve*. These adjustments include:

Column D **Adjustments required to align States of Guernsey's separate financial statements with IPSAS**	**Current Assets**	**Non-current Assets**	**Current Liabilities**	**Non-current Liabilities**	**Amounts adjusted against reserves**			
					General Reserves	**States' Controlled Entities Reserve***	**Accounting Adjustments**	**Share Capital**
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
(i). Investments accounted for using the Equity Method - The States' interest in the joint venture (JV), Condor VesselCo Limited								
See Note 1 below for further information								
States' 50% share of JV deficit for 2023	-	(136)	-	-	(136)	-	-	-
	-	**(136)**	**-**	**-**	**(136)**	**-**	**-**	**-**
(ii). Provisions								
See Note 2 below for further information.								
Provisions recognised on 1 January 2023	-	-	(3,087)	(11,823)	-	-	(14,910)	-
Increase in provisions during 2023	-	-	344	(708)	(364)	-	-	-
	-	**-**	**(2,743)**	**(12,531)**	**(364)**	**-**	**(14,910)**	**-**
(iii) Provisions Reimbursements by 3rd Parties								
See Note 3 below for further information.								
Insurance claim recoveries recognised on 1 January 2023	2,255	8,453	-	-	-	-	10,708	-
Increase/(decrease) in Insurance claim recoveries during 2023	(164)	914	-	-	750	-	-	-
	2,091	**9,367**	**-**	**-**	**750**	**-**	**10,708**	**-**

43. Previous Basis of Accounting and IPSAS (continued)

Column D Adjustments required to align States of Guernsey's separate financial statements with IPSAS	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Amounts adjusted against reserves			
					General Reserves	States' Controlled Entities Reserve*	Accounting Adjustments	Share Capital
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
(iv). Holiday Pay Accrual								
See Note 4 below for further details.								
Holiday pay accrual recognised on 1 January 2023	-	-	(3,870)	-	-	-	(3,870)	-
Decrease in Holiday pay accrual during 2023	-	-	80	-	80	-	-	-
	-	**-**	**(3,790)**	**-**	**80**	**-**	**(3,870)**	**-**
Guernsey Housing Association LBG								
See Note 5 below for further information.								
Investment in GHA recognised on 1 January 2023	-	111,286	-	-	-	111,286	-	-
Adjustment to investment in GHA during 2023	-	(888)	-	-	-	(888)	-	-
Guernsey Ports								
See Note 6 below for further information.								
Adjustment to the States investment in Guernsey Ports at 1 January 2023	-	5,027	-	-	-	5,027	-	-
Adjustment to investment in Guernsey Ports during 2023	-	1,184	-	-	-	1,184	-	-
	-	**116,609**	**-**	**-**	**-**	**116,609**	**-**	**-**
Impact on The States of Guernsey's Net Assets & Reserves	**2,091**	**125,840**	**(6,533)**	**(12,531)**	**330**	**116,609**	**(8,072)**	**-**

* The States' Controlled Entities Reserve is relevant only to the States of Guernsey Separate Financial Statements and is eliminated on consolidation.

43. Previous Basis of Accounting and IPSAS (continued)

Note 1

The States' is required to account for its 50% interest in the joint venture (JV)*, Condor VesselCo Limited using the equity method. This means that the States initially records its investment in the JV at cost and subsequently adjusts this value to reflect its proportionate share of the surplus or deficits made the JV. To comply with this requirement, an adjustment of £136k, representing the States' 50% share of Condor VesselCo's deficit for 2023, has been made to the investment in the JV.

Note 2

Additional provisions have been recognised which relate primarily to known and anticipated liabilities on claims under the States' insurance arrangement.

Note 3

An asset has been recognised for anticipated liabilities on claims under the States' insurance arrangements that are virtually certain to be settled by the insurer.

Note 4

The States' permits its employees to carry forward some of their unused holiday entitlement to the following year, which requires an accrual for the expected cost of such unused holiday entitlements to be recognised. The amount is based on an assessment of the remuneration that will be paid when the entitlement is used.

Note 5

The value of the States' investment in its wholly owned and controlled unincorporated trading entities was recognised in the States' 31 December 2023 financial statements with the opening position of investments restated for 2022. This was with the exception of the Guernsey Housing Association LBG (GHA), which is also a controlled entity of the States of Guernsey ("SoG") (consistent with the requirements of IPSAS 35 Consolidated Financial Statements).

In order to achieve a consistent accounting approach for all its controlled entities, the investment in the GHA has also been recognised in the States separate financial statements based on the net asset value of the GHA as at 31 December 2022.

Note 6

The value of the States' investment in Guernsey Ports has been restated to take account of Guernsey Ports' reclassification and increased valuation of land and buildings assets from operational assets to investment properties as well as the recognition of provisions. These changes impact the States opening 1 January 2023 investment in Ports' and the 2023 States' in-year impairment of Guernsey Ports.

43. Previous Basis of Accounting and IPSAS (continued)

- **Column E** - represents the Statement of Financial Position of the States of Guernsey as at 31 December 2023, adjusted to comply with IPSAS accounting requirements consistent with adjustments outlined in Column D
- **Column F** - introduces the assets, liabilities and reserves of the States' controlled entities on a line-by-line basis for the purposes of consolidating their results into the group financial statement. As the controlled entities report under FRS102, accounting policy adjustments have been made, as applicable, in order that the transactions and balances of the controlled entities are aligned with IPSAS requirements.
- **Column G** - represents the accounting adjustments required to align with *IPSAS 39 Employee Benefits* in connection with the States of Guernsey Public Servants' (defined benefit) Pension Scheme. This requires the group to recognise its net obligation (liability) in connection with the scheme in the Statement of Financial Position. This liability is calculated and confirmed by an external actuary. The net obligation represents the defined benefit liability (obligation) net of the scheme's assets (investments). These adjustments include:

Column G Adjustments required to recognise the States of Guernsey Public Servants' (defined benefit) Pension Scheme consistent with *IPSAS 39 Employee benefits*	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Amounts adjusted against reserves			
					General Reserves	States' Controlled Entities Reserve	Accounting Adjustments	Share Capital
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Net obligation re: States of Guernsey Public Servants' (defined benefit) Pension Scheme								
Net obligation recognised on 1 January 2023	-	-	-	(259,040)	-	-	(259,040)	-
Increase in net obligation during 2023	-	-	-	(101,780)	(101,780)	-	-	-
Impact on The States of Guernsey's Net Assets & Reserves	**-**	**-**	**-**	**(360,820)**	**(101,780)**	**-**	**(259,040)**	**-**

43. Previous Basis of Accounting and IPSAS (continued)

- **Column H** - represents adjustments required to eliminate inter-group balances in order that the consolidated financial statements present the results of the group as a single reporting entity. These adjustments include:

Column H Adjustments required to eliminate Inter-Group balances	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Amounts adjusted against reserves			
					General Reserves	States' Controlled Entities Reserve	Accounting Adjustments	Share Capital
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Other Financial Assets & Investments								
Elimination of Inter-Company Loans; Borrowings & Debtors/Creditors arising from Inter-Entity Trading:								
To eliminate Inter-entity loans between States of Guernsey and Controlled Entities	(9,666)	(123,719)	9,666	123,719	-	-	-	-
Elimination of controlled entities' balances with States' Treasury	(8,030)	-	8,030	-	-	-	-	-
Elimination of inter-co balances resulting from trading between States of Guernsey and Controlled Entities	(10,127)	-	10,127	-	-	-	-	-
	(27,823)	**(123,719)**	**27,823**	**123,719**	**-**	**-**	**-**	**-**
Elimination of Investment in Controlled Entities against equity/owner contributions:								
To adjust the carrying value of the States of Guernsey's investment in it's controlled entities against the controlled entities' share capital and owner contributions		(622,148)			(184,395)	603,721		202,822
Impact on The States of Guernsey's Net Assets & Reserves	**(27,823)**	**(745,867)**	**27,823**	**123,719**	**(184,395)**	**603,721**	**-**	**202,822**

- **Column I** - represents the combined assets, liabilities and reserves of the States' of Guernsey and its controlled entities, presented as those of a single economic entity and aligned with IPSAS requirements.

44. Supporting Information to the Comparison of Budget and Actual Amounts

The reconciliation between actual amounts prepared under the Budget Framework and Revenue and Expenditure in accordance with the Group Statement of Financial Performance.

	Note	Total Revenues £'000s	Total Expenses £'000s	Other Gains & Losses £'000s	Total £'000s
Actual amount on a comparable basis as presented in the Budget and Actual Comparative Statement		**975,763**	**(1,061,246)**	**114,289**	**28,806**
Basis Differences	(i)	(184)	(16,152)	961	(15,375)
Presentation Differences	(ii)	486	(12,470)	11,984	-
Entity Differences	(iii)	202,780	(210,645)	1,389	(6,476)
Eliminations and Other Consolidation Adjustments	(iv)	(85,638)	98,695	-	13,057
Actual amount in the Statement of Financial Performance		**1,093,207**	**(1,201,819)**	**128,623**	**20,012**

Further analysis of reconciliation differences is shown below:

(i) Basis Differences

(Revenue expenditure & other gains/(losses) not included Corporate Report/Budget)

	Total Revenues £'000s	Total Expenses £'000s	Other Gains & Losses £'000s	Total £'000s
Impairment Losses on Financial Assets	-	(27)	-	**(27)**
FV Increase in Investment Property	-	-	672	**672**
Net Surplus on Equity Accounted Investments	-	-	289	**289**
Amortisation of Asset Specific Contributions	-	(3,237)	-	**(3,237)**
Contribution from Seized Asset Fund	-	(130)	-	**(130)**
Deferred Grants Amortisation	(184)	-	-	**(184)**
Defined Benefit Pension Costs (IPSAS 39 adjustments)	-	(12,758)	-	**(12,758)**
	(184)	**(16,152)**	**961**	**(15,375)**

(ii) Presentation Differences

(Presentation differences between Actual and Budget)

	Total Revenues £'000s	Total Expenses £'000s	Other Gains & Losses £'000s	Total £'000s
Finance Costs netted off against Investment Returns in Budget	-	(12,020)	12,020	-
Gross up Fees & Charges netted of against expenditure	258	(258)	-	-
Reclassification of Gains/ (Losses) on disposal of Non-Current Assets	-	36	(36)	-
Gross up Net Surplus on Trading Activities	228	(228)	-	-
	486	**(12,470)**	**11,984**	**-**

(iii) Entity Differences

(Entities & Programmes not included in the Budget)

	Total Revenues £'000s	Total Expenses £'000s	Other Gains & Losses £'000s	Total £'000s
Special Funds	14,781	(14,696)	803	888
Owned Entities (net of intra-entity eliminations)	187,999	(195,949)	586	(7,364)
	202,780	**(210,645)**	**1,389**	**(6,476)**

(iv) Eliminations and Other Consolidation Adjustments

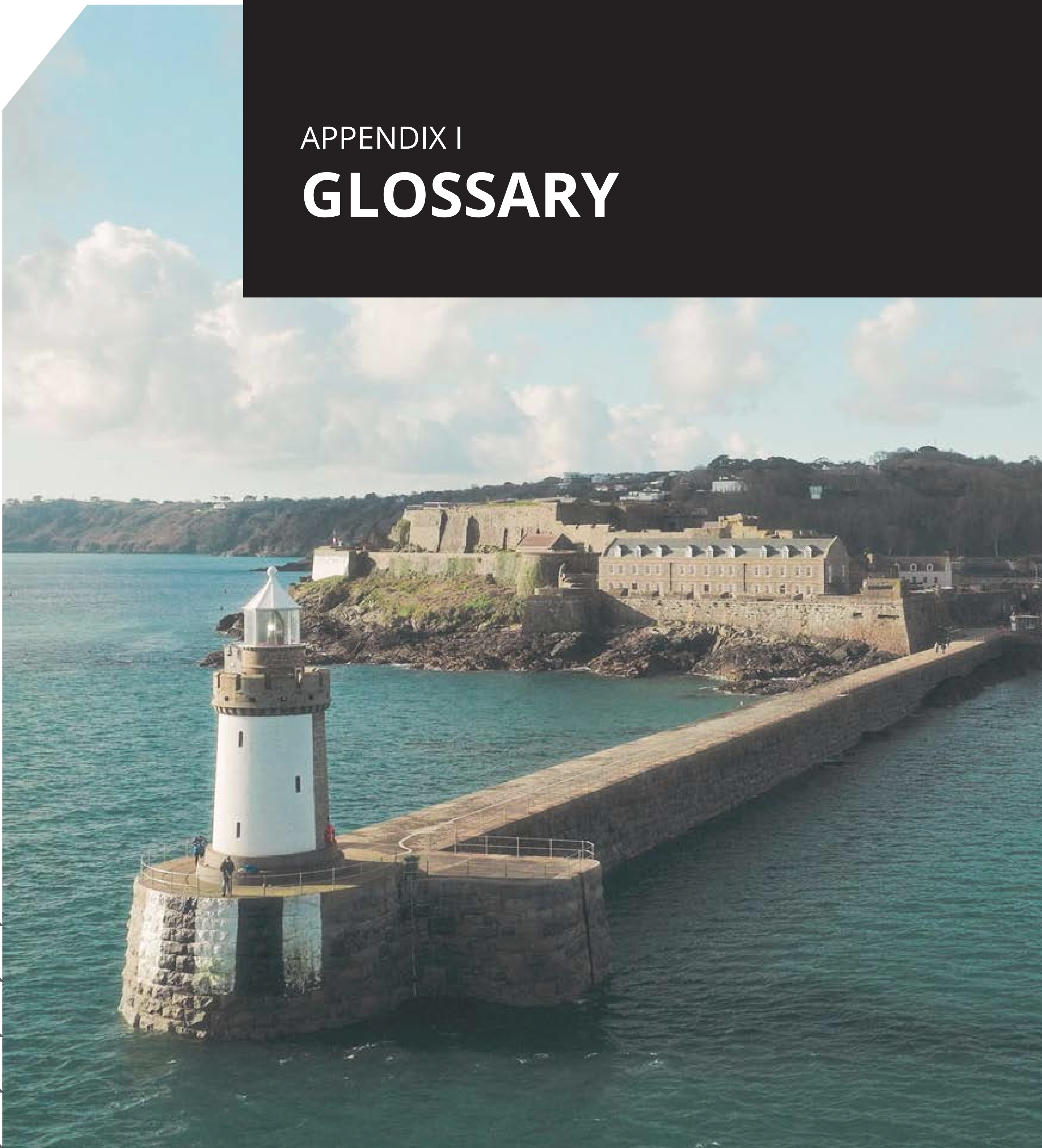
	Total Revenues £'000s	Total Expenses £'000s	Other Gains & Losses £'000s	Total £'000s
Eliminations:				
SOG Inter Committee Eliminations	(26,332)	26,332	-	-
Trading Entities Eliminations	(11,061)	11,061	-	-
Inter-Entity Trading Eliminations	(40,400)	40,400	-	-
Grant Payments to Group Members	(2,887)	2,887	-	-
Interest and Investment Income (Inter-Entity Transactions)	(4,958)	4,958	-	-
Other Consolidation Adjustments:				
Controlled Entity Impairments	-	13,057	-	13,057
	(85,638)	**98,695**	**-**	**13,057**

45. Events After the Reporting Date

On 13 March 2025 the GHA extended their Revolving Credit Facility with Butterfield Bank (Guernsey) Limited was extended from £15m to £30m on the same as the existing Revolving Credit Facility (Note 28). The facility will expire on 22 March 2027.

APPENDIX I

GLOSSARY



1. Accounting Boundary

The States of Guernsey group boundary (the 'accounting boundary'), hereafter known as "The Group" is made up of the Core Government, Unincorporated Trading Entities, and States' Controlled Incorporated Entities. Entities that fall within the accounting boundary but are immaterial to the financial statements, as a whole, have not been consolidated. Further details of the makeup of the accounting boundary can be found in Note 34.

2. Key Terms with Abbreviation in the Financial Statements

Committee *for* Home Affairs (CfHA):

A Principal Committee responsible for crime prevention, law enforcement, justice policy, immigration, population management, prison and probation, fire and rescue, trading standards, data protection, emergency planning, civil defence, lotteries and gambling, electoral roll.

Committee *for* Health & Social Care: (CfHSC):

A Principal Committee responsible for adult social care, welfare and protection of children, young people and families, prevention, diagnosis and treatment of acute and chronic diseases, illnesses and conditions, mental health, care of the elderly, health promotion, environmental health, public health.

Committee *for* Economic Development (CfED):

A Principal Committee responsible for the promotion and development of all sectors of business (e.g. tourism, construction, horticulture, retail, digital, manufacturing, finance), securing and promoting air and sea links, competition and regulation, broadcasting and media, and living marine resources (e.g. fishing).

Committee *for the* Environment & Infrastructure (CfE&I):

A Principal Committee responsible for planning appeals, strategic use plan, agriculture, farms, animal imports/exports, states vet, vale common, traffic signs and lines, bus contract, public service vehicles, driving tests, driving licences, vehicle registrations, road closures, road repairs, renewable energy, waste policy, marine policy, water policy, environmental policy, traffic policy, planning policy.

Committee *for* Education Sport & Culture (CfESC):

A Principal Committee responsible for education, apprenticeships, sport, leisure and recreation, libraries, museums, galleries and heritage, archaeology, the arts, island archives, civic celebrations including Liberation Day.

Committee *for* Employment & Social Security (CfESS):

A Principal Committee responsible for social insurance, pensions, social housing, income support, housing benefit, long-term care insurance, health and safety in the workplace, social inclusion including disability, industrial relations, legal aid.

General Investment Portfolio (GIP):

A portfolio of investments held by the States of Guernsey and managed by the States Investment Board ("SIB") in line with the Permitted Investment Rules set by the Policy and Resources Committee. This excludes the Public Servants' Pension Scheme Fund but includes the assets of the Long Term Care Insurance Fund, the Guernsey Insurance Fund, and a number of other Funds and Reserves.

In the context of these Financial Statements, the GIP also includes investments held in a cash fund that is utilised by the States for day-to-day treasury management. However, these funds are neither invested for the long term nor managed by the SIB and so are excluded from consideration in the context of the Treasurer's Report and the States Investment Board Annual Report.

States of Alderney (SoA):

The States of Alderney Government is carried out by the States of Alderney (the legislature), which consists of a President and ten States Members. Routine government is performed by three principal committees: Policy and Finance, General Services, and Building and Development Control. These three committees are run by States Members, and each committee works under a different mandate and has a separate budget. In addition, two members of the States of Alderney are nominated as representatives to the Guernsey States of Deliberation.

States of Deliberation (SoD):

The elected chamber of the States of Guernsey and decision-making authority.

States of Guernsey (SOG):

The States of Guernsey, officially the States of Deliberation and sometimes referred to as the Government of Guernsey, is the parliament and government of the British Crown dependency of Guernsey. For the purposes of these financial statements States of Guernsey is all central activities covering the administration, political and other activities of the government where they do not relate to a specific area.

States Trading Supervisory Board (STSB):

Shareholder responsibilities of incorporated trading bodies and management responsibilities of unincorporated trading bodies and commercial interests. The assets of STSB are held outside of the SOG. The board itself is part of General Revenue.

Policy & Resources Committee (P&R):

The senior committee of the States of Deliberation responsible for leadership and co-ordination of the work of the States, including developing and promoting the States' overall policy objectives and leading the policy planning process. P&R includes costs for:

- Central Activities, including Treasury, Strategy and Policy, Income Tax, Cadastre, Regulatory and Financial Crime Policy, External and Constitutional Relations

- P&R Corporate: including procurement, communications, data & analysis, finance, human resources, internal audit, vendor services, corporate customer services, and information systems and services

Public Servant's Pension Scheme (PSPS):

The defined benefit pension scheme governed by the rules as agreed by the SoD on 22nd May 2019, as amended from time to time.

Public Servant's Pension Scheme Investment Portfolio (PIP):

The portfolio of investments relating to the Public Servants' Pension Scheme assets.

3. Key Terms

Accruals Basis - is a basis of accounting under which transactions and other events are recognised when they occur, and not when cash or its equivalent is received or paid. Consequently, the transactions and events are included in the financial statements for the periods to which they relate.

Appropriation – the transfer of a balance between two or more reserves.

Assets - resources controlled by the States as a result of past events, and from which future economic benefits or service potential are expected to flow.

Aurigny Air Services Limited - during 2024 a reorganisation of the Cabernet Limited group took place. Anglo Normandy Aero Engineering Limited and Aurigny Air Services Limited were amalgamated with the surviving company being Aurigny Air Services Limited. Subsequent to this the shares held in Cabernet Limited were transferred to the States'. Cabernet Limited will be voluntarily struck off the company register in 2025.

Channel Islands Lottery (Guernsey) Fund - an earmarked reserve that is used to report income and expenditure associated with the operation of the Channel Islands Lottery.

Close Family Members – are defined as spouse or domestic partner; grandparents; grandchildren; parents; siblings; children both dependent and non-dependent; children of a common law spouse; spouse or domestic partner of a child; corresponding in-laws and step relatives; parent-in-law; and brother-in-law and sister-in-law. This is relevant when considering if transactions are with a related party.

Contingent Liability – A possible obligation that arises from past events, and whose existence will be confirmed only by uncertain future events not wholly within the control of the Group. The liability is not recognised as a financial liability within the Statement of Financial Position because it is not probable that payment will occur (in order to settle the liability) or the amount cannot be quantified with any sufficient reliability.

Consolidated Financial Statements – The consolidated financial statements present the results of the States of Guernsey, and its material controlled entities within the accounting boundary. Entities that fall within the accounting boundary but are immaterial to the financial statements, as a whole, have not been consolidated. More details can be found in Note 1(ii) and Note 38.

Controlled Entities - The States controls an entity if it has power over the entity; has exposure to variable returns from the entity and has the ability to affect those returns through its power over the entity. It is not necessary to own shares in an entity in order to have control. Guernsey Housing Association LBG is considered to be a controlled entity for the purposes of these financial statements. More details can be found in Note 38.1

Controlled Minor Entities – These are smaller entities which fall within the accounting boundary of the States of Guernsey but are immaterial to the group so are not consolidated into these financial statements. As they are immaterial to the group they would not have made any significant difference to the results or assets and liabilities if they had been included.

Core Government Committees – These are the Principal Committees of the States of Guernsey. They consist of Policy & Resources Committee, Committee *for* Economic Development, Committee *for* Employment & Social Security, Committee *for the* Environment & Infrastructure, Committee *for* Health & Social Care, Committee *for* Home Affairs and other Committees.

Core Investment Reserve – an earmarked long-term reserve, the capital value of which is only available to be used in the exceptional and specific circumstances of severe and structural decline in public sector finances or major emergencies.

Cost – the amount paid, or fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.

Coupon Payment – is the interest payment made by the States to the bond holders.

Credit Risk – the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency Risk – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Defined Benefit Obligation – Is the liability due in respect of the funding of the Public Servants' Pension Scheme.

Depositors – external parties and entities (not included in the Accounting Boundary) who place surplus funds with the States of Guernsey.

Earmarked Reserve - an amount that is set aside for a specific purpose.

Effective Interest Rate – a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest returns or charges over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument. These cash flows will consider all contractual terms of the financial instrument (including all fees, premiums, discounts and other transaction costs).

Exchange Transactions - are transactions where the group receives assets or services or has liabilities extinguished and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) in exchange. Details of exchange transactions are included in Note 1 (xii).

Financial Year/Reporting Period – the Group's financial statements are prepared for the twelve months ending 31 December 2024.

General Revenue - represents Policy and Resources (the Senior Committee), Principal Committees and Other Committees, Development and planning Authority, Transport Licensing Authority, Overseas Aid and Development Commission, States' Trading Supervisory Board, Royal Court, Law Officers, Pooled Budgets and COVID-19 and Personnel Support. General Revenue is funded by taxation.

Group – Group refers to core government and the other entities that fall within the group accounting boundary detailed in Note 34.

Government Work Plan (GWP) - is the States' integrated action plan which sets out the States' agreed priorities and actions for the political term. The GWP is revisited and updated regularly throughout the term.

Impairment - a reduction in value of an asset resulting from unexpected circumstances.

Insurance Deductible Reserve - an earmarked reserve that is used to fund expenditure on the self-insured element of insurance settlements that are paid during the financial year.

Intangible Asset – an identifiable non-monetary asset without physical substance. Examples of these types of assets are computer software or trademarks.

Interest Rate Risk – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Investment Property – property (land or buildings, or part of a building, or both) held to earn rentals or for capital appreciation or both, rather than for:

- Use in the production or supply of goods or services or for administrative purposes; or
- Sale in the ordinary course of operations.

IPSAS – International Public Sector Accounting Standards that are issued by the International Public Sector Accounting Standards Board (IPSASB). IPSAS is an internationally recognised financial reporting framework based on International Financial Reporting Standards used by commercial companies but adapted for public sector bodies.

Joint Venture – The Group is party to a joint venture that confers joint control over the relevant activities of the arrangement to the Group and another party. The joint venture means that the group only has rights to the net assets in accordance with its interest. The group financial statements for its interests in the joint venture using the equity method. Further details on the joint venture can be found in Note 17.

Key Management Personnel – Key Management personnel are those individuals having responsibility or authority for directing, controlling or influencing financial and operational decisions. For the purposes of these consolidated financial statements Key Management Personnel are:

- Deputies elected to the States of Deliberation
- Non-States Members of Committees and Boards
- Directors of the incorporated entities
- The Strategic Leadership Team of the States of Guernsey

Liabilities - present obligations of the Group arising from past events, the settlement of which is expected to result in a future outflow of assets.

Liquidity Risk – the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market Risk – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three different elements, namely currency risk, interest rate risk and other price risk.

Materiality - an item is material if its omission, non-disclosure or misstatement in the financial statements could be expected to lead to a distorted view given by the financial statements.

Movement in Reserves Statement – presents a reconciliation of the balances held in reserves at the start and the end of the financial year, and the summary changes that have come about during that reporting period.

Net Surplus / (Deficit) - The differences between how much revenue comes in, and how much expenditure goes out. A deficit means more has been spent than comes in. A surplus means more was raised than was spent. Net surplus / (deficit) includes all accounting transactions.

Non-Exchange Transactions – this type of transaction occurs when an entity either receives money or assets from another entity without directly giving goods or services of approximately equal monetary value in return or gives monetary value to another entity without directly receiving approximately equal value in exchange.

Non-Governmental Bodies – These are organisations that operate independently of government and typically are providing a service to the public. They often receive government funding in the form of grants. As an example, the Independent Colleges are Non-Government Bodies in the context of these financial statements.

Operating Surplus / (Deficit) – The differences between how much revenue comes in, and how much expenditure goes out. A deficit means more has been spent than comes in. A surplus means more was raised than was spent. An operating surplus / (deficit) does not take account of depreciation, finance gains/ losses or investments in subsidiaries.

Other Price Risk – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or the issuer, or factors affecting all similar financial instruments traded in the market. An example would be the fall or rise of share prices in an investment.

Property, plant and equipment (PPE) – are tangible items that:

- Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- Are expected to be used for more than one reporting period.

Related Parties – means parties are considered to be related if one party has the ability to (a) control the other party, or (b) exercise significant influence over the other party in making financial and operating decisions, or if the related party entity and another entity are subject to common control.

Related parties include:

a. Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by, the States of Guernsey
b. Associates
c. Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual
d. Key management personnel, and close members of the family of key management personnel; and
e. Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in (c) or (d), or over which such a person is able to exercise significant influence.

Reserves – collectively the total balances held within the reserves equate to the net assets of the Group as at 31 December.

Statement of Financial Performance - presents the total revenue income generated and expenditure incurred by the Group during the calendar year (in accordance with the accounting policies). This produces the surplus or deficit for the year. The Statement of Financial Performance was previously referred to as the Income and Expenditure Account.

Statement of Financial Position - presents the value, as at 31 December, of the assets, liabilities and other balances recognised by the Group (in accordance with the accounting policies). The Statement of Financial Position was previously referred to as the Balance sheet.

States' Controlled Incorporated Entities – these are the companies that are controlled by the States of Guernsey and to whom the States Trading Supervisory Board acts a shareholder. These are Guernsey Electricity Limited, Guernsey Post Limited and Aurigny Air Services Limited and Guernsey Housing Association LBG.

States' Unincorporated Trading Entities – these are the States Trading Supervisory Board unincorporated trading entities, which are: Guernsey Water, Guernsey Ports, States Works, Guernsey Dairy and Guernsey Waste.

Taxable Event – an event that the States have determined will be subject to taxation and result in a liability for either an individual or external entity.

The States - represent Policy and Resources (the Senior Committee), Principal Committees and Other Committees and funds as defined within the glossary, Appendix I.

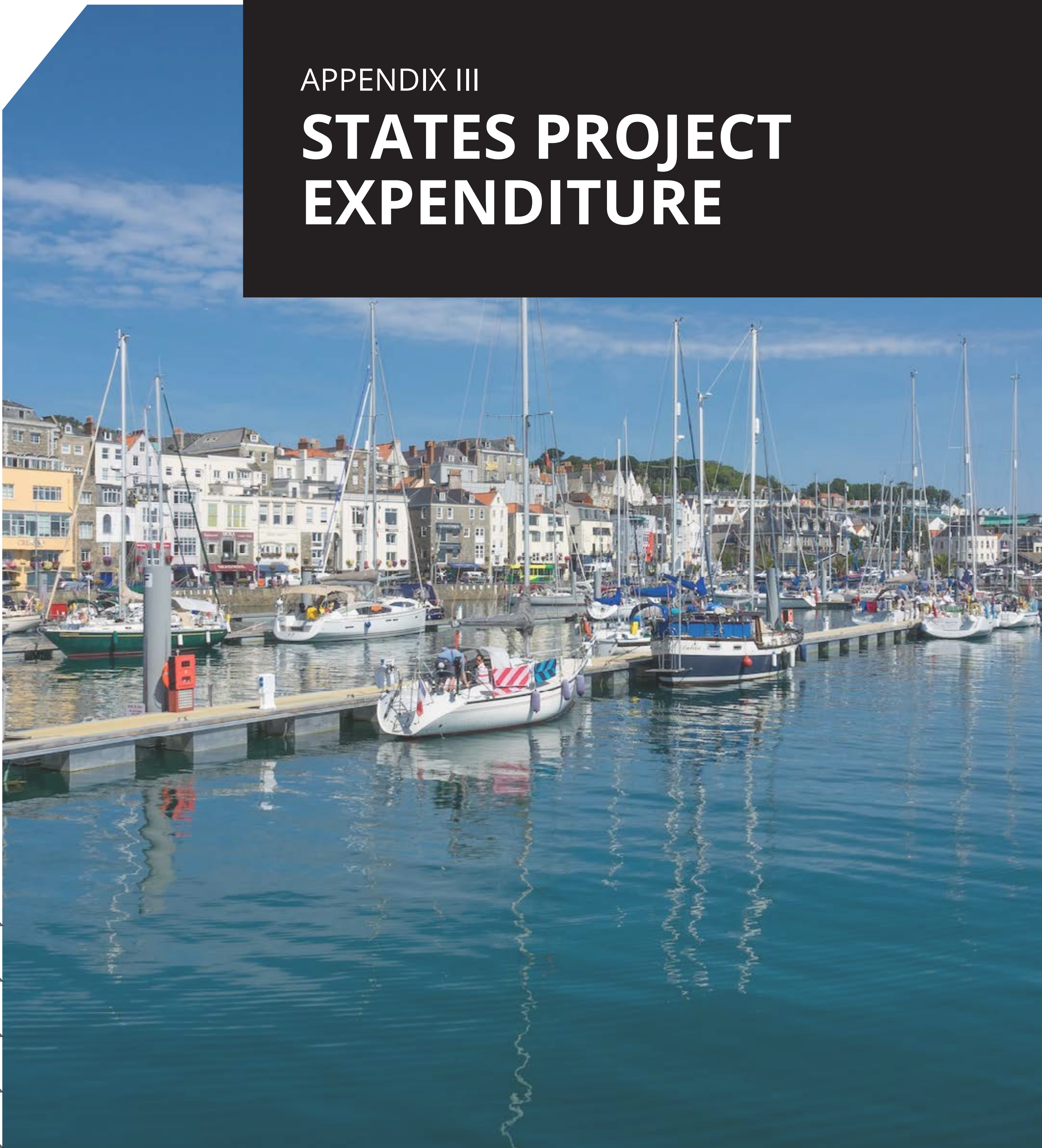
APPENDIX II

PAY COSTS & FTE

Committees	2024 Actual £'000s	2024 Average FTE	2023 Actual £'000s	2023 Average FTE
Corporate Service	35,441	623	32,052	601
Committee *for* Economic Development	4,316	60	4,175	63
Committee *for* Education, Sport & Culture	70,084	1,240	65,455	1,239
Committee *for* Employment & Social Security	3,726	60	3,645	63
Committee *for the* Environment & Infrastructure	3,331	51	2,783	46
Committee *for* Health & Social Care	132,360	2,185	124,107	2,118
Committee *for* Home Affairs	35,657	551	32,482	559
Policy & Resources Committee	9,733	139	8,975	136
Scrutiny Management Committee	511	6	484	6
Development & Planning Authority	2,440	35	2,288	35
Overseas Aid & Development Commission	62	1	36	-
States' Trading Supervisory Board	2,245	32	1,901	27
Royal Court	4,686	53	4,254	59
Law Officers	6,840	53	6,043	52
Pooled Budgets	570	8	480	7
	312,002	**5,097**	**289,160**	**5,011**
Other Functions				
Social Security Funds (Consolidated)	1,378	22	1,272	22
Channel Islands Lottery (Guernsey) Fund	80	1	75	1
Notes and Coins Trading Account	85	1	92	2
Controlled Entities Personnel	80,065	1,432	72,524	1,372
Major Projects (charged to General Revenue)	1,996	33	1,345	22
	83,604	**1,489**	**75,308**	**1,419**
Total expenditure reported as Pay Costs within the Statement of Financial Performance and equivalent FTE's	**395,606**	**6,586**	**364,468**	**6,430**
Major Projects (Assets Under Construction)	429	7	460	6
Total Pay Costs and Equivalent FTE's	**396,035**	**6,593**	**364,928**	**6,436**

APPENDIX III

STATES PROJECT EXPENDITURE



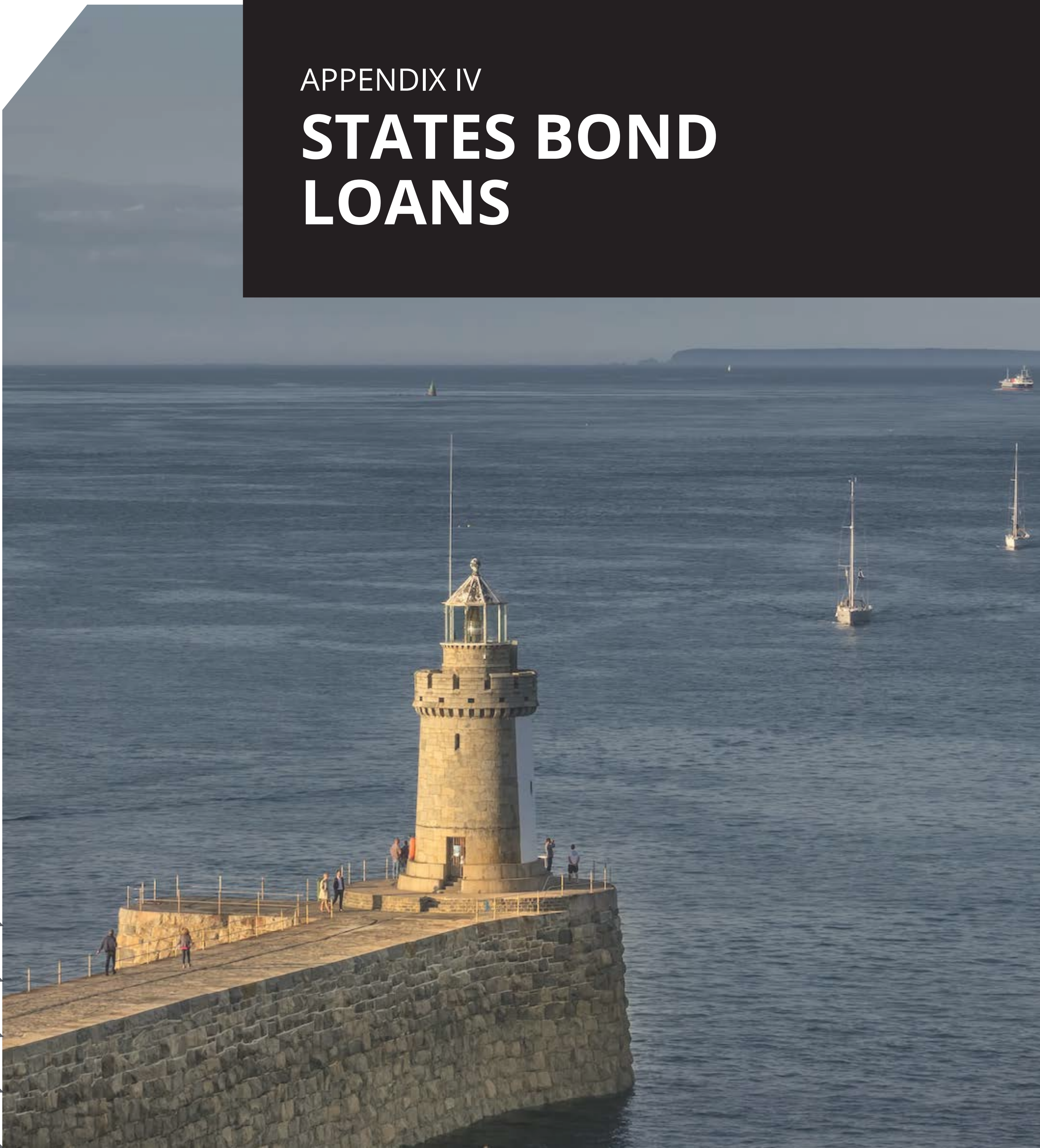
	2024 £'000s	2023 £'000s	GWP Spend to Date £'000s
Policy & Resources Committee			
Revenue Service Transformation Programme	2,792	5,190	11,210
IT Transformation	1,076	1,730	9,602
MyGov (Replacement of Network Infrastructure and Computer Hardware)	26	87	5,357
Guernsey Registry IT System Replacement	1,704	1,098	4,245
Cremator and Emissions Equipment	4	213	2,170
Dell Hardware (Replacement of ageing server by moving to new data centre)	105	1,912	2,017
Property Purchase - Avance Fleche	-	1,525	1,525
Sarnia Cherie Ballast Water Management System	-	-	1,045
Property Purchase - Le Friquet, Bailiffs Cross	-	900	900
Contributions System Replacement	105	145	796
MyGov Digital Platform	464	63	527
SAP IT System Upgrade	4	209	401
Property Rationalisation	106	99	375
Vive La Vallette (Grant)	-	-	250
Botanical Gardens (Grant)	-	16	199
Les Effards Land Purchase	-	160	160
Offshore Wind Project	138	-	138
Supply Chain Relocation	85	49	137
Leale's Yard Development	129	-	129
Future Digital Services (IT infrastructure)	-	92	91
St James LBG (Grant)	-	-	54
IT Transition	-	-	15
Committee *for* Economic Development			
MoneyVal Case Management	249	286	535
Seafront Enhancement Area	-	-	7
Committee *for* Education, Sport & Culture			
Transforming Education Digital	4,679	3,501	11,055
Les Ozouets Campus	1,769	518	6,018
Footes Lane Refurbishment	271	419	694
Transforming Education Programme Delivery Costs	-	(20)	290
Les Varendes Campus	80	-	80
TGI Digital Transformation	17	-	17

	2024 £'000s	2023 £'000s	GWP Spend to Date £'000s
Committee *for* Employment & Social Security			
Funding Affordable Housing	-	-	6,500
Committee *for the* Environment & Infrastructure			
Digital Infrastructure	3,284	2,225	7,178
St Sampsons Flood Defences	30	-	30
Fermain Wall Repair	-	10	10
Royal Court			
Digital Court	238	327	910
Committee *for* Health & Social Care			
Hospital Modernisation – Phase 1	6,470	16,405	32,639
Electronic Patients Record	5,245	2,806	9,382
Clinical & Animal Waste Solution	2,828	172	3,099
Radiology Equipment Replacement	-	-	813
Lockdown Exit 5c	-	-	398
Covid-19 Vaccination Programme	-	-	133
Children & Families Hub Project	36	-	36
Covid-19 Surveillance Testing	-	-	29
La Vielle Plage	10	-	10
Committee *for* Home Affairs			
Upland Road Business Centre Refurbishment	2,078	3,553	6,714
Tetra Public Safety Network	111	110	1,556
St Sampson Fire Main	-	-	574
Home Affairs Estate Rationalisation	-	-	142
Leopardess Refurbishment Project	118	-	118
Future Refuge Provision	32	-	32

	2024	2023	GWP Spend to Date
	£'000s	£'000s	£'000s
States' Trading Supervisory Board			
Guernsey Airport Hold Baggage System	37	166	4,984
Mont Crevelt Breakwater Reinstatement	24	103	1,314
Alderney Airport Runway Rehabilitation	377	396	1,111
Havelet Slip Repairs	-	(44)	434
Future Guernsey Dairy	18	-	347
Airport Pavements Rehabilitation	49	-	283
Repair/Replacement of Castle Bridge	105	54	173
Future Harbour Requirements	-	-	167
Environment impact Assessment - Land	-	(8)	105
Household Waste Recycling Centre	-	-	24
Airport Radar Replacement	-	-	24
St Peter Port Harbour Crane Strategy	-	-	2
Waste Transfer Station	(3)	-	(8)
Total Major Project Costs	**34,890**	**44,467**	**139,402**
Routine Capital Projects			
Property Maintenance and Minor Works	12,724	9,908	36,614
Information Technology	2,573	3,271	10,336
Vehicles and Other Equipment	2,953	2,868	9,720
Medical Equipment	2,585	1,423	6,683
	20,835	**17,470**	**63,353**
Total Project Costs	**55,725**	**61,937**	**202,755**

APPENDIX IV

STATES BOND LOANS

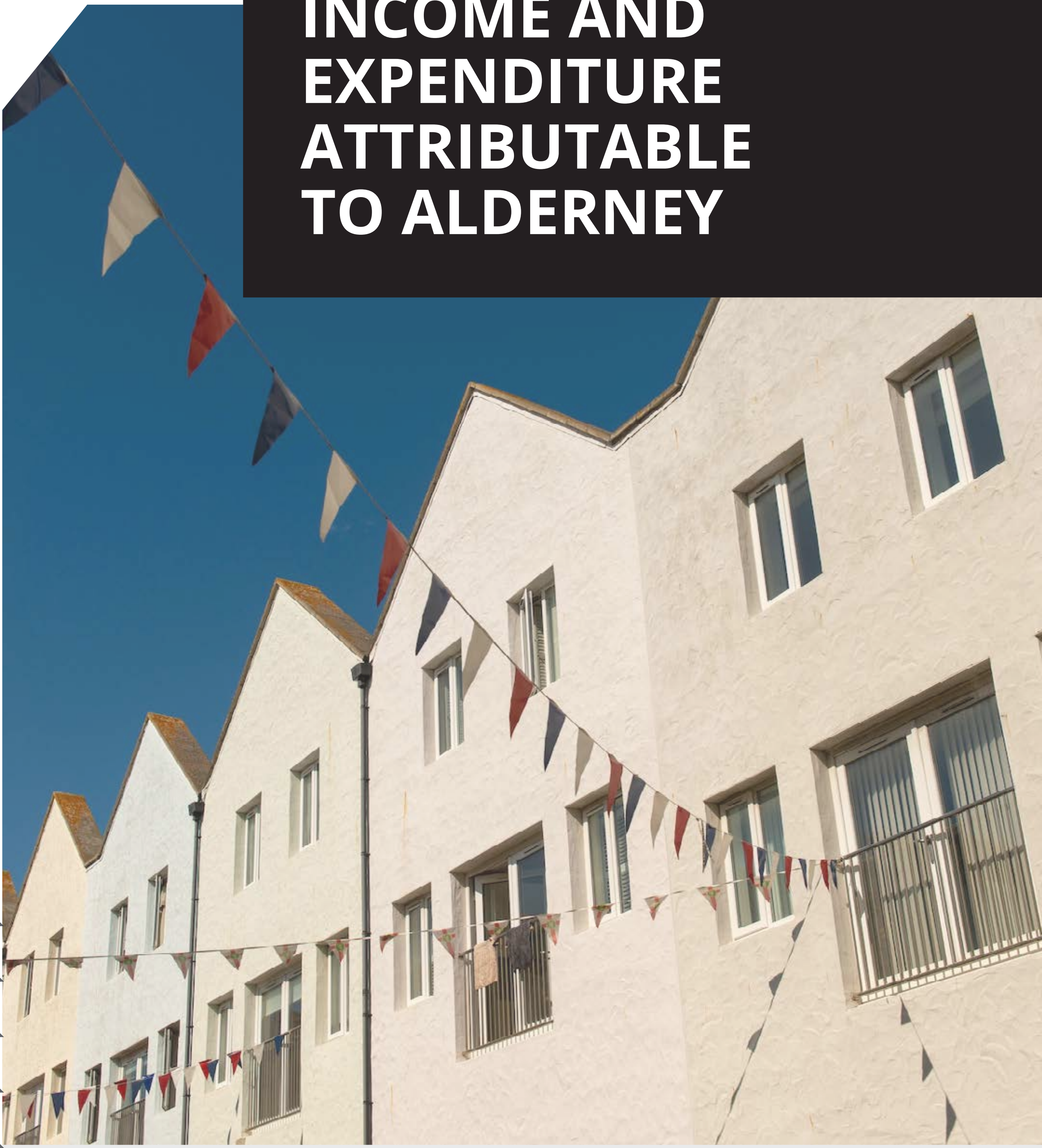


The following loans from the proceeds of the States of Guernsey bond issue were outstanding at the end of 2024.

Entity	Amount Agreed £m	Allocated or Outstanding 31/12/2024 £m	Contractual Repayment Date	Purpose
Approved in 2015				
Guernsey Housing Association LBG	51.0	41.1	2045	Refinancing of existing borrowings for social housing development
Guernsey Housing Association LBG	24.0	15.9	2036	Refinancing of existing borrowings for social housing development
Aurigny Air Services Ltd	27.1	3.1	2025	Refinancing of existing borrowings for the purchase of aircraft (plus purchase of a new Dornier aircraft)
JamesCo750 Ltd	13.1	6.7	2028	Refinancing of existing borrowings for the purchase of two tankships
Approved in 2016				
Aurigny Air Services Ltd	7.0	4.9	2028	Purchase of a new Dornier aircraft
Guernsey Housing Association LBG	5.1	4.1	2046	Development of social housing
Guernsey Housing Association LBG	10.0	8.4	2046	Development of social housing
Approved in 2017				
Guernsey Water	9.0	7.5	2046	Refinancing of Belle Greve Long Sea Outfall replacement
Approved in 2018				
Alderney Housing Association LBG	2.9	2.5	2046	Refinancing of existing borrowings for social housing development
Guernsey Dairy	0.8	0.6	2046	Site purchase
Guernsey Harbour	2.5	2.0	2039	Refinancing of works on Berths 4/5/6
Approved in 2019				
Guernsey Housing Association LBG	14.0	12.3	2046	Development of social housing
Guernsey Electricity Ltd	13.0	13.0	2045	Part-funding the replacement of the GJ1 cable
Approved in 2021				
General Revenue	160.0	140.0	2046	Part-fund the capital portfolio
Approved in 2022				
Guernsey Water	4.2	4.0	2046	Refurbish water treatment works
Guernsey Housing Association LBG	7.2	6.8	2046	Development of social housing
Approved in 2023				
Golf Course Management	0.8	0.8	2041	Installation of a replacement irrigation system
Condor VesselCo Ltd	26.0	23.3	2042	To purchase a new vessel
Approved in 2024				
Guernsey Water	3.9	3.8	2046	Investment in Capital Infrastructure
Total	**381.6**	**300.8**		

APPENDIX V

ANALYSIS OF INCOME AND EXPENDITURE ATTRIBUTABLE TO ALDERNEY



This Appendix, in line with the Resolutions from Billet d'Etat III, 2016, presents the best estimate figures for income derived from Alderney sources and expenditure incurred from the General Revenue on public services in Alderney.

Throughout this appendix, not all values are direct income/ expenditure but may be estimates or allocations based on assumptions. The following notations are used to support the reader:

***** - directly attributable
****** - indirect/ estimates

1. Analysis of Income & Expenditure Attributable to Alderney

	Note	2024 £'000s	2023 £'000s
Income			
Taxation & duty revenue received by the States of Guernsey	3	9,051	8,449
States of Alderney - Net Revenue Income	4	500	-
States of Alderney - Capital receipts *		10	88
Alderney Gambling Control Commission *		1,592	1,858
		11,153	**10,395**
Expenditure			
States of Alderney - Net Revenue Expenditure	4	-	(275)
States of Alderney - Capital Expenditure *		(894)	(1,467)
States of Alderney - Economic Development Allocation*		(300)	(300)
Transferred Services - Net Revenue Expenditure	5	(12,867)	(12,448)
Transferred Services - Capital Expenditure	6	(411)	(488)
Guernsey Based Expenditure Not Covered by the Transferred Services Agreement	7	(1,809)	(1,515)
Capital Expenditure Not Covered by the Transferred Services Agreement	8	(555)	(546)
Aurigny operating loss in respect of Alderney routes *		(2,541)	(1,971)
		(19,377)	**(19,010)**
Net Cost		**(8,224)**	**(8,615)**

Under the review of financial arrangements in 2016 (implemented in 2021), the States of Guernsey collects Fuel Duty and pays the receipts to the States of Alderney for use in revenue.

The Alderney Property Tax is administered in Guernsey on behalf of the States of Alderney. Alderney has a zero rating for TRP.

The States of Alderney collects and keeps its own Document Duty. The States of Alderney's residents pay Income Tax and Social Security contributions to the States of Guernsey, which constitute to funding the Transferred Services. Transferred Services cover Education, Police, Customs, Health Services, and Alderney Airport.

Following the changes in how third parties structure their eGaming Sector activities, providing a reliable estimate of the total direct gross economic contribution to the Bailiwick of the e-Gaming Sector in Alderney is currently not possible.

A new methodology factoring in these changes is being developed to enable this to be estimated from 2025.

Alderney Breakwater is covered under a separate agreement and not through transferred services.

2. Analysis of Social Security Attributable to Alderney

	2024 £'000s	2023 £'000s
Income		
Contributions		
Guernsey Insurance Fund **	2,788	2,815
Long-Term Care Insurance Fund **	663	657
	3,451	**3,472**
Benefits and Administration Costs		
Guernsey Insurance Fund **	(10,813)	(9,883)
Long-Term Care Insurance Fund **	(1,163)	(1,078)
	(11,976)	**(10,961)**
Investing Activities**	2,831	1,132
Net Cost	**(5,694)**	**(6,357)**

3. Taxation & Duty Revenue received by the States of Guernsey

	2024 £'000s	2023 £'000s
Income		
Income Tax*		
Individuals - ETI*	4,787	5,354
Individuals - Other*	3,106	1,839
Companies*	335	248
Banks*	18	25
Distributions*	54	150
	8,300	**7,616**
Customs - Excise and Import Duties **	751	833
	9,051	**8,449**

4. States of Alderney - Net Revenue Income / Expenditure

	2024 £'000s	2023 £'000s
Building and Development Control Services		
Expenditure *	143	134
Income *	(61)	(237)
	82	**(103)**
General Services Committee		
Expenditure *	2,129	2,050
Income *	(165)	(186)
	1,964	**1,864**
Policy and Finance Committee		
Expenditure *	1,666	1,640
Income *	(4,373)	(3,345)
	(2,707)	**(1,705)**
Economic Development Committee		
Expenditure *	166	225
Income *	(5)	(6)
	161	**219**
	(500)	**275**

5. Transferred Services - Net Revenue Expenditure

	2024 £'000s	2023 £'000s
Committee *for* Education, Sport & Culture		
St Anne's School *	1,794	1,859
Special Schools **	22	3
College of Further Education **	192	209
Higher Education **	40	72
Institute of Health & Social Care Studies **	2	28
Central support services and management **	152	142
Special Needs Support **	77	85
Other **	87	76
	2,366	**2,474**
Committee *for* Employment & Social Security		
Administration **	70	57
Legal Aid **	4	4
Severe Disability Benefit & Carers' Allowances **	347	292
Family Allowance **	146	136
Income Support Scheme **	1,194	1,110
	1,761	**1,599**
Committee *for* Health & Social Care		
Mignot Memorial Hospital*	2,503	2,395
Princess Elizabeth Hospital - inpatient**	628	592
Diagnostic Services and Hospital Administration**	1,154	1,268
Emergency & Day Patient Hospital Services**	280	257
Private patient income**	(461)	(403)
Children's Services**	54	86
Adult Services**	89	162
Acute Off islands treatment**	616	495
Management & Strategy**	642	568
	5,505	**5,420**
Committee *for* Home Affairs		
Law Enforcement*	1,291	1,183
States' Trading Supervisory Board		
Alderney Airport *	1,944	1,772
	12,867	**12,448**

6. Transferred Services - Capital Expenditure

	2024 £'000s	2023 £'000s
Policy & Resources Committee		
Alderney Airport - Control Tower Steps *	4	-
States' Trading Supervisory Board		
Alderney Airport - Runway *	377	396
Alderney Airport - Electronics & Other *	30	92
	407	**488**
	411	**488**

7. Net Revenue Expenditure Not Covered by the Transferred Services Agreement

	2024 £'000s	2023 £'000s
Corporate Services		
Digimap services **	(15)	(28)
Information Systems & Services **	607	465
Shared Services Centre **	21	18
States' Property Services **	45	39
Cadastre **	21	22
Alderney civil service *	88	58
Insurance **	81	71
	848	**645**
Committee *for* Economic Development *	**8**	**7**
Committee *for the* Environment & Infrastructure		
Alderney Breakwater *	125	130
Other *	(34)	(31)
	91	**99**

	2024 £'000s	2023 £'000s
Policy & Resources Committee		
Policy & Strategy **	39	37
External Affairs **	21	20
Payments to States Members **	45	51
HE Lieutenant Governor **	31	30
Revenue Service **	128	113
Treasury **	38	38
	302	**288**
Committee *for* Home Affairs		
Domestic Abuse Strategy *	15	7
Probation Service*	-	2
	15	**9**
**Scrutiny Management Committee ** **	**18**	**18**
**Overseas Aid & Development Commission ** **	**132**	**115**
**Law Officers ** **	**395**	**335**
	1,809	**1,515**

8. Capital Expenditure Not Covered by the Transferred Services Agreement

	2024 £'000s	2023 £'000s
Committee *for the* Environment & Infrastructure		
Alderney Breakwater *	555	546
	555	**546**

APPENDIX VI

USE OF DELEGATED AUTHORITY

The States financial procedures require the Policy & Resources Committee to report annually on the use of delegated financial authority.

1. Revenue Budget Increases

The Policy & Resources Committee approved the following increases in the 2024 revenue budgets from the Budget Reserve:

	£'000s
Pay Awards	**157**
Committee *for* Economic Development	
Guernsey Registry - roles	210
Committee *for* Education, Sport & Culture	
Turnover Factor	282
Active 8 - reallocation	295
Committee *for* Employment & Social Security	
Discrimination legislation implementation	201
Committee *for the* Environment & Infrastructure	
Bus contracts	200
Committee *for* Health & Social Care	
Turnover Factor	771
Policy & Resources Committee	
Sea Links – contingency	4,048
Sea Links – tender	1,200
Legal expenses	225
Revenue Service – income tax rate increase preparatory work	400
States' Trading Supervisory Board	
Alderney Airport Runway – Urgent Repairs	420
Miscellaneous Non-Recurring Cost Pressures	305
Total	**8,714**

2. Major Capital Projects

The following projects within the Major projects portfolio agreed by the States of Guernsey have been approved and funded from the General Revenue Reserve:

	£'000s
Transforming Education Programme	10,108
Electronic Patient Record	6,900
Clinical & Animal Waste Solution	5,385
Hospital Modernisation - (Phase 1)	1,351
Offshore Wind Project	745
Revenue Service Programme	717
Children & Family Services HUB	614
SAP Roadmap Seed Funding	474
Guernsey Registry IT Replacement	444
SMART Court	411
Fermain Wall Repair	310
Future Refuge Provision	300
Upland Road Business Centre Refurbishment	300
St Sampsons Enabling Flood Defences	290
My Gov Digital	275
Central Stores	250
Bridge Regeneration - Leale's Yard	175
Financial Crime Case Management	91
Home Affairs Estate Rationalisation	86
Alderney Airport Pavements Rehabilitation	38
Total Major Capital Projects	**29,264**

3. Routine Capital Projects

The following projects have been approved and funded from General Revenue:

	£'000s
Housing	
Committee *for* Employment & Social Security	
Housing Modernisation projects – Refurbishment	1,100
General Roofing	141
Chimney & Structural Works	110
Project Management & Delivery	60
Other (less than £50,000 per project)	169
	1,580

Information Technology	
Policy & Resources Committee	
Gov.gg Replacement	930
CMS for DAISY & PIMS	452
Immutable Storage	280
OECD Pillars 1 & 2 Reporting	250
Diverse Resilience	125
MIS Replacement - SMART Extension	115
Cisco Catalyst Routers	110
Pay360 V14	95
Returns Creator Amendments	92
Automated Electoral Roll	90
Infrastructure Resilience	65
Regulatory Case Management	60
TETRA	53
Enterprise Assurance	50
Network TM	50
Service Management Support	50
Other (less than £50,000 per project)	407
	3,274

Committee *for* Education Sport & Culture	
Education IT Infrastructure	**305**
Committee *for* Home Affairs	
SARC Specialist Equipment	57
Additional Application Licencing	50
Other (less than £50,000 per project)	49
	156
Total Information Technology	**3,735**

Medical Equipment	
Committee *for* Health & Social Care	
Oxygen PSA Units	681
Endoscope Washers	319
Slide Scanner	250
Tilt-In-Space Chairs	61
Disposal and Asset Remarketing	53
Fridges & Freezers – SAL	50
Other (less than £50,000 per project)	330
Total Medical Equipment	**1,744**

Property Maintenance and Minor Works	
Policy & Resources Committee	
Town Arsenal - W Elevation Damp Remedial	788
Refurbishment of SCFH	222
Town Arsenal – Auto Door Replacement 2024	195
Police Station - Replace Beaumont Generator	60
Boundary Wall Repointing Programme	50
Other (less than £50,000 per project)	149
	1,464
Committee *for* Education, Sport & Culture	
LBHS Heatpumps	450
Capelles Infants - children's toilets	222
Les Varendes - External Doors	210
Fire Safety & Site Security Various Sites	176
Vauvert Primary Toilets KS1	146
Amherst Infant Building - Boys Toilets	132

Education Estate Boundary Fencing	125
Capelles Roof - Junior Building	96
Les Beaucamps - CIAS Base	87
Les Varendes Toilets Phase 2 of 3	75
EDU Fire Safety & Site Security	66
Vauvert School Classroom Refurbishment	60
Les Varendes - Pavilion Refurbishment	57
Priaulx Library Central Staircase	54
La Mare - Sixth Form Centre	50
Les Varendes Six Form Boiler Replacement	50
Other (less than £50,000 per project)	120
	2,176
Committee *for the* Environment & Infrastructure	
Clarence Battery & Rear of Aquarium Works	914
Alderney Breakwater Dive Survey 2023-2026	568
Alderney Breakwater Concrete Facing 2023-2026	91
Other (less than £50,000 per project)	15
	1,588
Committee *for* Health & Social Care	
OHM F-Switch Replacement	120
Estates Corridor Steam Main	113
On-Call Bedroom	83
States Analyst Lab Chillers	75
PEH Generators	70
PEH Air Handling Units	62
Other (less than £50,000 per project)	310
	833
Committee *for* Home Affairs	
DBHQ Reconfig. of Int Spaces and Storage	453
DBHQ Roofing & External Repair	313
Firefighter PPE Decontamination/Laundry Facilities	160
Prison Alarm System	120
Exhaust Extraction (LEV) System at the Fire Station	75
Prison Hot Water	69
Prison Wings Cell Windows / Ventilation	65
Police HQ - Custody (Phase 2)	56
Other (less than £50,000 per project)	186
	1,497

Royal Court	
Damp Ingress South Gable	60
Other (less than £50,000 per project)	2
	62
States' Trading Supervisory Board	
Other (less than £50,000 per project)	17
Total Property Maintenance and Minor Works	**7,637**

Coastal Repairs	
Committee *for the* Environment & Infrastructure	
Salerie Piers Repointing	310
Admiral Park North Sheet Pile Replacement	230
Seawall Repointing 2024 - Route de La Lague	205
Site Investigation Works	70
Other (less than £50,000 per project)	2
Total Coastal Repairs	**817**

Vehicles & Other Equipment	
Policy & Resources Committee	
Other (less than £50,000 per project)	**19**
Law Officers	
Other (less than £50,000 per project)	**25**
Committee *for* Education, Sport & Culture	
Other (less than £50,000 per project)	**121**
Committee *for* Environment & Infrastructure	
Rolling Bus Replacement Programme	250
Replacement Chillers at Abattoir	81
Other (less than £50,000 per project)	19
	350
Committee *for* Health & Social Care	
States Analytical Lab - SAL-LC-MSMS	291
HSC Vehicles	50
Other (less than £50,000 per project)	135
	476

Committee *for* Home Affairs	
Replacement Water Tender Fire Appliance	324
Replacement Small Pumps	84
Firearms Weapons Replacement	73
Other (less than £50,000 per project)	46
	527
Total Vehicles & Other Equipment	**1,518**

Roads Resurfacing	
Committee *for the* Environment & Infrastructure	
Braye Road	600
Glategny and St. Georges Esplanade	310
Le Bourg	291
Route de Paysans	291
Ruettes Brayes	286
Route de Fauconaires	273
Route de Houguets	224
Camps du Moulin, Old Mill Road and Le Hurel	175
Port Soif Coast Road	158
Route de St. Andrew	152
Saltpans	150
Terre Noigiot	149
Port Soif Lane	130
Bas Courtils Estate	127
Rue de Douit de Moulin	120
Route de Longfrie	111
Route des Sages	111
La Rue de L'arquet	110
Plaisance	107
Rue des Vinaires	102
Rue de Truchots	100
Rue de Roulias	94
Las Passee	88
Rue des Jehans	85
Grandes Maison Road	84
Allez Street	82

Route de Sausmarez	72
Vauvert	70
Courtil Ronchin and Grace Lane	69
Hougue Maban	68
Portelet	68
Bouillion Road	67
Rue de Pages	67
Icart Road	65
Ruettes de Cornielles	65
Rougeval Estate	59
Rue de Bordage	58
Rue de Grandes Maison	56
Rue a L'eau	54
Cordier Hill	53
La Rocher Lane	53
Doyle Road	50
Rue des Hautgards	50
Other (less than £50,000 per project)	494
	6,048

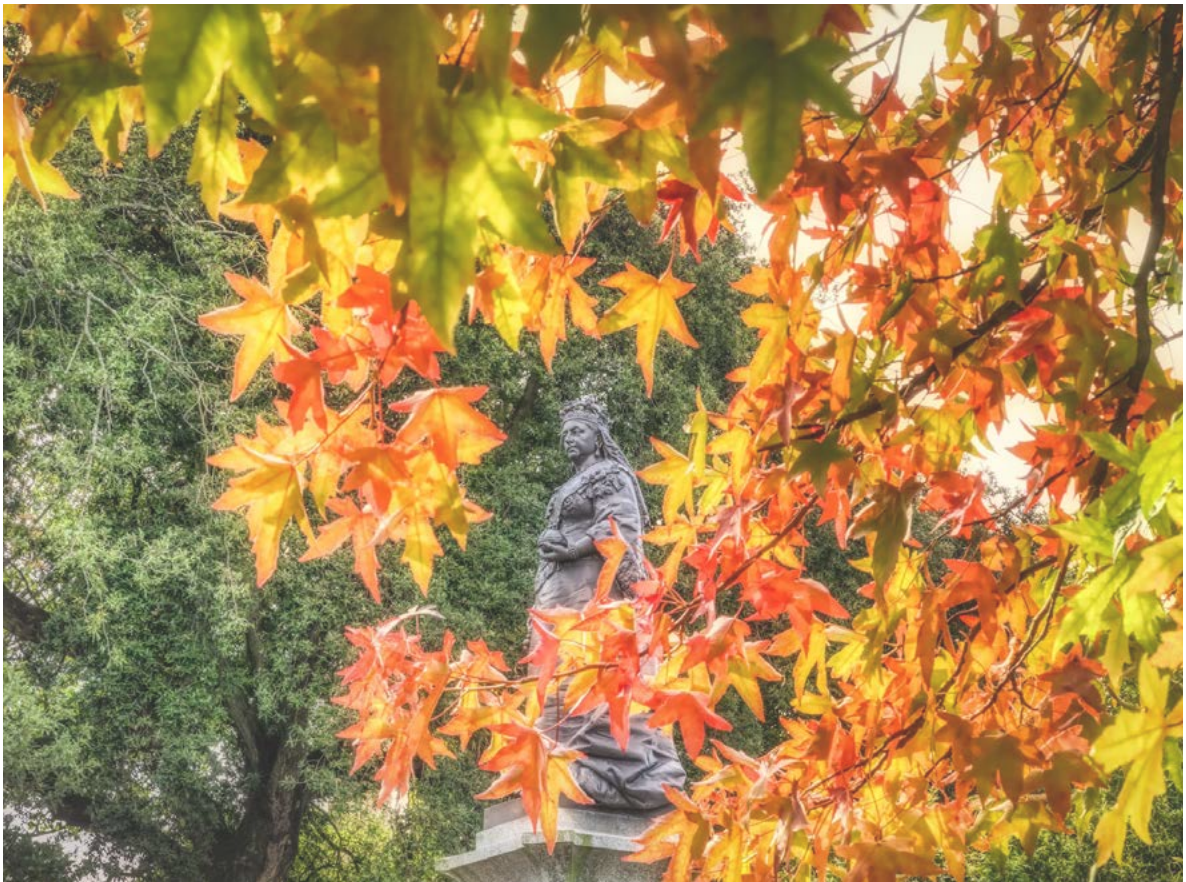
Integrated Transport Strategy	
Committee for the Environment & Infrastructure	
General Infrastructure Improvements	150
East Coast - Traffic and Transports Related Improvements	140
School Active Travel Improvements	100
General Active Travel Infrastructure Improvements to ITS Priority Areas	100
Cycle Infrastructure (Hoops/Shelters/Lighting)	75
Bus Infrastructure (New Bus Shelters and Lighting)- Phase 2	50
Other (less than £50,000 per project)	80
	695
Total Routine Capital	**23,774**

States of Alderney	
Ambulance Replacement	150
Mouriaux to Platte Saline Sewer - Phase 3	147
Whitegates Demolition	125
Hooklift Replacement	62
Connaught Extension Phase 3 - Additional Funding	340
Purchase of land for proposed sheltered accommodation	270
Other (less than £50,000 per project)	268
Total States of Alderney	**1,362**

4. Property Purchases & Sales

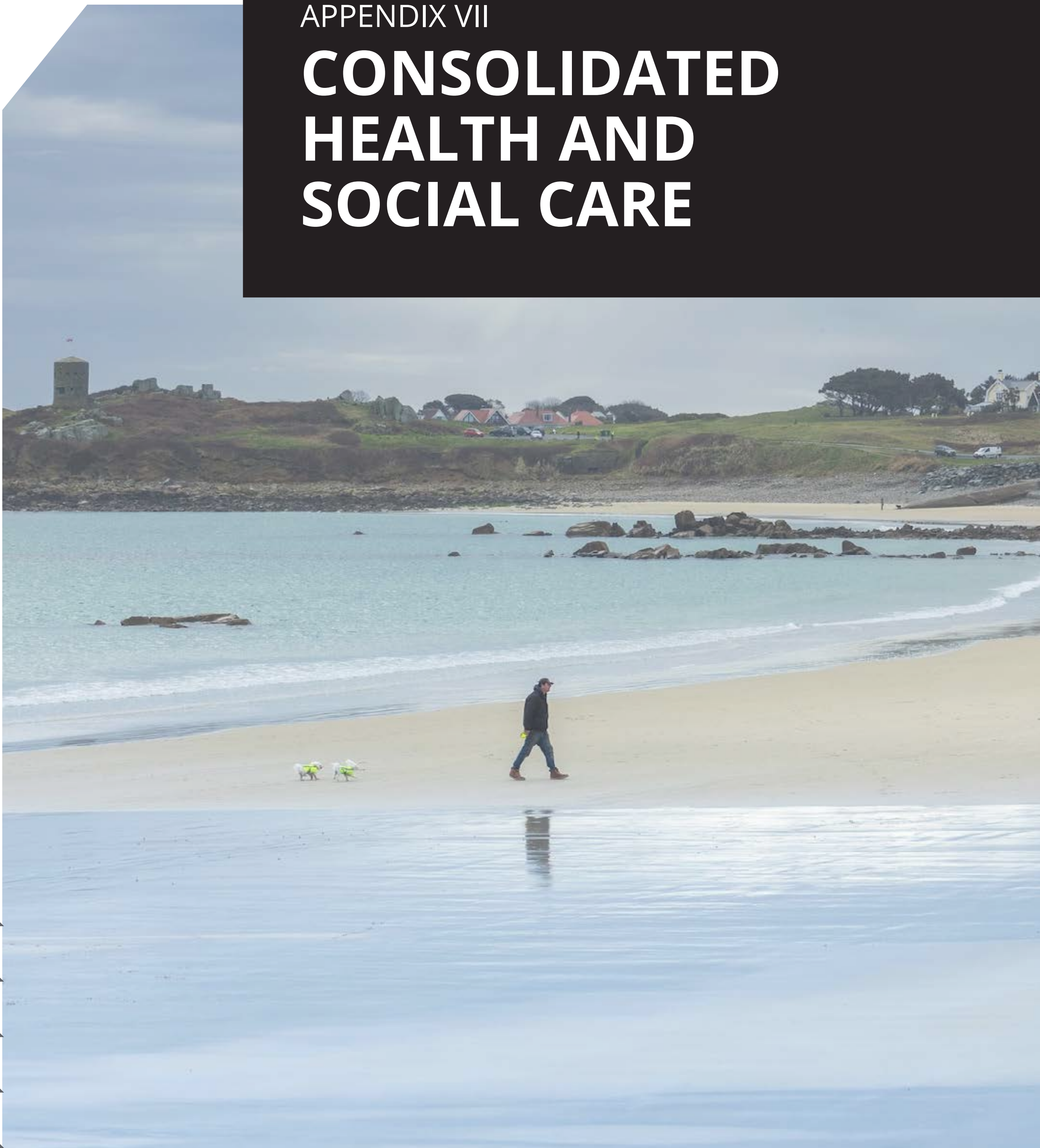
The Committee approved the following property purchases and sales in the 2024 revenue budgets:

	£'000s
Purchases	
Conveyance	
Briarwood	1,100
Total Purchases	**1,100**
Sales	
Right of Way	
Verge in St Jacques	60
Wayleave	
Belgrave Vinery	3
Conveyance by way of exchange and agreement (definition of boundaries)	
Car park and land at Grande Rue (by way of exchange)	-
Total Sales	**63**



APPENDIX VII

CONSOLIDATED HEALTH AND SOCIAL CARE



These consolidated Health & Social Care Financial Statements report on expenditure net of income incurred by the Committee for Health & Social Care, Pooled Budgets in relation to Multi Agency Safeguarding costs and health and social care expenditure incurred by the Committee for Employment & Social Security.

	2024 Total £'000s	2024 E&SS £'000s	2024 PB £'000s	2024 H&SC £'000s	2023 Total £'000s	2023 E&SS £'000s	2023 PB £'000s	2023 H&SC £'000s
Primary Health Care								
Ambulatory Services	3,084			3,084	2,891			2,891
Emergency Department	2,936			2,936	2,501			2,501
GP & Nurse Consultation Grants	4,821			4,821	4,570			4,570
	10,841	**-**	**-**	**10,841**	**9,962**	**-**	**-**	**9,962**
Secondary & Tertiary Health Care								
Acute Services Provided Off Island	15,981			15,981	10,711			10,711
Guernsey Therapy Group	3,877			3,877	3,331			3,331
Hospital Services	68,918			68,918	68,060			68,060
Medical Specialist Group	25,402			25,402	23,474			23,474
Prescription Drugs & Medicines	25,481			25,481	22,724			22,724
Travel Costs	2,855			2,855	4,418			4,418
	142,514	**-**	**-**	**142,514**	**132,718**	**-**	**-**	**132,718**
Community Care Services								
Children & Adult Disability	22,388			22,388	20,585			20,585
Children & Adult Mental Health	16,691			16,691	15,383			15,383
Community & Social Care	33,036		609	32,427	31,166		511	30,656
Older People	33,714	25,882		7,832	30,927	23,838		7,089
	105,829	**25,882**	**609**	**79,338**	**98,061**	**23,838**	**511**	**73,713**
Public Health Services								
Prevention & Awareness	8,286			8,286	6,899			6,899
Treatments	569			569	503			503
	8,855	**-**	**-**	**8,855**	**7,402**	**-**	**-**	**7,402**
Total Health & Social Care Services	**268,039**	**25,882**	**609**	**241,548**	**248,143**	**23,838**	**511**	**223,795**

The above includes an element of administrative and central costs amounting to £17.2m (2023: £15.8m) that have been allocated to Hospital Services.

APPENDIX VIII

COMPARISON OF PUBLISHED BUDGET TO ACTUAL PERFORMANCE (BUDGET V ACTUAL)

1. Central Activities

	Budget Original	Budget Adjust-ments	Budget Auth-orised	Actual	Difference	Note
	£'000s	£'000s	£'000s	£'000s	£'000s	
Operating Income						
Income Tax	442,900	-	442,900	417,610	(25,290)	**(i)**
Other Taxes	105,130	(7,135)	97,995	108,103	10,108	**(ii)**
Social Security Contributions	33,000	-	33,000	34,499	1,499	
Miscellaneous Income	40,275	7,475	47,750	40,725	(7,025)	
	621,305	**340**	**621,645**	**600,937**	**(20,708)**	
Provision for Controlled Entity Losses	(5,045)	-	(5,045)	(13,057)	(8,012)	
Non-Capitalised Project Costs	(5,552)	903	(4,649)	(22,387)	(17,738)	**(iii)**
Operating Surplus	**610,708**	**1,243**	**611,951**	**565,493**	**(46,458)**	
Depreciation and Amortisation	(32,203)	-	(32,203)	(29,798)	2,405	
Capital Deficit – Sale of Property	-	-	-	(4,543)	(4,543)	-
Net Interest (Paid)/Received	-	-	-	(5,275)	(5,275)	
Net Surplus/(Deficit) before Investment Returns	**578,505**	**1,243**	**579,748**	**525,877**	**(53,871)**	
Investment Returns	32,009	-	32,009	61,765	29,756	**(iv)**
Net Surplus/(Deficit)	**610,514**	**1,243**	**611,757**	**587,642**	**(24,115)**	

(i) The shortfall of Income tax compared to budget was primarily due to prior years' tax revision.

(ii) Other taxes were £10.1m favourable to budget with the majority of the variance contributed by document duty due to an increase in activity taking place in the latter stages of the year in both the local and open market.

(iii) Due to recognition of changes in IPSAS requirements this is the first year of budgeting for this figure. The level of expensed costs was a broad estimate. It should be noted that overall project spend (capital and non-capital) is closely monitored and planned through the portfolio.

(iv) 2024 was characterised by strong performance from global equity markets and headline-grabbing returns from the "Magnificent Seven" technology stocks in the United States.

2. Corporate Services

	Budget			Actual	Difference	Note
	Original	Adjust-ments	Auth-orised			
	£'000s	£'000s	£'000s	£'000s	£'000s	
Net Expenditure						
Operating Income	10,050	95	10,145	10,755	610	
Expenditure						
Pay Costs	40,387	536	40,923	37,781	3,142	**(i)**
Non-Pay Costs:						
Staff Non-Pay Costs	1,366	2	1,368	1,317	51	
Support Services	30,734	(336)	30,398	34,228	(3,830)	**(ii)**
Premises	14,073	(110)	13,963	12,187	1,776	**(iii)**
Transport	78	-	78	72	6	
Supplies & Services	2,620	69	2,689	3,154	(465)	
Total Non-Pay Costs	48,871	(375)	48,496	50,958	(2,462)	
Total Expenditure	**89,258**	**161**	**89,419**	**88,739**	**680**	
Total Net Expenditure	**(79,208)**	**(66)**	**(79,274)**	**(77,984)**	**1,290**	

(i) Pay costs are favourable to budget due to a large number of vacancies throughout the year most notably in HR and the States Property Unit.

(ii) Support services were adverse to budget due to additional costs for Digital & Technology and insurance.

(iii) Premises costs are favourable to budget due to lower spend on utilities (oil, electricity and gas) and underspends in property and plant maintenance due to lower activity.

3. Policy & Resources Committee

	Original	Budget Adjust-ments	Auth-orised	Actual	Difference	Note
	£'000s	£'000s	£'000s	£'000s	£'000s	
Net Expenditure						
Operating Income	1,399	39	1,438	1,479	41	
Expenditure						
Pay Costs	10,533	101	10,634	10,275	359	**(i)**
Non-Pay Costs:						
Staff Non-Pay Costs	134	-	134	74	60	
Support Services	390	6,008	6,398	6,578	(180)	**(ii)**
Premises	-	-	-	1	(1)	
Third Party Payments	3,161	139	3,300	4,044	(744)	
Transport	1	-	1	-	1	
Supplies & Services	384	10	394	410	(16)	
	4,070	6,157	10,227	11,107	(880)	**(iii)**
Total Expenditure	14,603	6,258	20,861	21,382	(521)	
FL Expenditure*						
Third Party Payments	2,136	-	2,136	2,103	33	
Revenue Expenditure	**16,739**	**6,258**	**22,997**	**23,485**	**(488)**	
Total Net Expenditure	**(15,340)**	**(6,219)**	**(21,559)**	**(22,006)**	**(447)**	

(i) Pay costs are favourable to budget due to vacancies primarily in the Revenue Service and Strategy & Policy.

(ii) The budget was increased during the year to support sea links (contingency, tender & legal costs) by £5.5m.

(iii) Non-Pay costs are £0.9m adverse to budget due to additional Alderney PSO costs, Development Agency Grants and International Compliance consultancy costs.

***FL** - Formula Led

4. Committee *for* Economic Development

	Original	Budget Adjust-ments	Auth-orised	Actual	Difference	Note
	£'000s	£'000s	£'000s	£'000s	£'000s	
Net Expenditure						
Operating Income	974	(11)	963	1,587	624	
Expenditure						
Pay Costs	4,875	(132)	4,743	4,602	141	
Non-Pay Costs:						
Staff Non-Pay Costs	81	-	81	36	45	
Support Services	3,025	278	3,303	3,752	(449)	
Premises	318	-	318	296	22	
Third Party Payments	2,329	824	3,153	3,154	(1)	
Transport	69	(67)	2	3	(1)	
Supplies & Services	399	(12)	387	447	(60)	
Total Non-Pay Costs	6,221	1,023	7,244	7,688	(444)	
Revenue Expenditure	**11,096**	**891**	**11,987**	**12,290**	**(303)**	
Total Net Expenditure	**(10,122)**	**(902)**	**(11,024)**	**(10,703)**	**321**	**(i)**

(i) The net expenditure was marginally lower than budget. The larger variances in income and expenditure relate to the Public Trustee.

5. Committee *for* Education, Sport & Culture

	Original	Budget Adjust-ments	Auth-orised	Actual	Difference	Note
	£'000s	£'000s	£'000s	£'000s	£'000s	
Net Expenditure						
Operating Income	6,357	-	6,357	6,840	483	
Expenditure						
Pay Costs	74,675	572	75,247	74,716	531	**(i)**
Non-Pay Costs:						
Staff Non-Pay Costs	1,494	20	1,514	1,870	(356)	
Support Services	2,385	505	2,890	3,041	(151)	
Premises	1,857	8	1,865	2,078	(213)	
Third Party Payments	14,411	295	14,706	14,486	220	
Transport	226	1	227	289	(62)	
Supplies & Services	4,049	(228)	3,821	3,981	(160)	
Total Non-Pay Costs	24,422	601	25,023	25,745	(722)	**(ii)**
Revenue Expenditure	**99,097**	**1,173**	**100,270**	**100,461**	**(191)**	
Total Net Expenditure	**(92,740)**	**(1,173)**	**(93,913)**	**(93,621)**	**292**	

(i) Pay costs are £0.5m favourable to budget, with favourable variances due to vacancies at Beau Sejour and School & Pupil Support.

(ii) Non-pay costs are £0.7m adverse to budget due to a higher spend on recruitment activities.

6. Committee *for* Employment & Social Security

	Original	Budget Adjust-ments	Auth-orised	Actual	Difference	Note
	£'000s	£'000s	£'000s	£'000s	£'000s	
Net Expenditure						
Operating Income	28	122	150	187	37	
Expenditure						
Pay Costs	4,650	(78)	4,572	3,972	600	**(i)**
Non-Pay Costs:						
Staff Non-Pay Costs	43	(2)	41	22	19	
Support Services	455	201	656	393	263	
Premises	5,763	-	5,763	6,188	(425)	
Third Party Payments	1,402	1,731	3,133	3,365	(232)	
Transport	57	-	57	14	43	
Supplies & Services	411	(1)	410	94	316	
Total Non-Pay Costs	8,131	1,929	10,060	10,076	(16)	**(ii)**
Total Expenditure	**12,781**	**1,851**	**14,632**	**14,048**	**584**	
FL Expenditure*						
Third Party Payments	71,860	-	71,860	72,708	(848)	
Supplies & Services	2,538	-	2,538	1,884	654	
FL Expenditure	**74,398**	**-**	**74,398**	**74,592**	**(194)**	**(iii)**
Revenue Expenditure	**87,179**	**1,851**	**89,030**	**88,640**	**390**	
Total Net Expenditure	**(87,151)**	**(1,729)**	**(88,880)**	**(88,453)**	**427**	

i) The favourable variance on pay costs is due to vacancies during the year.

ii) Non-pay costs are largely in line with budget as a result of lower than planned support costs and supplies and service, offset by higher planned and responsive social hosing maintenance related costs and third party payments.

iii) Formula-led expenditure is £0.2m higher than the budget due to increased Severe Disability & Carer's allowance (£1.1m) offset by lower legal aid expenditure (£0.7m).

***FL -** Formula Led

7. Committee *for the* Environment & Infrastructure

	Original	Budget Adjust-ments	Auth-orised	Actual	Difference	Note
	£'000s	£'000s	£'000s	£'000s	£'000s	
Net Expenditure						
Operating Income	3,646	-	3,646	4,085	439	**(i)**
Expenditure						
Pay Costs	3,358	155	3,513	3,551	(38)	
Non-Pay Costs:						
Staff Non-Pay Costs	44	2	46	24	22	
Support Services	9,879	760	10,639	10,608	31	
Premises	2,218	-	2,218	2,294	(76)	
Third Party Payments	1,130	-	1,130	1,205	(75)	
Transport	136	-	136	157	(21)	
Supplies & Services	731	1	732	854	(122)	
Total Non-Pay Costs	14,138	763	14,901	15,142	(241)	**(ii)**
Revenue Expenditure	**17,496**	**918**	**18,414**	**18,693**	**(279)**	
Total Net Expenditure	**(13,850)**	**(918)**	**(14,768)**	**(14,608)**	**160**	

(i) Income is £0.4m favourable to budget, due to increased revenue from bus services.

(ii) Non-Pay variance is £0.2m adverse to budget, mainly due to increased bus services costs and Nature Commission grant (£0.2m).

8. Committee *for* Health & Social Care

	Original £'000s	Budget Adjust-ments £'000s	Auth-orised £'000s	Actual £'000s	Difference £'000s	Note
Net Expenditure						
Operating Income	26,922	1,009	27,931	31,000	3,069	**(i)**
Expenditure						
Pay Costs	138,984	202	139,186	141,106	(1,920)	**(ii)**
Non-Pay Costs:						
Staff Non-Pay Costs	3,399	(17)	3,382	4,349	(967)	
Support Services	28,173	11,872	40,045	41,294	(1,249)	
Premises	5,595	(30)	5,565	6,545	(980)	
Third Party Payments	13,388	(10,912)	2,476	2,362	114	
Transport	798	(4)	794	820	(26)	
Supplies & Services	71,407	686	72,093	76,550	(4,457)	
Total Non-Pay Costs	122,760	1,595	124,355	131,920	(7,565)	**(iii)**
Total Expenditure	**261,744**	**1,797**	**263,541**	**273,026**	**(9,485)**	
Total Net Expenditure	**(234,822)**	**(788)**	**(235,610)**	**(242,026)**	**(6,416)**	

(i) The favourable income variance was due to continued Private Patients income strength (£1.3m), prescription fees demand (£0.6m) and Emergency Department (£0.2m).

(ii) Pay costs were adverse to budget due to agency staff costs and overtime cover to continue provision of service with significant vacancies.

(iii) The Non-Pay overspend of £7.6m was driven by volume and complexity of off-island services, both acute treatments (£3.5m overspent) and complex placements (£1.3m overspent). 2024 included an exceptional number of cases across Neonatology, Paediatric Critical Care, and Cardiology Specialties. Other adverse variances to budget were in recruitment and housing allowance costs.

9. Committee *for* Home Affairs

	Original £'000s	Budget Adjust-ments £'000s	Auth-orised £'000s	Actual £'000s	Difference £'000s	Note
Net Expenditure						
Operating Income	3,398	211	3,609	3,625	16	
Expenditure						
Pay Costs	37,712	870	38,582	37,989	593	**(i)**
Non-Pay Costs:						
Staff Non-Pay Costs	1,065	12	1,077	1,326	(249)	
Support Services	1,983	100	2,083	2,038	45	
Premises	752	8	760	902	(142)	
Third-Party Payments	106	-	106	109	(3)	
Transport	235	67	302	267	35	
Supplies & Services	1,830	(378)	1,452	1,774	(322)	
Total Non-Pay Costs	5,971	(191)	5,780	6,416	(636)	**(ii)**
Total Expenditure	**43,683**	**679**	**44,362**	**44,405**	**(43)**	
Total Net Expenditure	**(40,285)**	**(468)**	**(40,753)**	**(40,780)**	**(27)**	

(i) Pay costs are favourable to budget due to a large number of vacancies.

(ii) Non-pay costs are adverse to budget due to recruitment costs and consultant expenses to cover vacancies.

10. Other Committees

	Budget			Actual	Difference	Note
	Original	Adjustments	Auth-orised			
	£'000	£'000	£'000	£'000	£'000	
Net Expenditure						
Operating Income	6,123	(11)	6,112	6,226	114	
Expenditure						
Pay Costs	18,488	524	19,012	18,502	510	
Non-Pay Costs:						
Staff Non-Pay Costs	390	-	390	239	151	
Support Services	1,796	131	1,927	2,151	(224)	
Premises	284	420	704	722	(18)	
Third Party Payments	4,346	-	4,346	3,991	355	
Transport	54	-	54	51	3	
Supplies & Services	569	(1)	568	568	-	
Total Non-Pay Costs	7,439	550	7,989	7,722	267	
Savings Target	(956)	183	(773)	-	(773)	
Revenue Expenditure	24,971	1,257	26,228	26,224	4	
Government Work Plan / Service Developments	11,383	(5,468)	5,915	-	5,915	
Budget Reserve	6,497	(8,715)	(2,218)	-	(2,218)	
Revenue Surplus/ Deficit	**(36,728)**	**12,915**	**(23,813)**	**(19,998)**	**3,815**	
Funding from Seized Asset Fund	(200)	-	(200)	(130)	(70)	
Total Net Expenditure	**(36,528)**	**(12,915)**	**(23,613)**	**(19,868)**	**3,745**	

11. Guernsey Airport

	Budget Original £'000s	Budget Adjust-ments £'000s	Budget Auth-orised £'000s	Actual £'000s	Difference £'000s	Note
Net Income:						
Income						
Advertising, Picketing etc.	515	-	515	388	(127)	
Airport Development Charge	714	-	714	585	(129)	
Car Parking Fees	1,083	-	1,083	1,024	(59)	
Rents	1,984	-	1,984	1,917	(67)	
Traffic Receipts	9,644	-	9,644	9,677	33	
Recovery from Alderney Airport	218	-	218	194	(24)	
	14,158	-	14,158	13,785	(373)	**(i)**
Expenditure						
Pay Costs	(9,614)	-	(9,614)	(12,522)	(2,908)	**(ii)**
Non-Pay Costs:						
Staff Non-Pay Costs	(314)	-	(314)	(452)	(138)	
Support Services	(1,887)	-	(1,887)	(2,032)	(145)	
Premises	(2,102)	-	(2,102)	(2,095)	7	
Transport	(156)	-	(156)	(157)	(1)	
Supplies & Services	(3,051)	-	(3,051)	(1,245)	1,806	
	(7,510)	-	(7,510)	(5,981)	1,529	**(iii)**
Operating Deficit before Depreciation	**(2,966)**	**-**	**(2,966)**	**(4,718)**	**(1,752)**	
Depreciation and impairment	(1,092)	-	(1,092)	(1,133)	(41)	
Revaluation of Investment Property	-	-	-	242	242	
Loss on Impairment	-	-	-	(93)	(93)	
Deficit for the year	**(4,058)**	**-**	**(4,058)**	**(5,702)**	**(1,644)**	

(i) – Passenger numbers are marginally lower than budgeted, affecting income from airport development charge, car parking fees and traffic receipts, although the latter benefitted from an increase in airport extension fees in the second half of 2024.

(ii) – The pay costs are £2.9m over budget as a result of airport security being in-sourced from April 2024, airport security was previously in non-pay costs as it was an outsourced service. Increased overtime due to additional airport opening times extensions also contributed to the overspend.

(iii) – The in-sourcing of the airport security services function reduced non-pay expenditure.

12. Guernsey Harbours

	Budget Original	Budget Adjustments	Budget Auth-orised	Actual	Difference	Note
	£'000s	£'000s	£'000s	£'000s	£'000s	
Net Income:						
Income	12,817	465	13,282	13,670	388	**(i)**
Expenditure						
Pay Costs	(5,446)		(5,446)	(6,213)	(767)	**(ii)**
Non-Pay Costs:						
Staff Non-Pay Costs	(146)	-	(146)	(129)	17	
Peripheral Activities	(3)	-	(3)	(44)	(41)	
Support Services	(1,486)	(465)	(1,951)	(1,894)	57	
Premises	(2,616)	-	(2,616)	(1,785)	831	
Transport	(110)	-	(110)	(96)	14	
Supplies & Services	(190)		(190)	(319)	(129)	
	(4,551)	(465)	(5,016)	(4,267)	749	**(iii)**
Operating surplus before depreciation	**2,820**	**-**	**2,820**	**3,190**	**370**	
Depreciation	(1,372)	-	(1,372)	(1,040)	332	
Net Interest	50	-	50	(281)	(331)	
Revaluation of investment property	-	-	-	1,475	1,475	
Loss on impairment	-	-	-	(683)	(683)	
Surplus for the year	**1,498**	**-**	**1,498**	**2,661**	**1,163**	**(iv)**

(i) – Income is higher than budget due to increased passenger numbers and freight.

(ii) – Increased pay costs compared to budget were driven by insourcing of Coastguard services, project management roles and establishment of Cruise visitor marshals. Additionally, overtime due to Condor schedules including earlier mornings and late evenings, as well as out of hours maintenance work contributed to the adverse variance.

(iii) – Non-pay costs are lower than budgeted due to Harbour dredging being postponed to a future financial year, with the cost being included in the budget. This favourable variance is partially offset by non-planned repairs to navigational aids and road services as well as additional scaffolding costs to prevent water ingress.

(iv) – During the year, the buildings were reclassified as investment properties, resulting in revaluation gains and reduced depreciation. However, as a result of this reclassification, an impairment of infrastructure was identified. Assets damaged by recent storms were also impaired.

13. Guernsey Water

	Budget Original £'000s	Budget Adjust-ments £'000s	Budget Auth-orised £'000s	Actual £'000s	Difference £'000s	Note
Income						
Water Supplies:						
Measured	4,730	-	4,730	4,680	(50)	
Unmeasured	2,038	-	2,038	2,036	(2)	
Wastewater:						
Measured	8,127	-	8,127	7,942	(185)	
Unmeasured	3,634	-	3,634	3,629	(5)	
Cesspit Emptying Charges	1,541	-	1,541	1,559	18	
Grant from General Revenue	184	-	184	184	0	
Surplus on Other Trading Activities	239	-	239	348	109	
	20,493	-	20,493	20,378	(115)	**(i)**
Expenditure						
Operating Expenses:						
Asset Management	(617)	-	(617)	(650)	(33)	
Pumping Stations	(1,386)	-	(1,386)	(1,300)	86	
Sewers	(5,157)	-	(5,157)	(4,736)	421	
Tactical Support	(595)	-	(595)	(766)	(171)	
Water Distribution	(688)	-	(688)	(563)	125	
Water Production	(1,992)	-	(1,992)	(1,744)	248	
	(10,435)	-	(10,435)	(9,759)	676	
Management Expenses:						
Customer Services	(1,128)	-	(1,128)	(1,079)	49	
Management and General	(1,908)	-	(1,908)	(1,883)	25	
Support Services	(1,312)	-	(1,312)	(1,300)	12	
Water Quality and Risk Manage-ment	(490)	-	(490)	(535)	(45)	
	(15,273)	**-**	**(15,273)**	**(14,556)**	**717**	**(ii)**
Operating Surplus/ (Deficit) before Depreciation	**5,220**	**-**	**5,220**	**5,822**	**602**	
Depreciation/ Impairment of Assets	(5,113)	-	(5,113)	(5,213)	(100)	
Operating Surplus/ (Deficit) for the year	**107**	**-**	**107**	**609**	**502**	
Net Interest Payable	(581)	-	(581)	(514)	67	**(iii)**
Surplus / (Deficit) for the year	**(474)**	**-**	**(474)**	**95**	**569**	

(i) – Reduced demand has impacted the measured water and wastewater income. income, however, from non-core activities (rental income, services and rechargeable work) resulted in a favourable variance.

(ii) – The favourable variance in expenditure is mainly due to savings achieved in relation to the cesspit service, as a result of vacancies in difficult to recruit areas of the business and reduced overtime. The adverse variance in relation to Tactical Support is due to the team taking on additional responsibilities in relation to costs that are common across the business (including Grounds Maintenance and Operational Technology).

(iii) – Return on balances held with Treasury were budgeted at zero, the variance is a result of the return on cash balance received in the year, offsetting the loan interest

14. Guernsey Waste

	Original £'000s	Budget Adjust-ments £'000s	Auth-orised £'000s	Actual £'000s	Difference £'000s	Note
Net Income:						
Income						
Bag Charges	1,968	-	1,968	1,929	(39)	
Household Fixed Charge	2,935	-	2,935	2,957	22	
Commercial Gate Fees	1,830	-	1,830	1,522	(308)	
Mont Cuet	1,799	-	1,799	1,317	(482)	
Inert Waste	454	-	454	3,298	2,844	
Household Waste Recycling Centre	728	-	728	834	106	
Green Waste	698	-	698	409	(289)	
Other	224	-	224	227	3	
	10,636	-	10,636	12,493	1,857	**(i)**
Expenditure						
Pay Costs	(624)	-	(624)	(531)	93	
Non-Pay Costs:						
Staff Non-Pay Costs	(4)	-	(4)	(31)	(27)	
Support Services	(7,316)	-	(7,316)	(7,916)	(600)	
Premises	(353)	-	(353)	(337)	16	
Transport	(2)	-	(2)	(2)	0	
Supplies & Services	(2,845)	-	(2,845)	(2,868)	(23)	
	(10,520)	-	(10,520)	(11,154)	(634)	**(ii)**
Operating Deficit before Depreciation	**(508)**	**-**	**(508)**	**809**	**1,317**	
Impairment Loss	0	-	0	(329)	(329)	**(iii)**
Depreciation	(1,953)	-	(1,953)	(1,946)	7	
Operating Deficit for the year	**(2,461)**	**-**	**(2,461)**	**(1,466)**	**995**	
Net Interest Receivable	-		-	77	77	
Deficit for the year	**(2,461)**	**-**	**(2,461)**	**(1,389)**	**1,072**	

(i) – The favourable variance for income is due to revenue from Inert waste being fully retained, whereas the budget was based on retaining only enough income to cover operational and administrative costs. It was anticipated that the balance would be assigned to the new inert waste site project. This favourable variance is offset by Mont Cuet and Commercial Gate fees being £0.5m and £0.3m adverse due to lower volumes compared to volumes budgeted as well as Green Waste revenue being £0.3m below budget which assumed charging for household green waste, however this service has remained free of charge.

(ii) – Expenditure for the year is higher than budgeted as a result of underestimating inert waste processing costs along with a need to start providing for future double handling of stockpiled inert waste at an estimated cost of £0.2m. Contamination in the kerbside recycling also resulted in an unbudgeted £0.1m charge in 2024 expenditure.

(iii) – The impairment loss relates to the concrete floor in the Waste Transfer Station which was affected by the acidic nature of the leachate, causing it to break down sooner than expected.

15. States Works

	Budget Original £'000s	Budget Adjust-ments £'000s	Budget Auth-orised £'000s	Actual £'000s	Difference £'000s	Note
Net Income:						
Income						
Engineering	1,722	-	1,722	1,189	(533)	
Highways	1,699	-	1,699	1,816	117	
Land Management	2,168	-	2,168	2,232	64	
Sewage Collection	4,177	-	4,177	3,962	(215)	
Stores, Fleet & Garage	1,444	-	1,444	1,229	(215)	
Waste Management Services	4,518	-	4,518	3,977	(541)	
Household Waste Recycling Centre and Waste	2,450	-	2,450	2,947	497	
Other	310	-	310	264	(46)	
	18,488	-	18,488	17,616	(872)	**(i)**
Expenditure						
Management Expenses:						
Administration Expenses	(1,035)	-	(1,035)	(1,197)	(162)	
Salaries, Wages and Superannuation	(2,516)	-	(2,516)	(2,553)	(37)	
Operating Expenses:						
Labour	(8,083)	-	(8,083)	(7,759)	324	
Materials	(3,947)	-	(3,947)	(3,748)	199	
Transport and Plant	(540)	-	(540)	(506)	34	
Building Maintenance	(238)	-	(238)	(356)	(118)	
	(16,359)	-	(16,359)	(16,119)	240	**(ii)**
Operating Surplus before Depreciation	**2,129**	**-**	**2,129**	**1,497**	**(632)**	
Depreciation	(1,438)	-	(1,438)	(1,113)	325	**(iii)**
Gain/ (Loss) on disposal of Fixed Assets	50	-	50	36	(14)	
Fair Value movement on investment property	-	-	-	-	-	
Operating Surplus for the year	**741**	**-**	**741**	**420**	**(321)**	
Net Interest Receivable	-	-	-	234	234	**(iv)**
Surplus for the year	**741**	**-**	**741**	**654**	**(87)**	

(i) – Overall income was 5% adverse to budget due to expected workforce increase in fleet services and electrical & mechanical services not materialising, due to ongoing recruitment issues. Waste Management Services income is largely cost-plus contracts with Guernsey Waste – costs were lower than originally anticipated.

(ii) – Favourable pay costs are a consequence of recruitment issues, specifically in finding electricians, mechanics and drivers.

(iii) – Depreciation was 23% below budget due to a delay in sourcing replacement vehicles as a result of local garage closures and delays in the supply market.

(iv) – There is no budget for interest receivable, the variance is as a result of the return on cash surplus in the year.

16. Guernsey Dairy

	Original £'000s	Budget Adjust-ments £'000s	Auth-orised £'000s	Actual £'000s	Difference £'000s	Note
Net Income:						
Sales						
Dairy Products	2,418	-	2,418	2,484	66	
Liquid Milk	7,747	-	7,747	8,017	270	
Sundry income	15	-	15	19	4	
	10,180	-	10,180	10,520	340	**(i)**
Cost of Sales						
Dairy Product Ingredients	(58)	-	(58)	(74)	(16)	
Milk	(5,294)	-	(5,294)	(5,629)	(335)	
Milk Working Loss	(150)	-	(150)	(233)	(83)	
Freight	(89)	-	(89)	(82)	7	
Packaging Materials	(722)	-	(722)	(648)	74	
Production Wages	(1,158)	-	(1,158)	(970)	188	
	(7,471)	-	(7,471)	(7,636)	(165)	**(ii)**
Expenses						
Advertising and Promotion	(84)	-	(84)	(74)	10	
Cleaning Materials	(90)	-	(90)	(104)	(14)	
Fuel, Light, Power, Water and Rates	(447)	-	(447)	(373)	74	
General Administration costs	(63)	-	(63)	(43)	20	
Laboratory Expenses	(158)	-	(158)	(170)	(12)	
Motor Vehicle Expenses	(32)	-	(32)	(42)	(10)	
Other Expenses	(56)	-	(56)	(21)	35	
Professional Fees	(604)	-	(604)	(538)	66	
Repairs, Maintenance and Insurance	(548)	-	(548)	(442)	106	
Salaries and Wages	(828)	-	(828)	(922)	(94)	
	(2,910)	-	(2,910)	(2,729)	181	**(iii)**
Operating Surplus/ (Deficit) before Depreciation	**(201)**	**-**	**(201)**	**155**	**356**	
Depreciation/ Impairment of Assets	(299)	-	(299)	(311)	(12)	
Operating Deficit for the year	**(500)**	**-**	**(500)**	**(156)**	**344**	
Net Interest Payable	(37)	-	(37)	(0)	37	
Deficit for the year	**(537)**	**-**	**(537)**	**(156)**	**381**	

(i) – Liquid Milk sales volumes were marginally down on budgeted volumes. However as a result of an additional mid-year price increase in July a positive variance to budget was achieved. Butter sales within Dairy Products benefitted from a 4% volume improvement over budget.

(ii) – The amount paid to producers for raw milk was higher than the budget due to increasing costs for milk suppliers. This was partially offset by the reduction of milk production wages.

(iii) – Installation of new electric heating delivered savings over previous heating systems and costs for repairs & maintenance were lower due to difficulties contracting suppliers.

17. Social Security Contributory Funds

	Original £'000s	Budget Adjust-ments £'000s	Auth-orised £'000s	Actual £'000s	Difference £'000s	Note
Net Income/Expenditure						
Contributory Income	207,220	-	207,220	213,145	5,925	**(i)**
	207,220	**-**	**207,220**	**213,145**	**5,925**	
Benefit Expenditure:						
Social Insurance	191,632	-	191,632	193,299	(1,667)	**(ii)**
Long-Term Care Insurance	24,925	-	24,925	26,175	(1,250)	**(iii)**
	216,557	**-**	**216,557**	**219,474**	**(2,917)**	
Administration						
Pay Costs	1,882	-	1,882	1,469	413	
Staff Non-Pay Cost	1	-	1	8	(7)	
Grant Payments	-	-	-	414	(414)	
Support Services	3,693	-	3,693	3,348	345	
Premises	(164)	-	(164)	325	(489)	
Transport	2	-	2	2	-	
Supplies and Services	91	-	91	88	3	
	5,505	**-**	**5,505**	**5,654**	**(149)**	
Depreciation	80	-	80	70	10	
Operating Deficit before Investing Activities	**(14,922)**	**-**	**(14,922)**	**(12,053)**	**2,869**	
Investment return Net of Finance Costs	49,409	-	49,409	67,098	17,689	**(iv)**
Operating Surplus after Investing Activities	**34,487**	**-**	**34,487**	**55,045**	**20,558**	
Net Income/ Expenditure by Fund						
Guernsey Insurance Fund	11,342	-	11,342	28,010	16,668	
Long-term Care Insurance Fund	23,145	-	23,145	27,035	3,890	
	34,487	**-**	**34,487**	**55,045**	**20,558**	

(i) Class I collections were 6.7% above 2023, after adjusting for the rate change. This was higher than budget expectations leading to a £5.9m favourable variance.

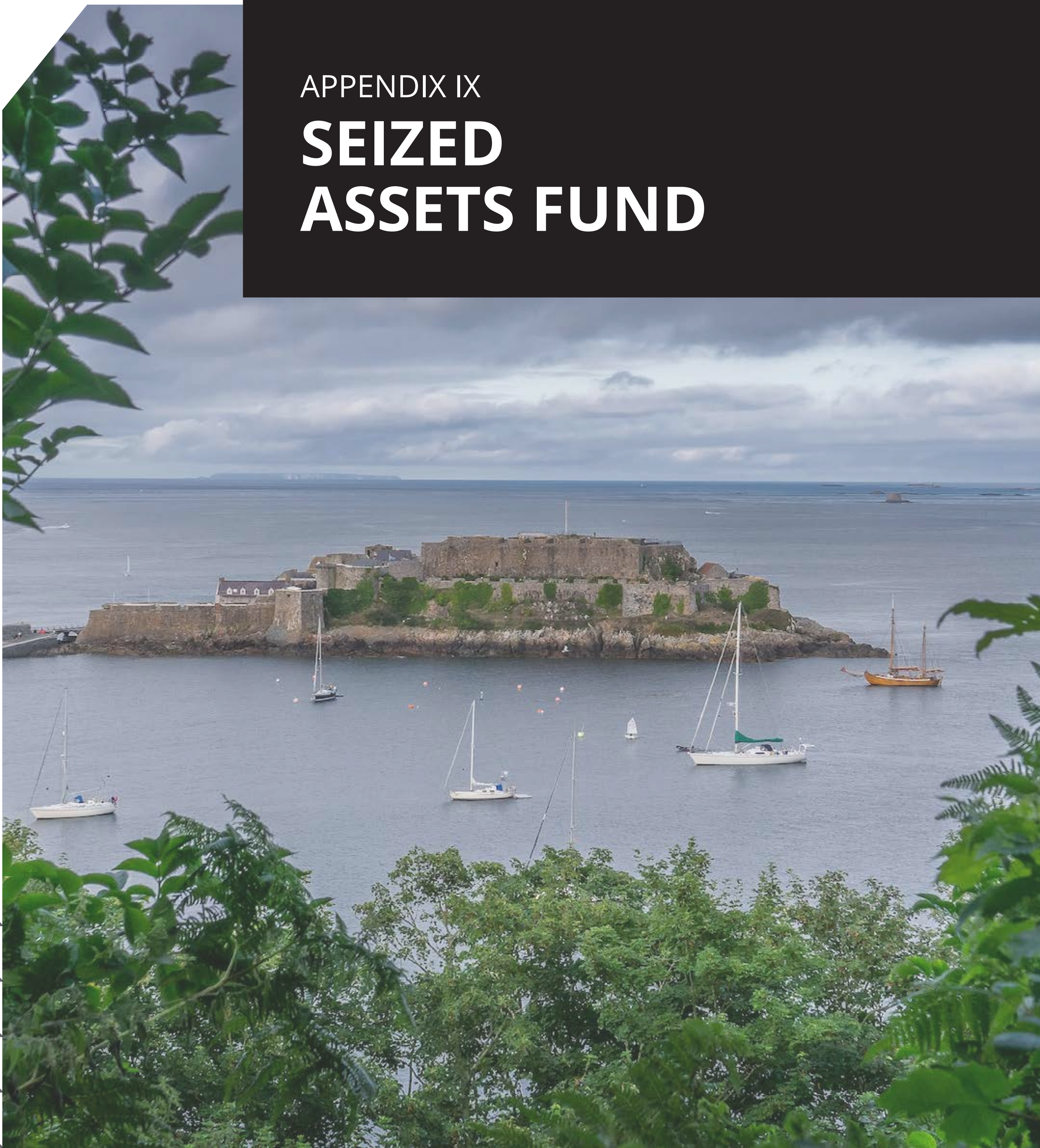
(ii) There was a £3.2m adverse variance in States Pension due to the move to IPSAS. This will net out over next year. Offsetting this were savings due to vacancies and administration costs.

(iii) Long Term Care is impacted by higher residential home care costs (£0.7m) both in cost and volume.

(iv) Investments are managed via the SIB and these funds have experienced a similar gain to the rest of the group.

APPENDIX IX

SEIZED ASSETS FUND



The Seized Assets Fund ("SAF") was established under the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 and is overseen by the Seized Assets Management Board.

SAF receives proceeds from confiscated, forfeited and seized assets. Deductions from payments into the Seized Assets Fund include costs associated with seizure, sums paid to victims and payments under asset sharing agreements.

Available funds in the Seized Assets Fund are divided between the Internal Fund and the Social Investment Fund in the proportion of Internal Fund (80%) and Social Investment Fund (20%) in accordance with schedule 11 of the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999.

Seized Assets **12 Months to 31 December 2024**	**2024 FY** £'000s	**2023 FY** £'000s
Opening Balance	**11,014**	**-**
Fund Received Pending Asset Share	2,397	11,046
Seized, Confiscations and Forfeitures	460	161
Administration Expenditure:		
Contracted Out Work	(25)	(39)
Net Proceeds from Seized Assets	**435**	**122**
Transfer to the Internal Fund (80%)	(348)	(123)
Transfer to Social Investment Fund (20%)	(87)	(31)
Closing Balance*	**13,411**	**11,014**

*The seized asset position as at 31 December 2024 includes protected funds.

The Internal Fund is administered by the Policy & Resources Committee in consultation with the Committee for Home Affairs. The fund is used for initiatives which are aimed at improving the criminal justice system, implementing international standards on economic crime prevention and towards the reduction in crime, and damage caused by crime, in the Bailiwick.

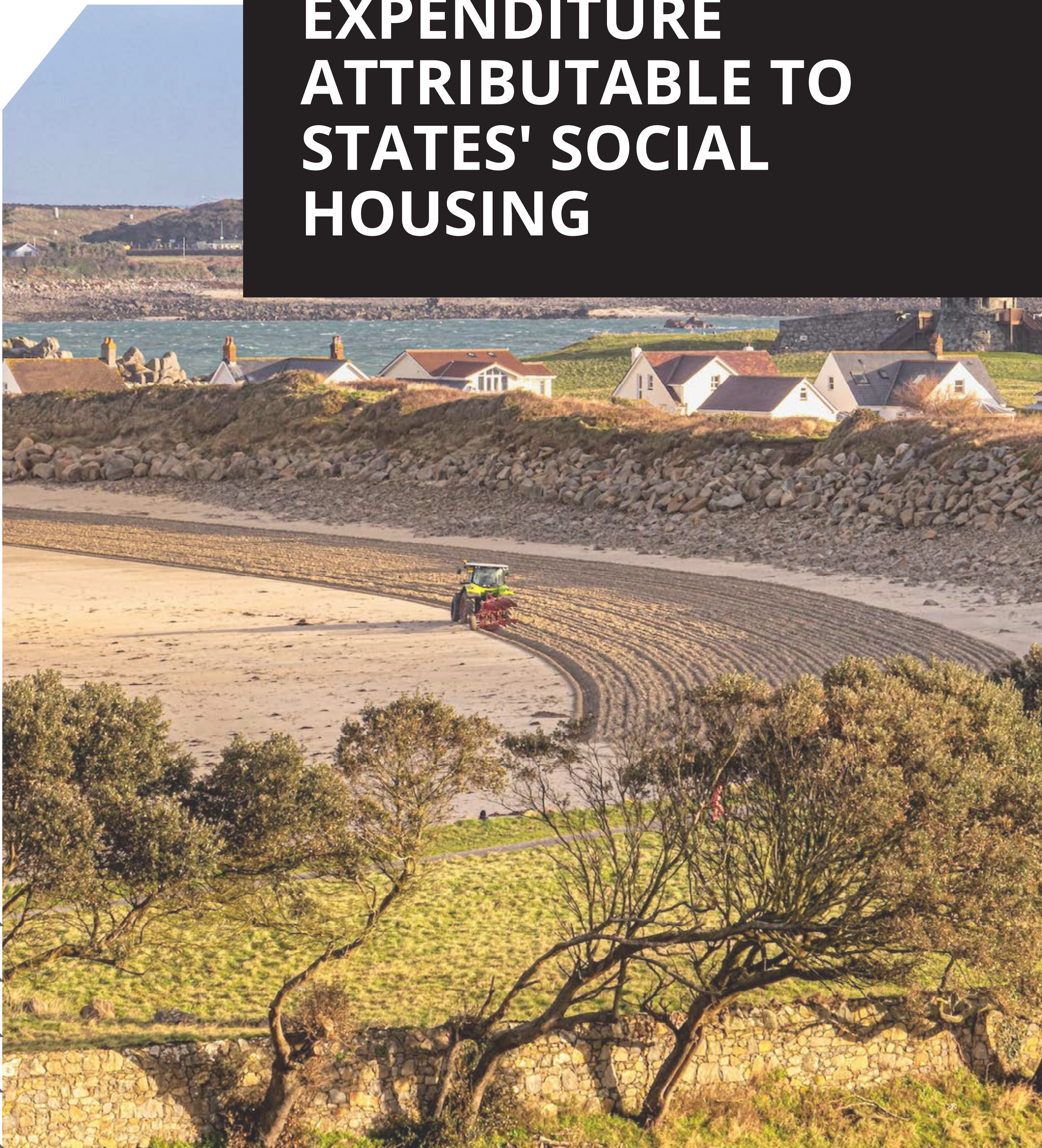
Seized Assets Internal Fund 12 Months to 31 December 2024	2024 FY £'000s	2023 FY £'000s
Opening Balance	**11,448**	**14,507**
Income - 80% from Seized Assets	348	123
Expenditure on Approved Initiatives:		
Appropriations to General Revenue Reserve	(3,346)	(3,872)
Contracted Out Work	(52)	(95)
Operational Equipment	-	(75)
	(3,398)	**(4,042)**
Net Investment Return	803	860
Closing Balance	**9,201**	**11,448**

Appropriations to General Revenue Reserves for 2024 of £3.3m related to Project costs of £2.4m, listed below, and grants to General Revenue of £0.9m:

- Refurbishment Marie Randall House - £2.0m
- Refurbishment of vessel "Leopardess" - £0.1m
- Financial Crime Case Management System - £0.3m

APPENDIX X

INCOME AND EXPENDITURE ATTRIBUTABLE TO STATES' SOCIAL HOUSING



	Note	2024	2023
		£'000s	£'000s
Income:			
Rental and Other Income	1	26,533	24,174
Total Income		**26,533**	**24,174**
Expenditure:	2		
Pay Costs		1,301	1,366
Maintenance		6,140	5,473
Utilities		1,000	830
Insurance Premiums/ Excess		443	415
Property Rates & Taxes		391	367
Other Non-Pay Operating Costs		144	155
		9,419	**8,606**
Depreciation		2,089	1,800
Total Expenditure		**11,508**	**10,406**
Operating Surplus		**15,025**	**13,768**
Income Support Benefits (Rent Allowance)		10,155	9,535
Net Income		**4,870**	**4,233**
Capital Expenditure in Year		1,371	1,367

1. Income

Rent and other income receivable from tenants increased by £2.4m, primarily due to the 6.8% increase applied to rent rates for 2024.

2. Expenditure

The £1.1m increase in 2024 was primarily due to building maintenance costs.

3. Income Support Benefits

Income Support Benefits The proportion of income support attributed to the provision of States' Housing has been established by calculating the housing rent allowance as a percentage of the requirement rate (which includes rent allowance) for the tenants. This percentage is then applied to the actual income support payable to these individuals. This has been included in order to reflect the grossing up of States' Housing rent which occurred following the removal of the Rent Rebate Scheme in 2018.

APPENDIX XI

STATES INVESTMENT BOARD

ANNUAL REPORT 2024

States of Guernsey

Contents

Chairman’s Report

Welcome to the 2024 States’ Investment Board (“the Board” or SIB) report to the Policy & Resources Committee.

2024 was characterised by strong performance from global equity markets and headline-grabbing returns from the “Magnificent Seven” technology stocks in the United States. Behind those headlines, most financial assets had more mixed fortunes. Bond markets, in particular, struggled to generate positive returns despite the beginning of an interest rate easing cycle from central banks. Indeed, the UK Gilt market generated negative returns in aggregate.

Against that backdrop, the two States of Guernsey investment portfolios in 2024 generated strong absolute returns and exceeded their inflation target return. However, they fell short of their benchmark returns. As a reminder, both portfolios are managed to seek to achieve a return of UK Consumer Price Inflation (CPI) plus 5% over the long term. In 2024, this target was 7.5% as CPI was 2.5% during the year.

With our advisor, Cambridge Associates, we have derived a market benchmark proxy that we believe will achieve this inflation-linked target return over the long term whilst maintaining an appropriate risk profile. This benchmark generated 10.6% in 2024.

The States General Investment Portfolio (“General Pool”, which contains various general and social security reserves) returned 8.0% during the year and The Public Servants’ Pension Scheme Portfolio (“Pension Pool”) returned 9.5%. More information on performance for both pools is available on page 13.

Some analysis of the portfolios’ return drivers is provided on page 15. The principal driver of the shortfall to benchmark was underperformance from legacy private investments and from the Guernsey Investment Fund (“GIF”). These legacy private investments have been in the portfolio for many years and their nature is such that they are illiquid and cannot be readily sold.

Whilst we have successfully rotated away from legacy assets in more liquid strategies, we have no choice but to allow these legacy private investments to run their course. The GIF is held in the General Pool and accounts materially for the difference in returns between the General Pool and Pension Pool performances in 2024.

The States Investment Board commenced at the start of 2022 and the first two years involved the establishment of the asset allocation framework and then very considerable changes to managers and assets in both portfolios. By the second half of 2024, we saw more stability and "business as usual" in the portfolios.

Initial signs from the new allocations are encouraging. Manager performance has generally been good and the different components of the portfolios, such as diversifiers, have performed as expected or exceeded expectations.

I am also pleased to report that the more recent private investments allocations have been successful, albeit draw-downs of capital are still modest at this stage. Overall, it is still early days, but the specialist private investments managers that Cambridge Associates are able to source have got off to a good start and show promise of flourishing in the years to come. Some analysis of the allocations made to date under the new mandate is provided on page 10.

With the main components of the portfolio fully implemented, we were able in 2024 to turn our attention to the local managers' allocation. As a reminder, the mandate given to us by the Policy & Resources Committee ("P&R") requires us to hold a minimum of 10% of the General Pool in "local managers" as an economic enabler. We are, of course, free to allocate more should we believe that the investment proposition supports it.

We have implemented a structured and consistent approach to review and allocate to local managers. This plan is ongoing and our advisors, Cambridge Associates, welcome approaches from any local managers that wish to be considered – an overview of the policy and the requirements for managers to qualify for inclusion is included on page 20. Managers are encouraged to put forward strategies that they believe represent their "best in class" product and fit well within our asset allocation framework. Since the year end, we have made or are initiating a number of further allocations which we will report on next year.

On page 23 an update is provided regarding the ESG orientation of the portfolios as we seek to transition over time to meet the States of Guernsey goals, including those related to net-zero. Over the year, some metrics improved and some deteriorated. Where deterioration was seen, this relates mostly to the allocation during the year to a US equity index fund, a position taken in public US equities pending allocation to private equity. We would expect this position to improve once these funds are reallocated to private investment drawdowns over the coming years.

We should, however, anticipate some headwinds in absolute metrics in the years to come as sentiment towards ESG has shifted markedly, especially in the US, following the change of administration. US corporations, which dominate global investment markets, are rapidly reversing ESG initiatives. Our role is not to take a political stance on the matter but to invest in alignment with States' goals. Our relative scores should continue to improve but now it may be more challenging to meet absolute targets in our previously anticipated timeframes.

During the past 18 months, the SIB, in conjunction with P&R, also turned its attention to succession planning. The initial 3 external members all had a 3 year term with coterminous end dates which does not make for orderly succession. Richard Crowder, the initial chairman, stepped aside early at the end of 2023 and I assumed the role of chairman thereafter. We were delighted to welcome James Ellis to the Board in June 2024 for an initial 4 year term and I am pleased to report that Henry Freeman agreed to extend his term by 2.5 years to June 2027. My tenure has been extended to June 2026. In combination, this means that we will have staggered and orderly succession henceforth.

Looking forward, the geo-political and macro-economic landscape is changing fast, faster than most could have imagined last year. We need to be prepared for, and should expect, further turbulence in the short term. Against that outlook, having a resilient and diversified portfolio structure is crucial and we believe that this is what we have built in the two Pools since we commenced in 2022. Of course, we will be subject to the vagaries of markets but we are not tied, like so many UK pension funds, to slavish asset/liability matching which can bring concentration in certain asset classes like bonds. A return target of CPI plus 5% is ambitious and necessarily involves taking investment risk and accepting periods of volatility and losses. Portfolio construction and manager selection will be tested truly only in times of turbulence - we believe that the current portfolios should perform well against volatility but also enable us to thrive in calmer waters. The early signs, following the tumultuous events of the past few weeks, are promising. I look forward to reporting to you again next year.

Investment Strategy and Asset Allocation

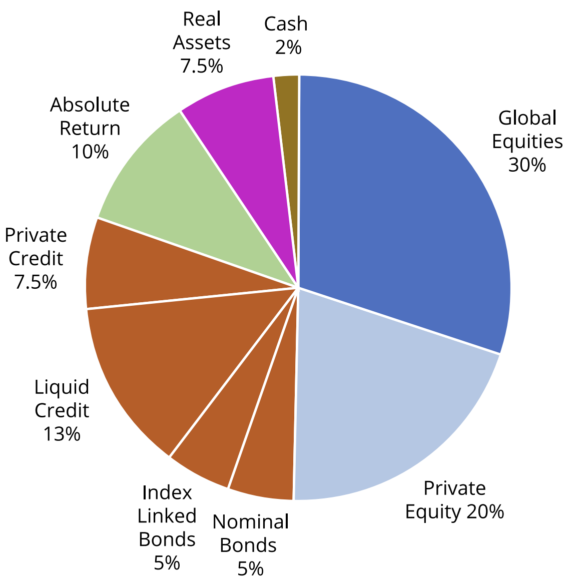
During 2024 the process to align the portfolios with the revised target asset allocation agreed in 2022 was completed for marketable investments.

The portfolio asset allocations as at 31st December 2024 are shown on the following page.

The targeted increase in allocation to private investments will take several years to implement fully as the pace at which commitments are drawn is dictated by the underlying managers. However, full ramp up is modelled to occur by 2028 to 2031, depending upon strategy.

The portfolios are temporarily overweight global public equity and liquid credit to act as a proxy, while the full private investment programme is implemented.

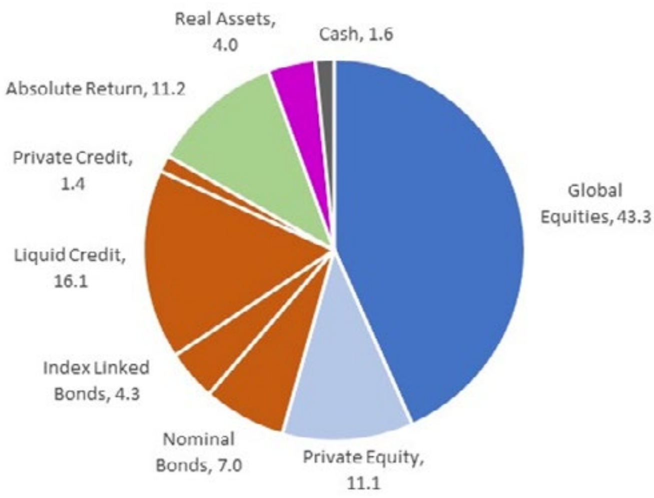
Strategic Asset Allocation as at 31/12/24



Asset Class	Weighting (%)
Global Equities	30.0
Private Equity	20.0
Nominal Bonds	5.0
Index Linked Bonds	5.0
Liquid Credit	13.0
Private Credit	7.5
Absolute Return	10.0
Real Assets	7.5
Cash	2.0
Predicted Return p.a*	9.2
Predicted Volatility*	10.6

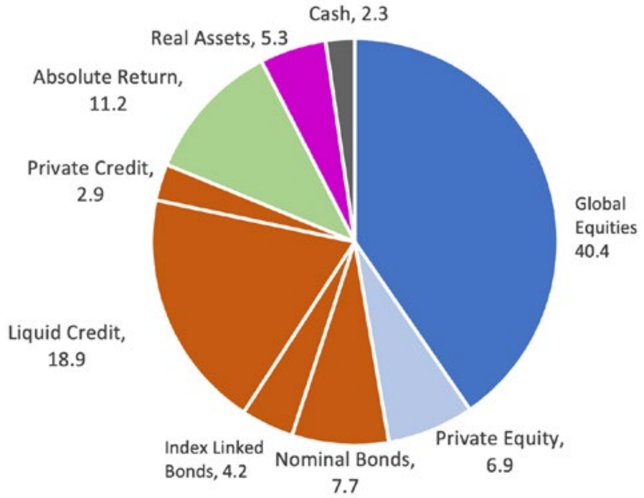
* See Appendix for definition

Allocation at 31/12/2024 - General Investment Portfolio



Asset Class	Weighting (%)
Global Equities	43.3
Private Equity	11.1
Nominal Bonds	7.0
Index Linked Bonds	4.3
Liquid Credit	16.1
Private Credit	1.4
Absolute Return	11.2
Real Assets	4.0
Cash	1.6

Allocation at 31/12/2024 - Public Servants' Pensions Scheme Portfolio



Asset Class	Weighting (%)
Global Equities	40.4
Private Equity	6.9
Nominal Bonds	7.7
Index Linked Bonds	4.2
Liquid Credit	19.1
Private Credit	2.9
Absolute Return	11.2
Real Assets	5.3
Cash	2.3

Portfolios are shown on a look through basis to account for multi asset holdings where relevant.

Manager Changes

Investments with 10 new managers were made during 2024. The new investments are exclusively via fund solutions providing cost effective exposure to specialist strategies, aligned with the long term strategy adopted for the portfolios.

Details of the new investments can be found on page 38 in Appendix III.

Private Assets

The liquidity profile and long time horizon of the States' portfolios allows us the opportunity to invest a substantial amount in private assets alongside some of the premier endowments, pension funds and sovereign wealth funds of the world. The reward should be superior returns in the long term.

Building a successful private assets portfolio requires considerable skill and patience and it is important to pace that investment over time.

Cambridge Associates have significant experience and resources dedicated to private assets and, as such, we appointed them to run private assets portfolios on our behalf on a discretionary basis, alongside their advisory role over the entire portfolio.

The long term nature of private asset investment means that it will take some time to see the benefits feed through, but these should be felt clearly in the second half of this decade and beyond.

Portfolio Snapshot

TOTAL PORTFOLIO	Target Exposure (NAV)	Target Commitment (per annum)	No. of Relationships | Funds	Total Commitments to Date	Capital Calls | Drawn & of Commitments
Aggregate Portfolio	-	£255 million	31 | 39	£562.4 million	£139.6 million | 24.8%
General Pool	35%	£115 million	-	£268.2 million	£66.4 million | 24.8%
Pensions Pool	35%	£140 million	-	£294.1 million	£73.2 million | 24.9%
PRIVATE EQUITY					
Aggregate Portfolio	-	£135 million	17 | 22	£303.1 million	£56.7 million | 18.7%
General Pool	20%	£60 million	-	£148.0 million	£28.3 million | 19.1%
Pension Pool	20%	£75 million	-	£155.1 million	£28.3 million | 18.3%
PRIVATE CREDIT					
Aggregate Portfolio	-	£65 million	7 | 8	£133.7 million	£55.0 million | 41.2%
General Pool	7.5%	£30 million	-	£66.1 million	£25.4 million | 30.3%
Pension Pool	7.5%	£35 million	-	£70.6 million	£29.6 million | 41.9%
PRIVATE REAL ASSETS					
Aggregate Portfolio	-	£55 million	7 | 9	£125.5 million	£27.8 million | 22.2%
General Pool	7.5%	£25 million	-	£57.0 million	£12.7 million | 22.2%
Pension Pool	7.5%	£30 million	-	£68.5 million	£15.2 million | 22,2%

Data as at 31 December 2024

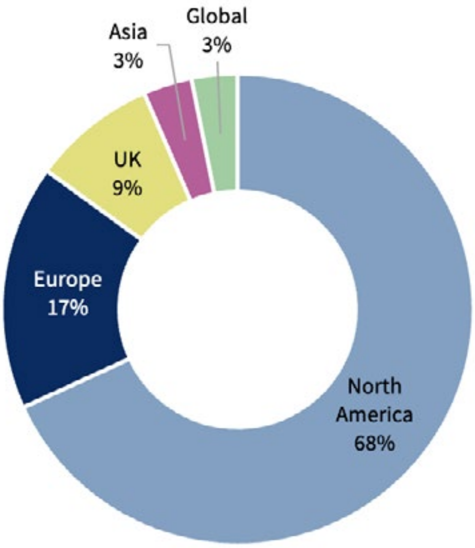
Private Assets
Aggregate Portfolio

In aggregate, the two portfolios have built a strong foundation across asset classes through access to high-performing managers. They are developing into well diversified portfolios, across strategies, geographies and industries.

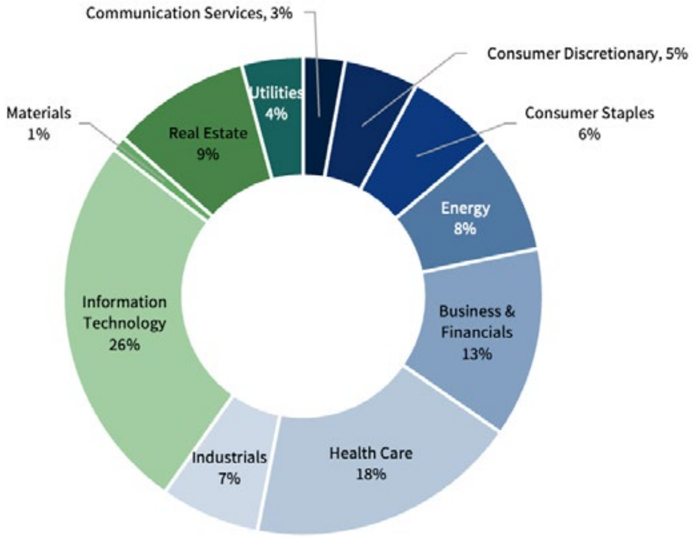
The information below relates to the discretionary private asset portfolios managed by Cambridge Associates excluding legacy private asset positions.

Asset Class Breakdown by Manager

Commitments by Geography



Commitments by Sector



All data is based on commitments that had successfully closed as at 31 December 2024

Performance

Investment Performance - 2024

Fund	Bal £m	2024 Return
States of Guernsey General Investment Portfolio	1,734	8.0%
Target - UK CPI + 5%		7.5%
Policy Benchmark		10.6%
The States of Guernsey Public Servants' Pension Scheme Portfolio	1,707	9.5%
Target: UK CPI +5%		7.5%
Policy Benchmark		10.6%

Returns are calculated using year end prices provided by the audited Custodian valuation on 22nd January 2025. As a result, it does not generally include Q4 performance of private assets.

The Policy Benchmark consists of MSCI ACWI (50%), Bloomberg Global Aggregate Bond Index £-hedged (20.5%), Hedge Fund Research Fund of Funds Diversified Index £-hedged (10%), FTSE EPRA/NAREIT Developed Real Estate Index (7.5%), Bloomberg World Government Inflation-Linked Bond Index £-hedged (5%), FTSE World Government Bond Index £-hedged (5%), SONIA (2%)

Policy benchmark data is lagged to account for delayed pricing of private investments.

In 2024, global investment markets saw strong performance from equity markets, driven by economic growth, technological advancements, and easing inflation. Stock markets in major economies performed well, with the US S&P500 gaining over 20% and Japan's Nikkei 225 surging past 34-year highs. Emerging markets showed mixed results, with Hong Kong's Hang Seng index recovering due to policy support, while India's Sensex faced declines as foreign investors shifted focus elsewhere.

Technology stocks played a pivotal role in global stock market performance, with artificial intelligence linked stocks fuelling gains across markets. In the US the "Magnificent Seven" technology stocks delivered outsized returns. In Europe, semiconductor and automation companies also outperformed, mirroring trends in the U.S. In Asia, China's government-backed AI and tech firms helped lift investor sentiment.

Bond markets faced volatility as central banks, including the European Central Bank, the Bank of England, and the US Federal Reserve cut interest rates. Worries over debt sustainability, long term inflation and fiscal policy put pressure on long term bonds and yield curves steepened notably. Overall, bond returns during 2024 were disappointing as a result.

Mergers and acquisitions rebounded worldwide, particularly in Europe and Asia, as companies sought strategic growth. Overall, 2024 was a year of strong equity returns, sector-specific volatility, and shifting global investment dynamics.

Despite having slightly lower exposure to strongly performing equity markets, the Public Servants' Pension Scheme Portfolio, marginally outperformed the General Investment Pool.

This is largely due to weakness in the special situations holdings in the General Investment Portfolio. Specifically, The Guernsey Investment Fund experienced a large writedown in the value of a local online business, and the Ravenscroft Blue Chip Fund significantly underperformed global equity markets.

		2024 Performance
Global Equities	MSCI All Country World Index in £ terms	**20.8%**
Global Bonds	FTSE World Government Bond Index £ Hedged	**2.0%**
Emerging Market Equities	MSCI Emerging Markets in £ terms	**9.4%**
UK Equities	FTSE All Share Index	**9.5%**
UK Bonds	FTSE Actuaries UK Conventional Gilts All Stocks Index	**-3.3%**

Source: Cambridge Associates

Performance Attribution
General Investment Portfolio

The main contributors to performance during 2024 are shown below.

Contributors

Ordered by basis points contribution to relative performance

BPS	Driver
+71	**Manager Selection - Public Credit** The Public Credit allocation outperformed its index (6.4% vs 3.1%). The allocation is now at 16.1%, but was higher earlier in the year. Strong performance from M&G accounts for over half of the contribution.
+45	**Asset Allocation - Underweight Private Credit** The private credit allocation is still being built out. As the credit index has underperformed the overall policy benchmark, this underweight contributed to relative performance.
+37	**Asset Allocation - Underweight Real Assets** Allocations to Inflation Linked and Private Real Assets were still being built in 2024. As real assets indices underperformed the overall policy benchmark, this underweight contributed to relative performance.

Performance Attribution
General Investment Portfolio

The main detractors to performance during 2024 are shown below.

Detractors

Ordered by basis points contribution to relative performance

BPS	Driver
-129	**Manager Selection - Legacy Private Investments** Private Investments lagged public equity indices in 2024. The portfolio has a substantial legacy PI allocation. Among these, Morgan Stanley is the largest investment, and it returned +6.6% versus 12.8% for the MSCI ACWI lagged[1]. The Guernsey Investment Fund also experienced a significant fall over the year.
-87	**Manager Selection - Silchester** Silchester International Equity Exclusion UCITS underperformed its MSCI EAFE benchmark, with a further impact coming from underperformance of EAFE vs World (i.e. US outperformed). The US underweight that results from Silchester is partially offset by the US Index fund holding.
-77	**Manager Selection - Ravenscroft Blue Chip Fund** Underperformance from Ravenscroft (-0.6% vs +20.8% for MSCI World) has been a detractor.
-74	**Asset Allocation - Underweight Growth Assets** While legacy Multi Asset and Credit funds were reduced in the first part of 2024, global equities (and private investments) were underweight. Moreover, credit and bonds (including long duration bonds) performed less well than equities and than the policy benchmark.
-24	**Manager Selection - Generation** Underperformance from Generation IM Global Equity Fund (12.5% vs +20.8% for MSCI World) was a detractor.

1. For a fair comparison, the Policy Benchmark components for Private Investments is lagged to the reported quarter for Private Investments.

Performance Attribution
Public Servants' Pension Scheme Portfolio

The main contributors to performance during 2024 are shown below.

Contributors

Ordered by basis points contribution to relative performance

BPS	Driver
+50	**Asset Allocation - Underweight Credit** Allocations to Public Credit and Private Credit were still being built in early 2024. As the credit index has underperformed the overall policy benchmark, this underweight contributed to relative outperformance.
+39	**Asset Allocation - Underweight Inflation Sensitive** Allocations to Inflation Linked and Private Real Assets were still being built in 2024. As real assets indices have underperformed the overall policy benchmark, this underweight contributed to relative performance.
+27	**Manager Selection Absolute Return** The Absolute Return allocation outperformed its index (13.9% vs 9.4% taking into account FX hedging). The allocation is now at 11% but in the first two months of the year the allocation was lower.

Performance Attribution
Public Servants' Pension Scheme Portfolio

The main detractors to performance during 2024 are shown below.

Detractors

Ordered by basis points contribution to relative performance

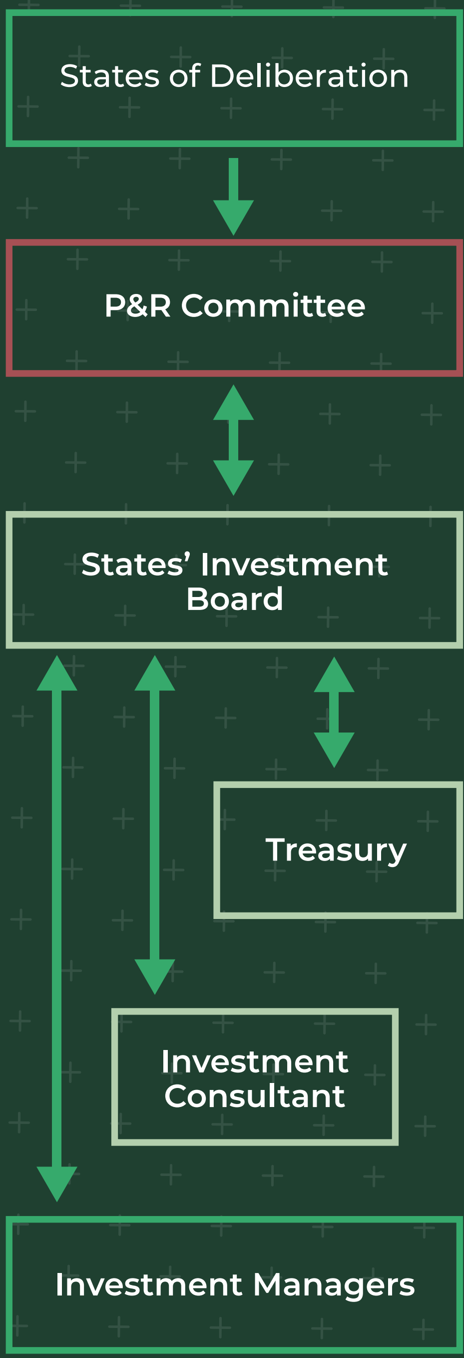
BPS	Driver
-69	**Manager Selection - Legacy Private Investments** Private Investments lagged public equity indices year to date. The Pension portfolio has a substantial legacy PI allocation and it returned +5.5% versus 12.8% for the MSCI ACWI lagged.[1]
-87	**Manager Selection - Silchester** Silchester International Equity Exclusion UCITS underperformed its MSCI EAFE benchmark, with a further impact coming from underperformance of EAFE vs World (i.e. US outperformed). The US underweight that results from Silchester is partially offset by the US index fund holding.
-24	**Manager Selection - Emerging Markets** Stewart Investors Global Emerging Markets Sustainability Fund (-15bps) and Overlook Partners Fund (-6bps) underperformed their respective benchmarks.

1. For a fair comparison, the Policy Benchmark components for Private Investments is lagged to the reported quarter for Private Investments.

States of Guernsey Investment Portfolios

Governance Structure

- The States set the permitted investment rules specifying eligible investments
- The Policy and Resources Committee (P&R) sets investment objectives (which can be found on page 30) and monitors performance through a standing invitation to attend meetings (as a non-voting observer) and through the Annual Report prepared by the SIB
- The States Investment Board, appointed by the Committee, sets and implements the investment strategies to seek to achieve the agreed objectives
- The States' Treasury provides day-to-day management and administration
- Independent consultants provide expert investment advice to the Board on strategy and manager selection



Local Managers

P&R wishes to support locally based investment managers, to encourage the growth and the development of the finance industry within the Bailiwick. It also, however, recognises that local managers may not always provide a compelling case for investment in relation to the full global universe of managers available.

The Committee, therefore, has directed the SIB to invest a minimum of 10% of non-pension assets with local managers, where suitable opportunities exist. These managers will need to be able to demonstrate their existing or likely future positive contribution to the local investment industry and satisfy the SIB and its advisors of their financial stability and investment credentials.

Consideration may be given to investment firms that do not meet all these criteria on a case by case basis. For example, firms that are principally sales, marketing or administration operations may be considered. All potential managers must meet the first two conditions. Firms that do not meet these two conditions will not be eligible for inclusion in the local managers pool.

It should be noted that meeting all five criteria is not a guarantee for investment. Preference may be given to managers who are able to demonstrate specialisation in any of the single asset class strategies mentioned below, over multi-asset or 'fund of fund' style managers.

To qualify for investment, managers should meet the following criteria:

1. **Have a Guernsey office, employing Guernsey residents**
2. **Pass a manager evaluation, led by Cambridge Associates**
3. **Have true investment decision makers based in Guernsey**
4. **Offer a strategy in one of the following areas: direct equities, fixed income, alternatives, private assets**
5. **Their presence should enhance the investment and finance industry of the island**

Environmental, Social and Governance (ESG)

The Board recognises that material sustainability factors, such as environmental, social and governance (ESG) factors, can impact long-term investment performance as well as being a force for good. The Board, therefore, views consideration of these factors as being integral to each investment, in line with the objective of long-term value creation and the States of Guernsey's wider policy on sustainability.

Therefore, while taking due regard of the primary duty to generate strong risk-adjusted returns, the Board believes that:

1. Working to incorporate material environmental, social and governance criteria into the investment decision making processes is required.
2. In accordance with the States' Climate Change policy, pursuing an investment approach informed by the scientific consensus on climate change and consistent with the goals of the 2015 Paris agreement is required.

The SIB expects to avoid narrowly focused strategies which may have meaningful exposure to controversial areas and will, instead, orientate towards strategies with enhanced environmental, social or governance impact.

To facilitate this, the SIB through its advisors and managers shall:

- Consider the portfolios' investments which may have a positive ESG impact. Where applicable, align the portfolios' investments with the goals of the 2015 Paris agreement to limit global warming to close to 1.5°C by eliminating net emissions of carbon and other GHGs by mid-century.
- Provide annually, and to the extent disclosure allows, a report outlining the sustainability/ESG profile of the portfolios, flagging up potential issues.
- Consider, as part of its due diligence, whether a new investment might give rise to a material exposure to ESG issues.

Further details of the approach being adopted to align with the States' net zero goals can be found in Appendix IV.

The full mandate and objectives are available on the following webpage: **gov.gg/investmentgov**

The ESG data on the following two pages are a standard set of metrics that are collected annually. It is obtained by analysing the portfolios' listed equities using MSCI ESG tools. It allows our advisor, Cambridge Associates, to monitor how the portfolios are behaving versus the ESG considerations set out in the agreed policy.

Cambridge Associates' ESG data provider is MSCI Inc, via their MSCI ESG database and analytics tool. This provides access to a deep database, large choice of metrics and robust methodologies. It is a useful tool for gathering high level insights from a large volume of data. As some of the reported information is backward looking in nature, Cambridge overlay a materiality assessment before reaching conclusions, to allow for the fact that companies operate in different ecosystems and regulatory environments.

Key for ESG Scorecard

- Improvement
- Decline
- Neutral or minor change

Data relates to public equity only

Environmental, Social and Governance (ESG) - General Investment Portfolio

Results remain positive versus the Global Equity Index. During the year, exposure was added to a US index fund pending deployment to private equity, and to a global equity hedge fund which is modelled by Cambridge on index exposure for ESG purposes. Accordingly, this brings a pull towards the index levels for some social and governance indicators. However, for environment, the direction of travel is encouraging.

2024 ESG 'Scorecard'

Metric		States of Guernsey General (2023)	States of Guernsey General (2024)	Global Index (MSCI ACWI)	Relative vs MSCI ACWI	Relative vs 2023
Social and Governance	**Controversial Businesses**					
	Exposure to civilian firearms (producers and retailers)	**0.3%**	**0.5%**	0.6%		
	Exposure to controversial weapons	**0.2%**	**0.3%**	0.5%		
	Exposure to adult entertainment	**0.1%**	**0.0%**	0.1%		
	Exposure to gambling	**0.9%**	**0.7%**	1.0%		
	Labour Rights Exposure to labour norms violations or watch list	**9.0%**	**9.8%**	11.9%		
	Gender % Weight of companies with no female directors	**1.3%**	**0.4%**	0.7%		
	Companies violating UN Global Compact % weight of companies posing reputational risks because they violate UN Global Compact principles	**0.0%**	**0.1%**	0.1%		
Environment	**Carbon Footprint** Carbon emissions tons CO2 / $ million invested	**81.9**	**60.6**	66.3		
	Weighted Average Carbon Intensity Tons CO2 / $ million sales	**108.3**	**103.4**	113.6		
	Fossil Fuels Exposure to companies with any fossil fuel reserves	**4.3%**	**3.6%**	5.8%		
Positive Impact	**Social Impact** Revenue exposure to business activities with positive impact on society	**4.4%**	**2.6%**	2.0%		
	Environmental Impact Revenue exposure to business activities with positive impact on the environment	**3.3%**	**4.2%**	5.0%		

Environmental, Social and Governance (ESG) - Public Servants' Pension Scheme Portfolio

Results remain positive versus the Global Equity Index. During the year, exposure was added to a US index fund pending deployment to private equity, and to a global equity hedge fund which is modelled by Cambridge on index exposure for ESG purposes. Accordingly, this brings a pull towards the index levels for some social and governance indicators. However, for environment, the direction of travel is encouraging.

2024 ESG 'Scorecard'

Metric		States of Guernsey Pension (2023)	States of Guernsey Pension (2024)	Global Index (MSCI ACWI)	Relative vs MSCI ACWI	Relative vs 2023
Social and Governance	**Controversial Businesses**					
	Exposure to civilian firearms (producers and retailers)	**0.4%**	**0.6%**	0.6%		
	Exposure to controversial weapons	**0.3%**	**0.4%**	0.5%		
	Exposure to adult entertainment	**0.0%**	**0.0%**	0.1%		
	Exposure to gambling	**0.5%**	**0.8%**	1.0%		
	Labour Rights Exposure to labour norms violations or watch list	**7.0%**	**11.2%**	11.9%		
	Gender % Weight of companies with no female directors	**1.2%**	**0.3%**	0.7%		
	Companies violating UN Global Compact % weight of companies posing reputational risks because they violate UN Global Compact principles	**0.0%**	**0.1%**	0.1%		
Environment	**Carbon Footprint** Carbon emissions tons CO2 / $ million invested	**79.9**	**63.7**	66.3		
	Weighted Average Carbon Intensity Tons CO2 / $ million sales	**108.4**	**111.7**	113.6		
	Fossil Fuels Exposure to companies with any fossil fuel reserves	**3.6%**	**4.7%**	5.8		
Positive Impact	**Social Impact** Revenue exposure to business activities with positive impact on society	**3.8%**	**1.9%**	2.0%		
	Environmental Impact Revenue exposure to business activities with positive impact on the environment	**3.9%**	**4.8%**	5.0%		

Performance of Managers

General Investment Portfolio

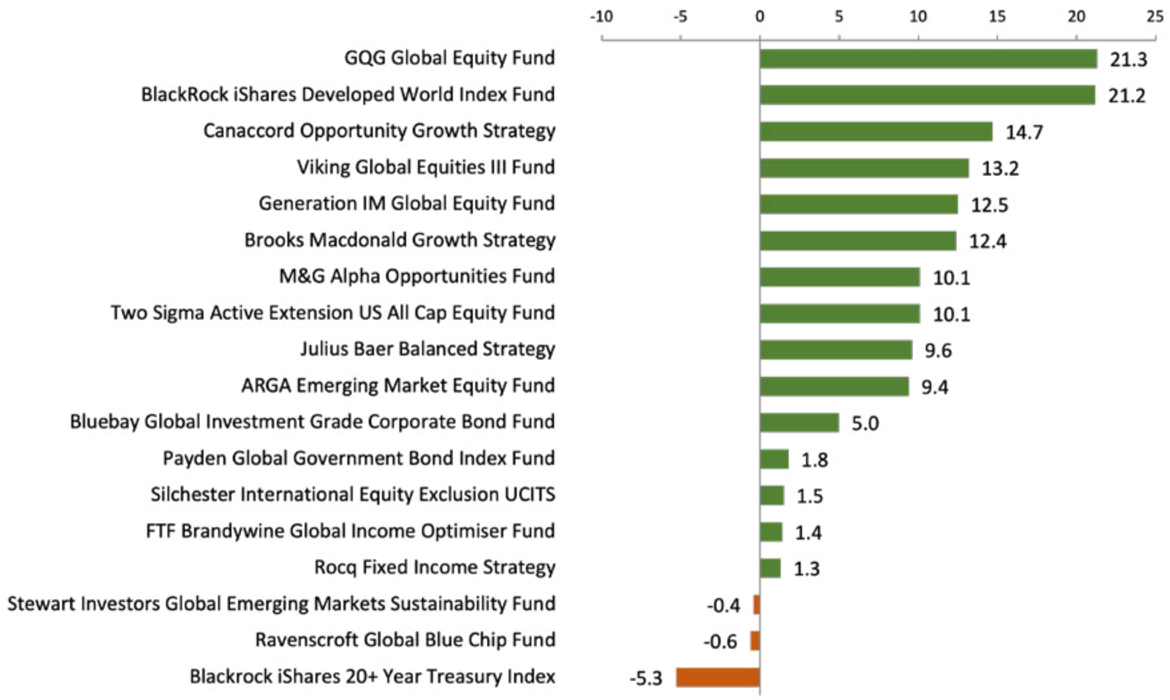
(Investments held for the full year, excluding private investments)

In order to provide a like for like comparison, the charts on the following pages only report the performance of investments that were held for the full 12 months of 2024.

A complete table of performance figures for all investments can be found in Appendix II.

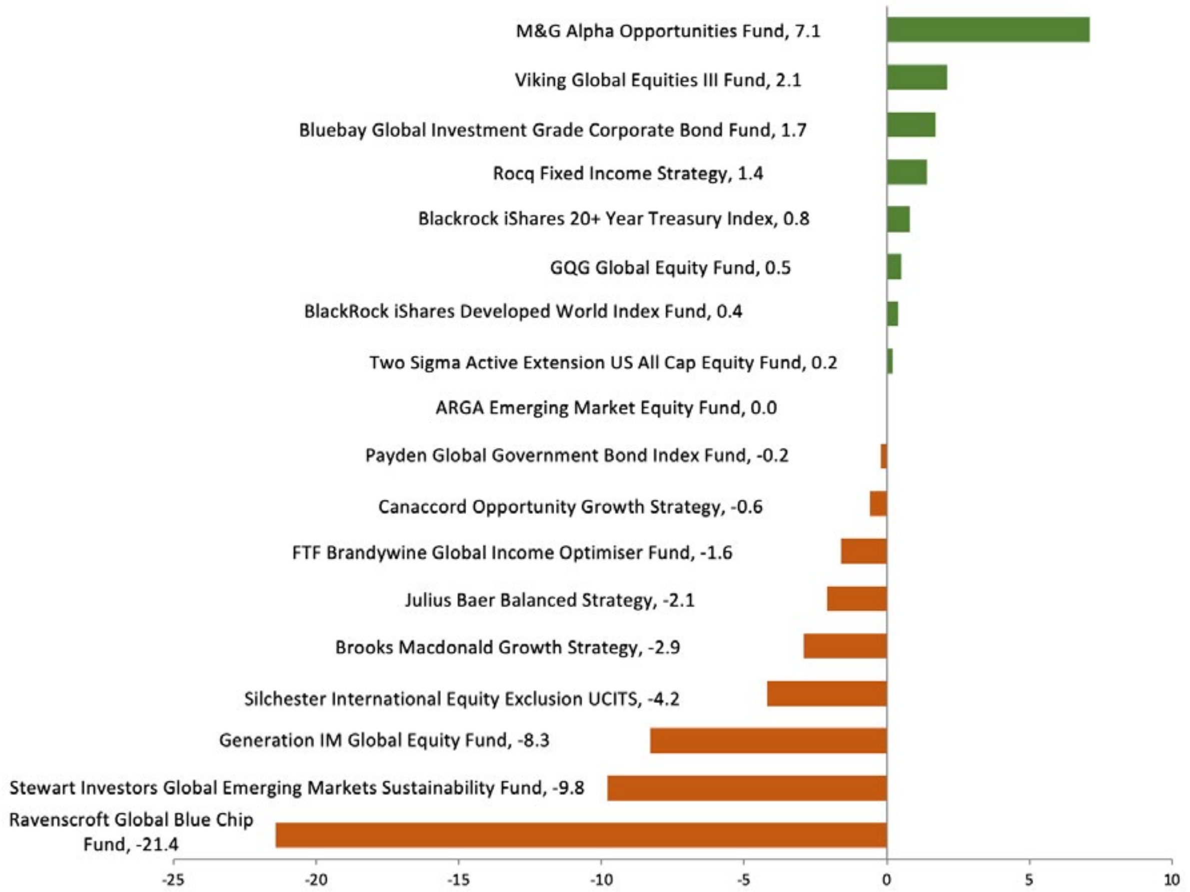
A full list of the new managers invested in during 2024 can be found in Appendix III.

2024 Fund Absolute Performance (%)



Performances relative to benchmarks were mixed. Some of the active equity managers found it harder to outperform in the face of narrower markets. This also impacted on the multi asset managers.

2024 Fund Performance Relative to Benchmarks (%)



Performance figures for all investments can be found in Appendix II.

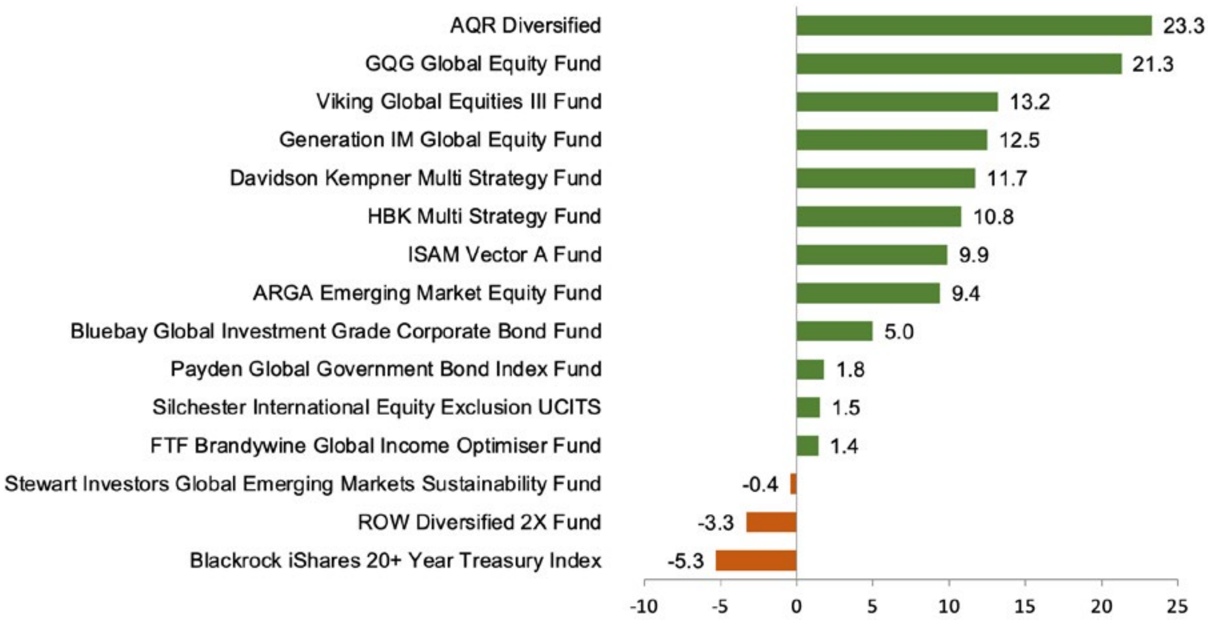
Please see Appendix III for a list of the new managers invested in during 2024.

Performance of Managers
Public Servants' Pension Scheme Portfolio

(Investments held for the full year, excluding private investments)

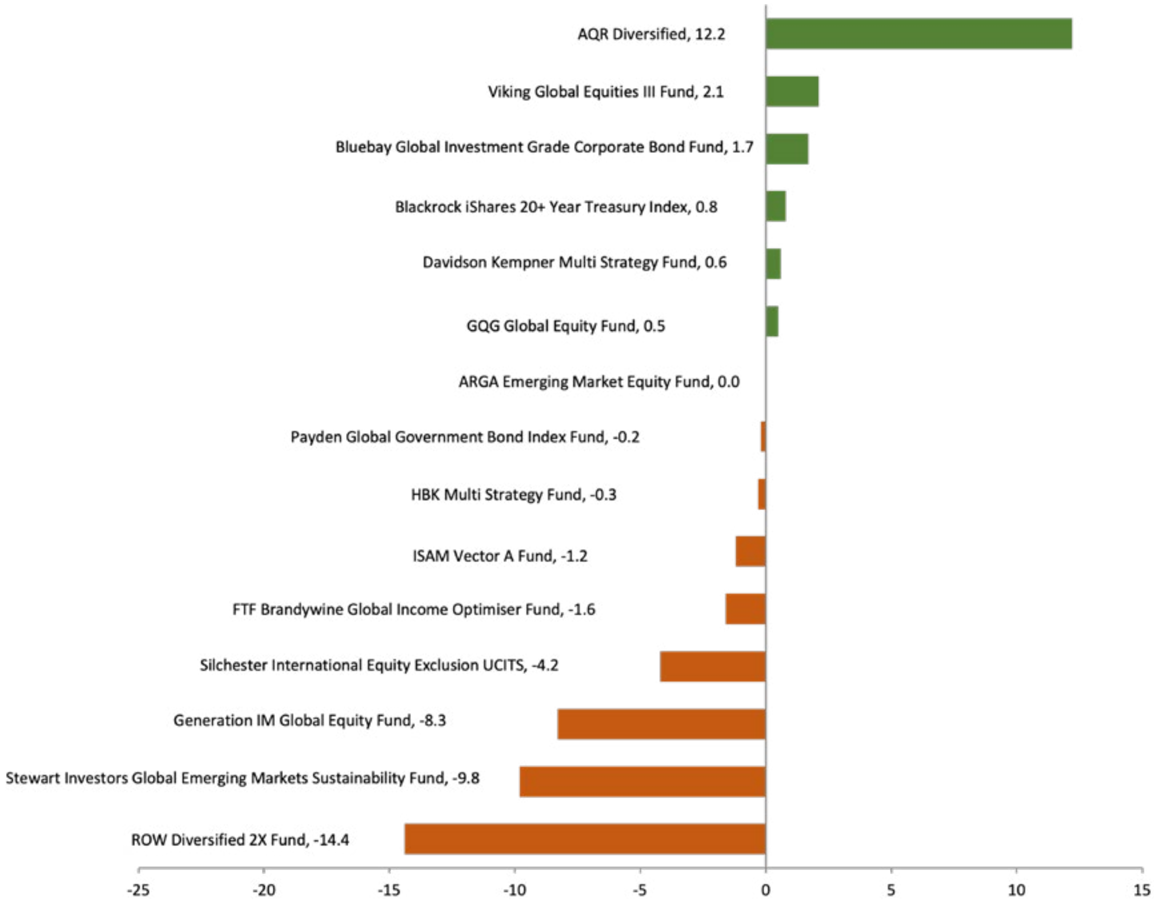
Like the General Investment Portfolio, most of the managers in the Pension Portfolio held for the full year generated a positive return in 2024.

2024 Absolute Performance (%)



Performances relative to benchmarks were also more mixed in the Pension portfolio.

2024 Fund Performance Relative to Benchmarks (%)



Performance figures for all investments can be found in Appendix II.

Please see Appendix III for a list of the new managers invested in during 2023.

Board Members and Other Information

States' Investment Board Members

Paul Meader (Chairman)
James Ellis (appointed June 2024)
Henry Freeman
Bethan Haines (States Treasurer)

Advisor to the States' Investment Board

Cambridge Associates

States Committee with overall responsibility for investment

Policy & Resources Committee

Policy & Resources sub Committee responsible for Investment Strategy

States' Investment Board

Custodian

Northern Trust

Administration

States Treasury

Appendix I
SIB Investment Objectives

Overview

In line with the States' Permitted Investment Rules, the Policy & Resources Committee (P&R) has appointed an independent specialist sub-committee, known as the States Investment Board (SIB), to oversee the investment management and administration of the investment funds under the Committee's delegated responsibility. The SIB will act in its capacity, as detailed in its Terms of Reference, to fulfil the mandate and achieve the investment objectives set by P&R.

General Investment Considerations

While the overarching objective in any commercial investment scenario is to achieve the best returns possible, a prudent investment programme will be constrained by relevant risks and other factors that must be considered when setting a strategy. Some of the constraints the Committee will expect the SIB to consider include:

- Volatility & risk of investments versus return
- Investment time horizon
- Cashflow requirements
- Environmental, Social & Governance considerations

Special Situations

There may be special situations where the Policy and Resources Committee will advise the SIB that other, non-financial benefits or outcomes give rise for the consideration of specific investments which wouldn't otherwise meet the SIB's investment criteria. Any such situations will be clearly identified with indications of expected levels of capital commitment and the specific objectives set by the Committee.

The SIB will assist with the implementation of these investments and help ensure they achieve the specific objectives set. The SIB are not accountable for the performance of these investments. They will, however, endeavour to target the best return available within the limited discretion they are set by the Committee.

Special Situations will be separately benchmarked and investor participation will be assessed against the wider objectives and risk profile to ensure they are appropriate for each stakeholder/ investor.

Appendix II
Performance of Underlying Managers

General Investment Portfolio

	Inception Date	2024 Performance	Annualised Since Inception	Cumulative Since Inception
Growth Assets - Developed Equity				
BlackRock iShares Developed World Index Fund	31/08/2020	21.2	13.5	73.4
MSCI World		20.8	13.4	72.3
Relative		0.4	0.1	1.1
BlackRock iShares US Index Fund	13/05/2024	13.5	-	13.5
S&P 500		13.7	-	13.7
Relative		-0.2	-	-0.2
Generation IM Global Equity Fund	30/06/2023	12.5	15.3	23.9
MSCI World		20.8	18.9	29.6
Relative		-8.3	-3.6	-5.7
GQG Partners Global Equity Fund	07/07/2023	21.3	23.9	38.0
MSCI World		20.8	18.9	29.6
Relative		0.5	5.0	8.4
Silchester International Equity Exclusion UCITS	01/10/2023	1.5	3.9	4.9
MSCI EAFE		5.7	9.3	11.7
Relative		-4.2	-5.4	-6.8
Ravenscroft Global Blue Chip Fund	01/12/2023	-0.6	2.9	3.1
MSCI World		20.8	23.6	25.8
Relative		-21.4	-20.7	-22.7
Two Sigma Active Extension U.S All Cap Equity Fund	31/08/2024	10.1	-	10.1
Russell 3000		9.9	-	9.9
Relative		0.2	-	0.2

Growth Assets - Emerging Markets Equity				
ARGA Emerging Market Equity Fund	22/11/2023	9.4	12.7	13.8
MSCI Emerging Markets		9.4	11.9	12.9
Relative		0.0	0.8	0.9
Stewart Investors Global Emerging Markets Sustainability Fund	22/11/2023	-0.4	4.3	4.6
MSCI Emerging Markets		9.4	11.9	12.9
Relative		-9.8	-7.6	-8.3
Diversifiers - Absolute Return				
Alphadyne International Master Fund	29/02/2024	9.0	-	9.0
HFRI Fund of Funds Diversified Index		7.6	-	7.6
Relative		1.4	-	1.4
AQR	01/02/2024	18.3	-	18.3
HFRI Fund of Funds Diversified Index		9.9	-	9.9
Relative		8.4	-	8.4
Davidson Kempner Multi Strategy Fund	31/01/2024	10.5	-	10.5
HFRI Fund of Funds Diversified Index		9.9	-	9.9
Relative		0.6	-	0.6
HBK Multi Strategy Fund	31/01/2024	9.9	-	9.9
HFRI Fund of Funds Diversified Index		9.9	-	9.9
Relative		0.0	-	0.0
Holocene Advisors Master Fund	29/02/2024	9.3	-	9.3
HFRI Fund of Funds Diversified Index		7.6	-	7.6
Relative		1.7	-	1.7
ISAM Vector A Fund	31/01/2024	6.8	-	6.8
HFRI Fund of Funds Diversified Index		9.9	-	9.9
Relative		-3.1	-	-3.1
P/E FX Strategy Standard Fund	29/02/2024	9.9	-	9.9
HFRI Fund of Funds Diversified Index		7.6	-	7.6
Relative		2.3	-	2.3
ROW Diversified 2X Fund	31/01/2024	-5.9	-	-5.9
HFRI Fund of Funds Diversified Index		9.9	-	9.9
Relative		-15.8	-	-15.8
Viking Global Equities III Fund	30/11/2023	13.2	11.3	12.3
HFRI Fund of Funds Diversified Index		11.1	11.3	12.3
Relative		2.1	0.0	0.0
Diversifiers - Liquid Credit				
Bluebay Global Investment Grade Corporate Bond	12/12/2023	5.0	7.2	7.8
BBG Global Aggregate Corp (Hgd) - £		3.3	6.6	7.2
Relative		1.7	0.6	0.6

FTF Brandywine Global Income Optimiser	12/12/2023	1.4	4.3	4.6
BBG Global Aggregate (Hgd) - £		3.0	5.8	6.3
Relative		-1.6	-1.5	-1.7
M&G Alpha Opportunities Fund	30/04/2017	10.1	4.7	41.9
BBG Global Aggregate (Hgd) - £		3.0	0.9	7.0
Relative		7.1	3.8	34.9
Palmer Square Income Plus Fund	30/09/2024	0.6	-	0.6
BBG Global Aggregate (Hgd) - £		-1.0	-	-1.0
Relative		1.6	-	1.6
Rocq Fixed Income Strategy*	30/11/2024	1.3	-	-0.2
iBoxx Sterling Non-Gilts 3-5 Year Index		-0.1	-	-0.1
Relative		1.4	-	-0.1
Multi-Asset				
Brooks Macdonald Balanced Strategy	15/04/2016	12.4	5.7	62.3
70% MSCI World / 30% Global Agg £ Hedged		15.3	9.8	124.0
Relative		-2.9	-4.1	-61.7
Canaccord Opportunity Strategy	15/04/2016	14.7	8.1	96.6
70% MSCI World / 30% Global Agg £ Hedged		15.3	9.8	125.0
Relative		-0.6	-1.7	-27.4
Julius Baer Balanced Strategy	03/12/2018	9.6	6.4	45.4
50% MSCI World / 50% Global Agg £ Hedged		11.7	7.5	54.3
Relative		-2.1	-1.1	-8.9
Inflation Linked Bonds				
iShares Global Inflation-Linked Bond Index Fund	27/02/2024	2.0	-	2.0
Bloomberg Inflation-Linked World Bond £ Hedged		2.1	-	2.1
Relative		-0.1	-	-0.1
Nominal Bonds				
iShares $ Treasury Bond 20+yr UCITS ETF	15/12/2023	-5.3	-5.3	-5.3
ICE US Treasury 20+ Year Bond Index		-6.1	-6.1	-6.1
Relative		0.8	0.8	0.8
Payden Global Government Bond Index Fund	23/05/2023	1.8	2.7	4.4
FTSE World Government Bond Index GBP Hedged		2.0	3.0	4.8
Relative		-0.2	-0.3	-0.4

Please see Appendix III for breakdown of new investments made during 2024.

* Invested in Rocq International Balanced Sustainable Strategy prior to Q4 2024

Public Servants' Pension Scheme Portfolio

	Inception Date	2024 Performance	Annualised Since Inception	Cumulative Since Inception
Growth Assets - Developed Equity				
BlackRock iShares Developed World Index Fund	22/03/2024	10.6	-	10.6
MSCI World		10.1	-	10.1
Relative		0.5	-	0.5
BlackRock iShares US Index Fund	28/05/2024	13.7	-	13.7
S&P 500		14.0	-	14.0
Relative		-0.3	-	-0.3
Generation IM Global Equity Fund	30/06/2023	12.5	15.3	23.9
MSCI World		20.8	18.9	29.6
Relative		-8.3	-3.6	-5.7
GQG Partners Global Equity Fund	07/07/2023	21.3	23.9	38.0
MSCI World		20.8	18.9	29.6
Relative		0.5	5.0	8.4
Silchester International Equity Exclusion UCITS	01/10/2023	1.5	3.9	4.9
MSCI EAFE		5.7	9.3	11.7
Relative		-4.2	-5.4	-6.8
Two Sigma Active Extension U.S All Cap Equity Fund	18/04/2024	14.7	-	14.7
Russell 3000		17.7	-	17.7
Relative		-3.0	-	-3.0
Growth Assets - Emerging Markets Equity				
ARGA Emerging Market Equity Fund	22/11/2023	9.4	12.7	13.8
MSCI Emerging Markets		9.4	11.9	12.9
Relative		0.0	0.8	0.9
Stewart Investors Global Emerging Markets Sustainability Fund	22/11/2023	-0.4	4.3	4.0
MSCI Emerging Markets		9.4	11.9	12.9
Relative		-9.8	-7.6	-8.9
Diversifiers - Absolute Return				
Alphadyne International Master Fund	29/02/2024	9.0	-	9.0
HFRI Fund of Funds Diversified Index		7.6	-	7.6
Relative		1.4	-	1.4
AQR Diversified Risk Premia Fund*	31/03/2023	23.3	18.7	35.0
HFRI FOF Diversified Index		11.1	7.3	13.1
Relative		12.2	11.4	21.9

*Investment was switched from GBP to USD class on 01/02/2024

Davidson Kempner Multi Strategy Fund	31/12/2023	11.7	11.7	11.7
HRFI Fund of Funds Diversified Index		11.1	11.1	11.1
Relative		0.6	0.6	0.6
HBK Multi Strategy Fund	31/12/2023	10.8	10.8	10.8
HFRI Fund of Funds Diversified Index		11.1	11.1	11.1
Relative		-0.3	-0.3	-0.3
Holocene Advisors Master Fund	29/02/2024	9.3	-	9.3
HFRI Fund of Funds Diversified Index		7.6	-	7.6
Relative		1.7	-	1.7
ISAM Vector A Fund	31/12/2023	9.9	9.9	9.9
HFRI Fund of Funds Diversified Index		11.1	11.1	11.1
Relative		-1.2	-1.2	-1.2
P/E FX Strategy Standard Fund	29/02/2024	9.9	-	9.9
HFRI Fund of Funds Diversified Index		7.6	-	7.6
Relative		2.3	-	2.3
ROW Diversified 2X Fund	31/12/2023	-3.3	-3.3	-3.3
HFRI Fund of Funds Diversified Index		11.1	11.1	11.1
Relative		-14.4	-14.4	-14.4
Viking Global Equities III Fund	30/11/2023	13.2	11.3	12.3
HFRI Fund of Funds Diversified Index		11.1	11.3	12.3
Relative		2.1	0.0	0.0
Diversifiers - Liquid Credit				
Bluebay Global Investment Grade Corporate Bond	12/12/2023	5.0	7.2	7.8
BBG Global Aggregate Corp (Hgd) - £		3.3	6.6	7.2
Relative		1.7	0.6	0.6
FTF Brandywine Global Income Optimiser	12/12/2023	1.4	4.3	4.6
BBG Global Aggregate (Hgd) - £		3.0	5.8	6.3
Relative		-1.6	-1.5	-1.7
M&G Alpha Opportunities Fund	02/04/2024	6.4	-	6.4
BBG Global Aggregate (Hgd) - £		3.2	-	3.2
Relative		3.2	-	3.2
Palmer Square Income Plus Fund	30/09/2024	0.6	-	0.6
BBG Global Aggregate (Hgd) - £		-1.0	-	-1.0
Relative		1.6	-	1.6

Inflation Linked Bonds				
iShares Global Inflation-Linked Bond Index Fund	27/02/2024	2.0	-	2.0
Bloomberg Inflation-Linked World Bond £ Hedged		2.1	-	2.1
Relative		-0.1	-	-0.1
Nominal Bonds				
iShares $ Treasury Bond 20+yr UCITS ETF	18/12/2023	-5.3	-5.3	-5.3
ICE US Treasury 20+ Year bond index		-6.1	-6.1	-6.1
Relative		0.8	0.8	0.8
Payden Global Government Bond Index Fund	23/05/2023	1.8	2.7	4.4
FTSE World Government Bond Index GBP Hedged		2.0	3.0	4.8
Relative		-0.2	-0.3	-0.4

Source: Cambridge Associates

2024 performance is the absolute performance for each investment for the relevant holding period.

Private and Illiquid Investments

	INCEPTION DATE	INTERNAL RATE OF RETURN
General Investment Portfolio		
AMP Capital Global Infrastructure Fund (Non-US), L.P.	23/09/2021	7.1%
Blackstone Strategic Capital Holdings II L.P.	23/09/2021	14.4%
Cambridge Associates Discretionary Portfolio	31/10/2022	10.9%
CBRE Global Real Estate Securities Strategy	26/11/2008	6.4%*
Morgan Stanley Multi-Alternative Strategy	31/03/2013	5.4%*
Partners Group Direct Equity IV (USD) C-I, L.P	26/04/2021	7.1%
PG Impact Investments I, L.P	30/12/2020	7.9%
Special Situations[1]		
GIF Property Cell	30/09/2020	-1.6%
GIF Technology and Innovation Cell	31/03/2018	-11.8%
Total Private Investments Time Weighted Return for 2024		2.9%
Public Servants' Pension Scheme Portfolio		
Cambridge Associates Discretionary Portfolio	31/10/2022	10.1%
CBRE Global Real Estates Securities Strategy	26/11/2008	6.5%*
Morgan Stanley Global Asset Allocation Strategy	28/02/2011	6.9%*
PEG Global Private Equity Institutional Investors V LLC	15/05/2015	19.0%
Partners Group Direct Equity 2016 (USD) C, L.P.	15/11/2015	16.5%
Sustainable Growth Fund	15/11/2017	6.0%
White Star Capital II Guernsey L.P.	15/08/2017	14.4%
White Star Capital III International L.P.	03/03/2021	3.9%
Total Private Investments Time Weighted Return for 2024		9.5%

*Annualised Rate of Return since inception

1 - Please see appendix 1 - SIB Investment Objectives for more information on Special Situations

Source: Cambridge Associates. Data as at 30th September 2024.

Definitions

Volatility is the annualised standard deviation of returns.

Predicted return is the aggregated expected portfolio return on the asset allocation shown and 25 year estimated returns as provided by Cambridge Associates.

Predicted volatility is the expected portfolio annualised standard deviation of returns based on estimated asset class volatility provided by Cambridge Associates.

Appendix III
New Investments

Investments in the following public markets funds were implemented during 2024.

Growth Assets – Developed Equity

- iShares US Index Fund (invested May 2024)

Absolute Return

- Davidson Kempner Multi Strategy Fund (invested January 2024)
- ISAM Vector A Fund (invested January 2024)
- HBK Multi Strategy Fund (invested February 2024)
- ROW Diversified 2X Fund (invested February 2024)
- Alphadyne International Master Fund (invested March 2024)
- Holocene Advisors Master Fund (invested March 2024)
- P/E FX Strategy Standard Fund (invested March 2024)

Liquid Credit

- Palmer Square Income Plus Offshore Fund (invested October 2024)

Nominal Bonds

- iShares Global Inflation Linked Bond Index Fund (invested February 2024)

Appendix IV
Net Zero Goals

The SIB Net Zero goals fall under two broad headings as explained below:

1. MANAGING CLIMATE RISK AND OPPORTUNITY

Transition to a low carbon economy will be a dominant feature of industrial and commercial life for the next several decades. Irrespective of the pace of this transformation, increasing physical effects and damage from climate change are inevitable. Accordingly, The States of Guernsey will ensure the risks and opportunities arising from a low carbon transition are reflected in the way investments are chosen for our Portfolio, making it "climate aware".

Building climate awareness into our investment approach supports portfolio resilience by protecting the Portfolio from the risks of uncontrolled climate change while simultaneously benefitting from the investment opportunities present in a low carbon transition.

2. CONTRIBUTING TO NET ZERO GOALS

The overarching "Net Zero" goal refers to CO_2 emissions from the global economic system as a whole by 2050. From an investor's perspective, simply transferring greenhouse gases emissions from our balance sheet to someone else's has limited to no real-world impact, though it may play a role in portfolio risk management. Accordingly, our goals are not simply portfolio decarbonisation – reducing the emissions associated with our portfolio, since in any case no diversified portfolio can achieve net zero by itself, without the companies in the market changing their behaviour. Rather we aim to contribute to broad economic decarbonisation, recognising the material systemic risk that uncontrolled climate change creates for all asset classes and for society in general. Contributing to Net Zero within the global economy helps to ensure that we preserve the economic returns that drive the Portfolio and, consequently, our ability to spend into the future.

As part of our contribution to Net Zero goals we set three specific sub-goals:

1. Provide capital to businesses that can accelerate or otherwise support the low carbon transition.

2. Support and encourage Portfolio companies to adopt business plans and strategies consistent with the goals of the Paris agreement.

3. Encourage and require our investment managers to support us in these goals to the extent practical.

NET ZERO STRATEGY

To implement our goals in the most practical way our strategy has the following elements:

a) Explicitly considering climate impact, risks, and opportunities as we decide allocations to assets and strategies.

b) Setting Paris-aligned targets for the GHG emissions of the total Portfolio.

c) Setting an explicit target for "climate solutions", that is, investment opportunities that can support and accelerate transition to a low carbon economy while meeting our return goals.

d) Selecting investment managers who will be good partners in delivering our goals in a manner appropriate for their mandate.

Since The States of Guernsey invests its Portfolio through third-party investment managers, they are the primary tool through which our goals can be realised. Accordingly, we prioritise these considerations when deciding to select or retain an investment manager:

- Transparency: This is a foundational requirement. We expect our managers to report portfolio emissions to us on a regular basis or, at a minimum, to provide sufficient position level information to enable us to calculate this. Ideally, we would also like them to report the breakdown of their portfolio in terms of businesses with Paris-aligned plans, those in the process of aligning, and the remainder.

- Climate Competence: We expect our managers to demonstrate understanding of the potential impact of climate change on their investments as well as the impact of those investments on the climate. These considerations should be fully integrated into investment decision-making and into their client reporting.

- Stewardship: Where possible, we expect managers to exercise good stewardship on our behalf in line with our Net Zero goals. We expect managers to vote their shares in support of appropriate climate friendly resolutions and to be prepared to vote against directors where inadequate progress is being made. We further expect managers to engage substantively with Portfolio companies to encourage both emissions transparency and the setting of Paris-aligned targets. We prefer managers to exercise this level of stewardship across all their asset base, not just our mandate or the strategy in which we are invested.

The States of Guernsey will review its managers annually against the above criteria. We wish to implement our Net Zero strategy in the most efficient and effective way possible. Accordingly, we will consider the materiality of climate considerations as well as practicality when setting expectations for any specific asset, strategy, or manager.

NET ZERO TARGETS AND MEASUREMENT

To hold ourselves accountable against the long-term goal of Net Zero emissions by 2050, The States of Guernsey is adopting three high-level Targets, which we can, to at least some degree, control and one Milestone which we cannot by ourselves change but which is fundamental to the goal of our policy. For robustness these were developed to be consistent with the Net Zero Framework of the Paris Aligned Investment Initiative (PAII) (see collaborative frameworks). We recognise that approaches and methodologies in this area are evolving, and we will adapt as new information becomes available, but these robust interim targets account for the fact that emission reductions cannot be back-end loaded.

TARGET 1: Portfolio emissions coming from companies which are aligned with Net Zero or with whom the States of Guernsey or its managers are engaging toward that objective should represent an increasing share of the Portfolio's overall emissions:

- 2030: 70%
- 2040: 100 %

Measurement: The degree to which Portfolio holdings are Paris-aligned will be tracked on an annual basis via manager reporting. The States of Guernsey will also rely upon managers to report where engagement is happening with non aligned holdings.

TARGET 2: "Climate solutions" investments increasing by 5% by the end of 2030.

Measurement: Climate solutions refers to funds investing in both public and private companies whose products support a low carbon transition.

TARGET 3: In-scope asset class emissions at or below relevant benchmarks on an ongoing basis.

Currently, assets considered in scope include public equity. Measurements depend on availability of emissions data, methodologies for target setting, and the means of control for the relevant asset class.

For other asset classes, the States of Guernsey will use its best efforts to understand how climate considerations impact exposure and to communicate to managers any changes consistent with the policy. The States of Guernsey will evaluate all investment opportunities according whether they contribute to or hinder climate goals.

Private Investments

Methodologies and data for Net Zero are less developed around private investments so it is more challenging to include them in a measurement framework. Nevertheless, in an effort to prevent committing any new capital to long-term investments that will impede our Net Zero goals, The States of Guernsey aims to invest new capital in private investment managers who commit to disclosing robust data on emissions from portfolio companies as well as supporting portfolio companies that adopt Paris-aligned targets.

MILESTONE 1: Emission reduction of 50% by 2030

These are milestones rather than targets since achievement is in significant part dependent on the pace of change in the economy as a whole, which we can only influence in a small way.

Measurement: Portfolio GHG emissions will be tracked on an annual basis. See below for details. Paris-alignment of holdings is also tracked on an annual basis via manager reporting. The States of Guernsey is also reliant upon managers to report where engagement is happening with non-aligned holdings.

MEASUREMENT DETAILS

Portfolio GHG emissions are measured in CO_2 equivalent (CO_{2e}), with a baseline of 2022 and tracked on an annual basis at manager and Portfolio level. The source is either manager reporting or at the security level using MSCI data provided by Cambridge Associates.

Climate Solutions refers to funds investing in both public and private companies whose products support a low carbon transition.

States of Guernsey