



IV  
2021

# BILLET D'ÉTAT

MONDAY, 1<sup>st</sup> FEBRUARY 2021

## *ELECTIONS AND APPOINTMENTS*

1. Committee *for* Employment & Social Security - Employment and Discrimination Tribunal: Reappointment of Panel Members and Designation of the Convenor and Deputy Convenor, P.2020/202
2. States' Trading Supervisory Board - Appointment of a Non-Executive Director - Guernsey Post Limited, P.2020/197
3. Election of a Trustee of the Priaulx Library Council, P.2020/209

## *LEGISLATIVE BUSINESS*

### *Legislation laid before the States*

The Severe Disability Benefit and Carers Allowance Ordinance, 2021  
The Income Support (Implementation) (Amendment) Ordinance, 2021  
The Family Allowances Ordinance, 2021  
The Financial Services Commission (Limited Liability Partnerships) (Fees) Regulations, 2020  
The Amalgamation and Migration of Companies (Fees payable to the Guernsey Financial Services Commission) (Amendment) Regulations, 2020  
The Protected Cell Companies & Incorporated Cell Companies (Fees payable to the Guernsey Financial Services Commission) (Amendment) Regulations, 2020

CONTINUED OVERLEAF

The Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey) (No. 10) (Amendment) Regulations, 2020

The Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey) (No. 10) (Amendment) (No. 2) Regulations, 2020

*OTHER BUSINESS*

4. States' Trading Supervisory Board - Guernsey Post Limited - Annual Report and Accounts, P.2020/196
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# BILLET D'ÉTAT

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TO  
THE MEMBERS OF THE STATES  
OF THE ISLAND OF GUERNSEY

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I hereby give notice, pursuant to the provisions of Rule 2(5) of the Rules of Procedure of the States of Deliberation and their Committees, that a Meeting of the States of Deliberation will be held via **MICROSOFT TEAMS LIVE**, on **MONDAY**, the **1st February, 2021** at **2.30 p.m.**, to consider the items listed in this Billet d'État which have been submitted for debate (being the business originally in Billets d'État II and III of 2021 for the postponed Meeting scheduled for 27th January, 2021).

R. J. McMAHON  
Bailiff and Presiding Officer

The Royal Court House  
Guernsey

27<sup>th</sup> January, 2021

**THE STATES OF DELIBERATION**  
**of the**  
**ISLAND OF GUERNSEY**

**COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY**

**EMPLOYMENT AND DISCRIMINATION TRIBUNAL: REAPPOINTMENT OF PANEL  
MEMBERS AND DESIGNATION OF THE CONVENOR AND DEPUTY CONVENOR**

The States are asked to decide:-

Whether, after consideration of the Policy Letter entitled 'Employment and Discrimination Tribunal: Reappointment of Panel Members and Designation of the Convenor and Deputy Convenor', dated 30<sup>th</sup> November 2020, they are of the opinion:-

1. To reappoint the Members of the Employment and Discrimination Panel ("the Panel") listed in paragraph 2.8, from 1<sup>st</sup> March 2021 until 31<sup>st</sup> December 2021;
2. To designate Mr Jason Hill as Convenor of the Panel from 1<sup>st</sup> March 2021 until 31<sup>st</sup> December 2021;
3. To designate Mrs Paula Brierley as Deputy Convenor of the Panel, effective immediately until 31<sup>st</sup> December 2021.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

**THE STATES OF DELIBERATION**  
**of the**  
**ISLAND OF GUERNSEY**

**COMMITTEE *for* EMPLOYMENT & SOCIAL SECURITY**

EMPLOYMENT AND DISCRIMINATION TRIBUNAL: REAPPOINTMENT OF PANEL  
MEMBERS AND DESIGNATION OF THE CONVENOR AND DEPUTY CONVENOR

The Presiding Officer  
States of Guernsey  
Royal Court House  
St Peter Port

30<sup>th</sup> November, 2020

Dear Sir

**1. EXECUTIVE SUMMARY**

- 1.1 In July 2020, the States of Deliberation considered proposals from the Committee *for* Employment & Social Security (“the Committee”) for a new Discrimination Ordinance<sup>1</sup>, anticipated to come into force in 2022. On 17<sup>th</sup> July 2020, the States agreed unanimously to the preparation of an Ordinance to outlaw discrimination on the grounds of disability, carer status and race. The States also approved an Amendment<sup>2</sup> to the Committee’s proposals which added religious belief and sexual orientation into the first phase of the development of the Ordinance. Complaints made under this legislation, which have not been resolved through conciliation, will be adjudicated by the Employment and Discrimination Tribunal.
- 1.2 The Employment and Discrimination Tribunal Panel (“the Panel”) needs to be restructured and expanded to have the capacity, skills and knowledge to adjudicate complaints made under the new Discrimination Ordinance. During 2021, the Committee intends to conduct an open recruitment process, seeking lay members and legally qualified chairs to join the Panel, and to commence training.

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<sup>1</sup> Committee *for* Employment & Social Security – Proposals for a New Discrimination Ordinance (Billet d’État XV of 2020, Article XV). Available at <https://gov.gg/article/176559/Proposals-for-a-New-Discrimination-Ordinance> [accessed 20<sup>th</sup> August, 2020].

<sup>2</sup> P.2020/41 Parkinson and Tooley Amendment 2 to the Committee *for* Employment & Social Security’s Proposals for a New Discrimination Ordinance (Billet d’État XV of 2020, Article XV). Available at <https://gov.gg/CHttpHandler.ashx?id=127724&p=0> [accessed 20<sup>th</sup> August, 2020].

- 1.3 The three year term of office of the current Panel Members is due to expire on 28<sup>th</sup> February 2021. Extending the term of the current Panel Members until the end of 2021 will enable the Panel to continue to hear and determine complaints under existing employment protection and discrimination legislation throughout 2021, in parallel with the recruitment and training of new Panel members.
- 1.4 The Committee, therefore, recommends the re-appointment, until 31<sup>st</sup> December 2021, of 12 of the current 13 Panel Members. The other Panel Member does not wish to be reappointed.
- 1.5 The States are required to designate one Panel Member as Convenor and another as Deputy Convenor in order to convene three Panel Members and to appoint one as Chairman for each Tribunal hearing. Mr Jason Hill consents to continue in his role as Convenor. The Committee recommends that the States designate Mr Jason Hill as Convenor until 31<sup>st</sup> December 2021. Mrs Christine Le Lièvre, whose term of office as Deputy Convenor was also due to expire on 28<sup>th</sup> February 2021, has resigned from this position. The Committee recommends that the States designate Mrs Paula Brierley as Deputy Convenor, effective immediately until 31<sup>st</sup> December 2021.

## **2. PANEL MEMBERSHIP AND REAPPOINTMENT**

- 2.1 The Panel is made up of independent people, appointed under the Employment and Discrimination Tribunal (Guernsey) Ordinance, 2005 ("the Ordinance"), from which a Tribunal of three is formed to hear and determine complaints made under relevant employment and discrimination legislation, such as unfair dismissal, sex discrimination and failure to be paid the minimum wage.
- 2.2 Section 1 of the Ordinance requires the States, on the recommendation of the Committee, to draw up and maintain the Panel. Panel Members are appointed for a three-year period or such shorter period as the States may specify.
- 2.3 The Ordinance requires that the Panel must consist of such number of persons as, in the opinion of the States, is necessary for the purpose of hearing and determining complaints under the provisions of the relevant enactments. At present, there are 13 Panel Members. Their terms of office are due to expire on 28<sup>th</sup> February 2021.
- 2.4 To ensure the States maintains a credible and appropriately skilled Panel, the Committee conducts a local advertising and recruitment campaign whenever recruitment is required. Applicants are shortlisted against objective criteria and the shortlisted candidates are required to take part in an assessment process run by trained staff from the UK Advisory, Conciliation and Arbitration Service

(ACAS). Following this independent assessment, recommendations for appointment are made to the Committee to consider.

- 2.5 The current Panel Members were selected through this assessment process and have served the Employment and Discrimination Tribunal well, gaining valuable skills and experience.
- 2.6 Paragraph 7.4.3 of the Committee's Policy Letter, dated 2<sup>nd</sup> March 2020, entitled "Proposals for a New Discrimination Ordinance"<sup>3</sup> explained that, in preparation for the new Discrimination Ordinance coming into force in 2022, the Panel would be expanded to ensure that it had an appropriate mix of expertise including service providers, accommodation providers, etc., alongside existing expertise in employment, and to represent a balance of interests. Recognising the technical complexity of discrimination complaints, a new requirement will be introduced for the Panel Members appointed to chair a Tribunal brought under the new Discrimination Ordinance to be legally qualified. This is line with practice in Jersey and the UK. Some of the legally qualified chairs will be recruited off-island to ensure that there is a lower risk of conflict of interest. Training on the new Discrimination Ordinance will be provided for Panel Members and support staff.
- 2.7 The process of recruitment will be open to existing Panel Members and other applicants. It is estimated that the recruitment and training process will take approximately 12 months to complete. Therefore, the Committee recommends that the term of office of the current Panel Members is extended from 1<sup>st</sup> March 2021 until 31<sup>st</sup> December 2021 in order to allow time for the recruitment and training of the new Panel to take place during 2021 while retaining capacity to continue to adjudicate complaints brought under existing enactments.
- 2.8 Of the 13 current Panel Members, the following 12 have confirmed that they are prepared to be reappointed on this basis:

Mrs Paula Mary Brierley  
Mr Roger John Brookfield  
Mrs Joanne Antonia de Garis  
Mr Darren Etasse  
Ms Alison Jayne Thompson Girollet (formerly Anderson)  
Mr Jason Hill  
Mr George Charles Sidney Jennings  
Mrs Christine Diane Le Lièvre  
Ms Helen Sheena Martin (formerly Hubbard)  
Ms Georgette Scott

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<sup>3</sup> Committee for Employment & Social Security - Proposals for a New Discrimination Ordinance (Billet d'État XV of 2020, Article XV). Available at <https://gov.gg/article/176559/Proposals-for-a-New-Discrimination-Ordinance> [accessed 20<sup>th</sup> August, 2020].

Mr Andrew Douglas Vernon  
Mr Peter Robert Woodward

- 2.9 Brief resumes of the above named persons are provided at Appendix 1.
- 2.10 The other current Panel Member, Mr Wayne Hassall, has indicated that he does not wish to be reappointed as a Panel Member.
- 2.11 The States are required to designate one Panel Member as Convenor and another as Deputy Convenor in order to convene three Panel Members and appoint one as Chairman for each Tribunal hearing.
- 2.12 On 16<sup>th</sup> October 2019, following consideration of a Policy Letter entitled ‘Employment and Discrimination Tribunal: Appointment of Convenor’<sup>4</sup>, dated 9<sup>th</sup> September 2019, the States agreed to designate Mr Jason Hill as Convenor of the Panel from 1<sup>st</sup> November 2019 until 28<sup>th</sup> February 2021. He has indicated that he would be happy to continue in this role until 31<sup>st</sup> December 2021. The Committee recommends that Mr Jason Hill be designated as Convenor of the Panel from 1<sup>st</sup> March 2021 until 31<sup>st</sup> December 2021.
- 2.13 On 7<sup>th</sup> February 2018, following consideration of a Policy Letter entitled ‘Employment and Discrimination Tribunal: Reappointment of Panel Members and Designation of the Convenor and Deputy Convenor’<sup>5</sup>, dated 29<sup>th</sup> December 2017, the States agreed to designate Mrs Christine Le Lièvre as Deputy Convenor of the Panel from 1<sup>st</sup> March 2018 until 28<sup>th</sup> February 2021. Mrs Le Lièvre has recently resigned from this position but remains a Panel Member. The Committee recommends that Mrs Paula Brierley, who has been a Member of the Panel since 2009, be designated Deputy Convenor, effective immediately until 31<sup>st</sup> December 2021. Mrs Brierley consents to designation as Deputy Convenor. Mrs Brierley’s resume is attached at Appendix 1.

### **3. COMPLIANCE WITH RULE 4 OF THE RULES OF PROCEDURE**

- 3.1 In accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees (“the Rules of Procedure”), the Committee has consulted with Her Majesty’s Procureur.

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<sup>4</sup> Committee *for* Employment & Social Security – Employment and Discrimination Tribunal: Appointment of Convenor (Billet d’État XX of 2019, Article I). <https://www.gov.gg/article/174334/Employment-and-Discrimination-Tribunal-Appointment-of-Convenor> [accessed 5<sup>th</sup> November, 2020].

<sup>5</sup> Committee *for* Employment & Social Security – Employment and Discrimination Tribunal: Reappointment of Panel Members and Designation of the Convenor and Deputy Convenor (Billet d’État V of 2018, Article 3). Available at <https://gov.gg/article/163088/Employment-and-Discrimination-Tribunal-Reappointment-of-Panel-Members-and-Designation-of-the-Convenor-and-Deputy-Convenor> [accessed 5<sup>th</sup> November, 2020].

- 3.2 In accordance with Rule 4(4) of the Rules of Procedure, it is confirmed that the Propositions have the unanimous support of the Committee.
- 3.3 In accordance with Rule 4(5) of the Rules of Procedure, the Propositions relate to the Committee's purpose:
- "To foster a compassionate, cohesive and aspirational society in which responsibility is encouraged and individuals and families are supported through schemes of social protection relating to pensions, other contributory and non-contributory benefits, social housing, employment, re-employment and labour market legislation."
- 3.4 In particular, the Propositions relate to the Committee's mandated responsibilities for labour market legislation and practices.
- 3.5 Through the drafting of this Policy Letter, the Committee has considered the need to consult with other bodies in accordance with Rule 4(5) of the Rules of Procedure of the States of Deliberation and their Committees. Consultation was not deemed necessary on this occasion.

Yours faithfully

P J Roffey  
President

H L de Sausmarez  
Vice-President

T L Bury  
S J Falla  
J A B Gollop

**BRIEF RESUMES OF MEMBERS OF THE EMPLOYMENT AND DISCRIMINATION PANEL**

**Mrs Paula Mary Brierley**

Mrs Brierley is currently the Chief Operating Officer for EMEA HR for Northern Trust, and has been employed with Northern Trust for eleven years in various HR roles. Previously, she was employed, for 16 years, as Head of HR for HSBC Securities Services (Guernsey) Limited (formerly the Bank of Bermuda), where she was responsible for all areas of HR including teams in Isle of Man and Luxembourg. Her current role involves overseeing the operational side of HR for the EMEA region (10 countries) including HR risk and governance. She leads the HR side of acquisitions, outsourcing/insourcing, new business integrations and legal entity changes in the region. During her career, she has gained wide experience in dealing with employee relations issues from informal discussions to full formal disciplinary and grievance procedures. Mrs Brierley is a Chartered Member of the CIPD and has an MA in Strategic HR Management with the University of East London, she also has the Certificate in Company Direction from the IoD. She has been a Member of the Guernsey Employment and Discrimination Panel since 2009.

**Mr Roger John Brookfield**

Prior to his retirement, Mr Brookfield was Fire Safety Manager with the Guernsey Fire & Rescue Service. Throughout his 31 year career, Mr Brookfield has had first-hand experience of managing staff and working closely in a team environment. His training and subsequent Fire Service examinations require a good working knowledge of sex and race discrimination and the Fire Service disciplinary regulations. In recent years his experience extended to dealing with routine staffing matters and in the application of Guernsey's Fire Laws as a qualified Fire Safety inspector. He is an experienced Fire Service Instructor with responsibility for overseeing both practical and theory examinations. He is a graduate of the Institution of Fire Engineers and currently works as a part-time Fire Safety Consultant and trainer. He has been a Member of the Guernsey Employment and Discrimination Panel since 2006.

**Mrs Joanne Antonia de Garis**

Mrs de Garis has thirty years' practical people management experience across both public and commercial sectors gaining considerable understanding of employment relations, change management and quality of service in a number of environments. A science graduate of Cardiff University, Mrs de Garis also holds the Institute of Directors Diploma in Company Direction. She was appointed to the Guernsey Employment and Discrimination Panel in 2011.

**Mr Darren Karl Etasse**

Mr Etasse is an independent facilities management and building services consultant. Prior to this he was Managing Director of a large corporate facilities company across the Channel Islands and has over 25 years of experience in running a

large organisation with a workforce of over 400 staff. He is a qualified IOD Director and a qualified building services engineer and was Chairman of the Channel Island branch of BIFM. As a long serving and practicing Director of a large organisation, he has been involved in a number of internal disciplinary investigations and hearings, taking in a broad range of cultural and ethnic backgrounds. He was appointed to the Guernsey Employment and Discrimination Panel in 2016.

**Ms Alison Jayne Thompson Girollet (formerly Anderson)**

Ms Girollet has been employed by Specsavers Optical Group, (SOG), within the Legal Department since 1997. She is now part of SOG's UK & ROI Legal team as a Senior Employee Relations Advisor (a small team with responsibility for aspects of employment law covering the Group's interests in the UK and Republic of Ireland). The role includes advice and co-ordination of store partner issues (such as investigations, grievances, disciplinary action etc.) coordination and guidance of 'store' formal board meetings and employment litigation and regulatory compliance. Prior to working for Specsavers, Ms Girollet served eight years in the Royal Air Force. Tours of duty included Officer Commanding HR, Accounts, Facilities Management and Project Management respectively. She is an Associate Member of the Chartered Institute of Personnel and Development and has been a Member of the Guernsey Employment and Discrimination Panel since 2009.

**Mr Jason Hill**

Mr Hill is a Crown Advocate in the Civil Litigation Directorate of the chambers of the Law Officers of the Crown and as such is part of the team of lawyers that advises and represents the States of Guernsey and other quasi-governmental organisations in civil matters. He was appointed a Crown Advocate in 2013 having been called to the Guernsey Bar in 2011 and appears regularly before the various courts in the Bailiwick. He is particularly experienced in cases involving public law, land law, financial services, commercial litigation and company law. Prior to coming to Guernsey in 2009, he was a barrister in private practice in Sheffield after being called to the English Bar in 1995 and specialized in civil and chancery practice. He is also an accredited mediator and a Member of the Chartered Institute of Arbitrators. He was appointed to the Guernsey Employment and Discrimination Panel in 2016.

**Mr George Charles Sidney Jennings**

Mr Jennings is now retired, but was previously employed as Operations Director at Guernsey Post. Prior to this he held the position of Union Secretary of the Communications Union for over 20 years, where he represented over 200 postmen and women and, as a result of both positions, has been involved in a wide range of negotiations and discussions with both management and Union. Mr Jennings was a Member of the Panel set up under the Industrial Disputes and Conditions of Employment (Guernsey) Law, 1993 for two years and in June 2008 sat as a Panel Member to hear the dispute in respect of The Generation Engineers and the Control Room Operators, (represented by Prospect Union and Unite the Union) v Guernsey Electricity. He gained a BSc (Hons) in Labour Studies in 2006 through Southampton

University. He has been a member of the Guernsey Employment and Discrimination Panel since 2009.

### **Ms Christine Diane Le Lièvre**

Prior to retiring at the end of 2017, Ms Le Lièvre had twenty seven years' experience working for Northern Trust (previously Barings). Since 1997 she has been a Manager in Human Resources and was appointed Head of Human Resources in 2005, shortly after the acquisition of the Barings Guernsey Group of Companies by Northern Trust. In this role, she was responsible for the management of the HR function including recruitment, employment relations, change management, payroll, pensions and terminations (the latter including redundancies). From 2012, she worked part-time and had been primarily responsible for employee relations, pensions and various HR projects. Ms Le Lièvre has wide experience in dealing with employment relations issues including interpersonal conflict, stress related issues, absenteeism, performance and capability issues. In 2000 she achieved the post graduate Diploma in Personnel Management through Portsmouth University and the GTA and was a Chartered Member of the Chartered Institute of Personnel and Development (CIPD). Ms Le Lièvre has been a member of the Guernsey Employment and Discrimination Panel since 2009 and, until recently, held the post of Deputy Convenor.

### **Ms Helen Sheena Martin**

Ms Martin was employed at Credit Suisse in Guernsey for over 16 years where she was a Director and Member of the local Executive Board and Senior Country Head of Human Resources with regional responsibilities. Latterly, as Group Head of Human Resources for Generali Worldwide, Ms Martin assumed global responsibility for Human Resources in multiple jurisdictions and was a member of the local executive committee. At the present time, Ms Martin offers consultancy and training services specialising in diversity and inclusion and related topics. During her career in the finance sector she specialised in diversity and inclusion and employment law and led an award-winning initiative to set up Diversity and Inclusion forums internationally. She has written numerous published articles on the topic and has spoken at the World Open Learning Conference and various international Training Conferences.

Ms Martin is a Fellow of the Chartered Institute of Personnel and Development (Chartered FCIPD) and was the Chairperson of the Guernsey branch of the CIPD for 3 years until November 2020. She has been a member of the Institute of Directors (MIoD) since 2003 and is a current member of the Guernsey IOD Committee. Ms Martin has studied employment law to a high level and holds a Master of Education (MEd.) degree (special field: Professional Studies) from the University of Exeter. Ms Martin is an accredited Mediator and has been a member of the Employment and Discrimination Panel since 2006.

### **Ms Georgette Scott**

Ms Scott is HR Director for Sovereign Trust (Channel Islands) Limited, who she joined in April 2012. Prior to working for Sovereign, she worked as an independent HR Consultant under the name Advantage HR from 2009. Before setting up her own

consultancy business she was Director of Human Resources, Channel Islands and Isle of Man for a local commercial business and held similar roles in legal, fiduciary and public sector organisations. She started her HR career in the public sector, where she worked for 12 years. Ms Scott is a graduate, and also a chartered member of the Chartered Institute of Personnel and Development and holds other professional memberships in Management and Leadership. Ms Scott has been a member of the Guernsey Employment and Discrimination Panel since 2006 and prior to that served as an Adjudicator from 2000 and is therefore, the longest serving member of the panel.

#### **Mr Andrew Douglas Vernon**

Mr Vernon was a bus company executive during a career in public transport of over 30 years. He moved to Guernsey on his early retirement following the sale of his Company. As Commercial Director he was responsible for all aspects of route planning, fares, trade union pay and conditions negotiations, pension schemes and budgeting. He was an Associate of the Institute of Logistics and Transport with a wide range of experience in employment issues, ranging from recruitment of staff to dealing with disciplinary matters from the initial investigations through to the appeals process. He has also represented the employer in Employment Tribunals and in dispute resolution processes, often with ACAS involvement. In addition he negotiated terms and conditions of employment with both local and paid Trade Union Officials. He is a member of the local Parole Review Committee and has been a member of the Guernsey Employment and Discrimination Panel since 2006.

#### **Mr Peter Robert Woodward**

Mr Woodward qualified in Business Studies at Nene College of Further Education and commenced his professional career as a graduate trainee with Texas Instruments UK Ltd in 1970. By 1978 he was responsible for a high volume electronic parts manufacturing department numbering some 200 employees, including supervisory and management staff. In 1979, after post-graduate studies at Nuffield College Oxford, sponsored by his employer, he was appointed UK Labour Relations Manager. Mr Woodward has experience in representing his former employer at Employment Tribunals. His career in Human Resources continued to progress and by 1986 he had been appointed by the Intel Corporation as Director for European Human Resources; with HR responsibility for staff in 15 international jurisdictions. His final role at Intel was as Director of Training and Development for Europe, Africa and Middle East. He moved to Guernsey in 1997 undertaking the role of independent management consultant, providing training and coaching for a wide variety of organisations in the Channel Islands, France, Eire, Germany and Spain. He served as a member of the Jersey Employment Tribunal Panel for ten years and is a Fellow of the Chartered Institute of Personnel and Development. He was originally appointed as an Adjudicator in 2003 and has been a member of the Guernsey Employment and Discrimination Panel since 2006, previously appointed as Convenor.

**THE STATES OF DELIBERATION**  
**of the**  
**ISLAND OF GUERNSEY**

**COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY**

EMPLOYMENT AND DISCRIMINATION TRIBUNAL: REAPPOINTMENT OF PANEL  
MEMBERS AND DESIGNATION OF THE CONVENOR AND DEPUTY CONVENOR

The President  
Policy & Resources Committee  
Sir Charles Frossard House  
La Charroterie  
St Peter Port  
GY1 1FH

30<sup>th</sup> November 2020

Dear Sir

**Preferred date for consideration by the States of Deliberation**

In accordance with Rule 4(2) of the Rules of Procedure of the States of Deliberation and their Committees, the Committee *for* Employment & Social Security requests that 'Employment and Discrimination Tribunal: Reappointment of Panel members and Designation of the Convenor and Deputy Convenor' be considered at the States Meeting to be held on 27<sup>th</sup> January 2021.

The States is asked to designate a new Deputy Convenor for the panel at the earliest opportunity and the term of office of other Panel Members is due to expire on 28<sup>th</sup> February 2021, so it would be helpful for the policy letter to be considered as soon as possible.

Yours faithfully



P J Roffey  
President

H L de Sausmarez  
Vice-President

T L Bury  
S J Falla  
J A B Gollop

**THE STATES OF DELIBERATION**  
**of the**  
**ISLAND OF GUERNSEY**

**STATES' TRADING SUPERVISORY BOARD**

**APPOINTMENT OF A NON-EXECUTIVE DIRECTOR – GUERNSEY POST LIMITED**

The States are asked to decide:-

Whether, after consideration of the policy letter entitled 'Appointment of a Non-Executive Director – Guernsey Post Limited' dated 12 November, 2020, they are of the opinion:-

1. To approve the appointment of Mrs Paula Williams as a non-executive director of Guernsey Post Limited with immediate effect.

The above Proposition has been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

**THE STATES OF DELIBERATION**  
**of the**  
**ISLAND OF GUERNSEY**

**STATES' TRADING SUPERVISORY BOARD**

APPOINTMENT OF A NON-EXECUTIVE DIRECTOR – GUERNSEY POST LIMITED

The Presiding Officer  
States of Guernsey  
Royal Court House  
St Peter Port

12 November, 2020

Dear Sir

**1 Executive Summary**

1.1 The purpose of this policy letter is to seek the States' approval for the appointment of a new non-executive director to the Board of Guernsey Post Limited (GPL).

**2 Background**

2.1 Under the terms of the States Trading Companies (Bailiwick of Guernsey) Ordinance, 2001 (as amended), non-executive directors of the States Trading Companies<sup>1</sup> are appointed by the States upon the recommendation of the States' Trading Supervisory Board (STSB).

2.2 Following a review of the company's succession plan by GPL in consultation with the STSB and, as a result of anticipated vacancies on the GPL Board, the company undertook an open recruitment process to identify candidates. Before doing so, it undertook an analysis of the skills against which it wanted to recruit and then consulted with the STSB to agree and finalise these. An advert was then placed to seek applications from interested individuals, which were then shortlisted against the agreed set of key criteria.

2.3 A total of twenty-six applications were received which were considered alongside the candidates included in the STSB's business adviser pool, as

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<sup>1</sup> For the purposes of the Ordinance, only Guernsey Electricity Limited and Guernsey Post Limited are designated as States Trading Companies.

established by the Board in 2019<sup>2</sup>. Following the review process, a short list of five candidates was put forward for interview by GPL's Nominations Committee.

2.4 Following the recruitment process, GPL recommended to the STSB the appointment of Mrs Paula Williams as a non-executive director of the company. Having carefully considered this recommendation, the STSB supports the proposed appointment, which GPL is recommending becomes effective immediately.

2.5 A summary of the candidate's curriculum vitae is included in Appendix 1.

### **3 Compliance with Rule 4**

3.1 Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees sets out the information which must be included in, or appended to, motions laid before the States.

3.2 In accordance with Rule 4(1), the Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications.

3.3 In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions above have the unanimous support of the Board.

3.4 In accordance with Rule 4(5), the Propositions relate to the duties of the STSB to carry out the States' role as shareholder of any incorporated companies which are owned by the States and which the States have resolved to include in the mandate of the Board.

Yours faithfully

P J Roffey  
President

C N K Parkinson  
Vice-President

N G Moakes  
Member

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<sup>2</sup> The STSB's business adviser talent pool was established in 2019 following an open recruitment process seeking experienced business leaders to provide additional commercial expertise to the different trading assets at board level.

S J Falla MBE  
Non-States Member

J C Hollis  
Non-States Member

**CURRICULUM VITAE**

**Mrs Paula Williams**

Mrs Williams has significant Board experience having held several Non-Executive positions during her career. Mrs Williams is currently President of the Channel Islands Cooperative Society and Chairperson of the Bailiwick Scouts Association which during her tenure won the Queens Award for Voluntary Service in 2019.

Mrs Williams also has a breadth of commercial and change management experience having held several senior management roles on Guernsey including positions at the GTA University Centre, IPES and HSBC. Prior to moving to Guernsey in 2013 Mrs Williams had a successful career in the UK, Australia and New Zealand again working for several prominent organisations including the New Zealand Tertiary College, Vodafone and ET&T.

In 2017 Mrs Williams became the Founder and Managing Director for Island Consortium Training, an organisation focused on the delivery of regulatory compliance, trust administration and professional skills training to companies in Guernsey, Jersey, Isle of Man and the UK.

Mrs Williams holds several professional qualifications including an MBA in Strategic Management from the Henley Business School and the Institute of Directors Diploma in Company Direction.

**ELECTION OF A TRUSTEE OF THE  
PRIAULX LIBRARY COUNCIL**

The States are asked:

- (1) To elect a Trustee of the Priaulx Library Council, who need not be a member of the States, to replace Jurat Claire Le Pelley who has stood down, in accordance with Rule 16 of the Rules of Procedure of the States of Deliberation.

- N.B.*
1. *Nominations may be made from the floor of the Assembly.*
  2. *The proposers of candidates who are not Members of the States must also comply with the relevant provisions of Rule 36 of the Rules of Procedure which state:*

“... where a person nominated is not a sitting Member of the States the proposer shall provide to Members of the States, no later than the start of the Meeting at which the election is to be held, a full report in writing containing background information about the candidate, including a statement that the proposer had seen a Declaration of Interest from the candidate and was satisfied that there would be no conflict of interest if the candidate were appointed, or if there was potentially one it could be managed, the candidate’s willingness to seek election and the reasons for his or her name having been put forward. The Declaration in respect of the successful candidate shall be lodged with the Greffier and published by him as if the person concerned was subject to the provisions of Rule 29.”

**ORDINANCES LAID BEFORE THE STATES**

**THE SEVERE DISABILITY BENEFIT AND CARER'S ALLOWANCE ORDINANCE, 2021**

In pursuance of the provisions of the proviso to Article 66A(1) of The Reform (Guernsey) Law, 1948, as amended, "The Severe Disability Benefit and Carer's Allowance Ordinance, 2021", made by the Policy & Resources Committee on the 26<sup>th</sup> January, 2021, is laid before the States.

**EXPLANATORY MEMORANDUM**

This Ordinance amends the weekly rate of severe disability benefit and carer's allowance and the annual income limits for the same under the Severe Disability Benefit and Carer's Allowance (Guernsey) Law, 1984 with effect from the 1<sup>st</sup> February, 2020.

The Ordinance was approved by the Legislation Review Panel on the 23<sup>rd</sup> November, 2020 and made by the Policy & Resources Committee in exercise of its powers under Article 66A(1) of the Reform (Guernsey) Law, 1948. Under the proviso to the said Article 66A(1), the States of Deliberation have the power to annul the Ordinance.

**THE INCOME SUPPORT (IMPLEMENTATION) (AMENDMENT) ORDINANCE, 2021**

In pursuance of the provisions of the proviso to Article 66A(1) of The Reform (Guernsey) Law, 1948, as amended, "The Income Support (Implementation) (Amendment) Ordinance, 2021", made by the Policy & Resources Committee on the 26<sup>th</sup> January, 2021, is laid before the States.

**EXPLANATORY MEMORANDUM**

This Ordinance amends the benefit limitation rates (in effect the maximum amount of benefit a claimant can receive), the short term and long-term requirement rates on which the calculation of income support is based, the level of maximum rent allowances added in calculating a claimant's requirements and the level of personal allowances payable to people in residential homes who are in receipt of income support under the Income Support (Guernsey) Law, 1971 with effect from the 5<sup>th</sup> February, 2021.

## **THE FAMILY ALLOWANCES ORDINANCE, 2021**

In pursuance of the provisions of the proviso to Article 66A(1) of The Reform (Guernsey) Law, 1948, as amended, "The Family Allowances Ordinance, 2021", made by the Policy & Resources Committee on the 26<sup>th</sup> January, 2021, is laid before the States.

### **EXPLANATORY MEMORANDUM**

This Ordinance amends the rate of family allowance under the Family Allowances (Guernsey) Law, 1950 with effect from 1<sup>st</sup> February, 2021. On and from that date the rate will be £14.50 a week.

The Ordinance was approved by the Legislation Review Panel on the 23<sup>rd</sup> November, 2020 and made by the Policy & Resources Committee in exercise of its powers under Article 66A(1) of the Reform (Guernsey) Law, 1948. Under the proviso to the said Article 66A(1), the States of Deliberation have the power to annul the Ordinance.

The full text of the legislation can be found at: <http://www.guernseylegalresources.gg>

## **STATUTORY INSTRUMENT LAID BEFORE THE STATES**

The States of Deliberation have the power to annul the Statutory Instruments detailed below.

No. 112 of 2020

### **THE FINANCIAL SERVICES COMMISSION (LIMITED LIABILITY PARTNERSHIPS) (FEES) REGULATIONS, 2020**

In pursuance of sections 45 and 113 of the Limited Liability Partnerships (Guernsey) Law, 2013, “The Financial Services Commission (Limited Liability Partnerships) (Fees) Regulations, 2020”, made by the Committee *for* Economic Development 24<sup>th</sup> November 2020, are laid before the States.

#### EXPLANATORY NOTE

These Regulations, made under the Limited Liability Partnerships (Guernsey) Law 2013, prescribe the fee payable to the Commission under the Limited Liability Partnerships (Guernsey) Law, 2013 in relation to an application for the consent of the Commission for a supervised LLP to be removed from the Register. The regulations come into force on 1st January, 2021

These Regulations come into force on the 1<sup>st</sup> January, 2021.

No. 113 of 2020

### **THE AMALGAMATION AND MIGRATION OF COMPANIES (FEES PAYABLE TO THE GUERNSEY FINANCIAL SERVICES COMMISSION) (AMENDMENT) REGULATIONS, 2020**

In pursuance of sections 66, 94, 535 and 538 of the Companies (Guernsey) Law, 2008, “The Amalgamation and Migration of Companies (Fees Payable to the Guernsey Financial Services Commission) (Amendment) Regulations, 2020”, made by the Committee *for* Economic Development on 24<sup>th</sup> November 2020, are laid before the States.

#### EXPLANATORY NOTE

These Regulations, made under the Companies (Guernsey) Law, 2008, amend the Amalgamation and Migration of Companies (Fees payable to the Guernsey Financial Services Commission) Regulations, 2012 by increasing the fee payable to the Guernsey Financial Services Commission which must accompany an application for its consent for the amalgamation of companies pursuant to the provisions of Part VI of the Companies (Guernsey) Law, 2008 and for the removal of a supervised company from the Register of Companies for the purposes of becoming registered as a company under the law of a district, territory or place outside Guernsey in accordance with the provisions of Part VII of that Law.

These Regulations come into force on the 1<sup>st</sup> January 2021.

No. 114 of 2020

**THE PROTECTED CELL COMPANIES AND INCORPORATED CELL COMPANIES (FEES PAYABLE TO THE GUERNSEY FINANCIAL SERVICES COMMISSION) (AMENDMENT) REGULATIONS, 2020**

In pursuance of sections 438, 469, 535 and 538 of the Companies (Guernsey) Law, 2008, “The Protected Cell Companies and Incorporated Cell Companies (Fees Payable to the Guernsey Financial Services Commission) (Amendment) Regulations, 2020”, made by the Committee *for* Economic Development 24<sup>th</sup> November 2020, are laid before the States.

EXPLANATORY NOTE

These Regulations, made under the Companies (Guernsey) Law, 2008, increase the fees payable to the Guernsey Financial Services Commission under the Protected Cell Companies and Incorporated Cell Companies (Fees payable to the Guernsey Financial Services Commission) Regulations, 2016.

These Regulations come into force on the 1<sup>st</sup> January, 2021.

The full text of the legislation can be found at: <http://www.guernseylegalresources.gg>

## **STATUTORY INSTRUMENTS LAID BEFORE THE STATES**

The following Statutory Instruments are laid before the States of Deliberation as detailed below.

No. 152 of 2020

### **THE EMERGENCY POWERS (CORONAVIRUS) (GENERAL PROVISION) (BAILIWICK OF GUERNSEY) (NO. 10) (AMENDMENT) REGULATIONS, 2020**

In pursuance of section 16(1) of the Civil Contingencies (Bailiwick of Guernsey) Law, 2012, "The Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey) (No. 10) (Amendment) Regulations, 2020" made by the Civil Contingencies Authority on 22nd December, 2020, are laid before the States:-

#### EXPLANATORY NOTE

These Regulations are emergency regulations made by the Civil Contingencies Authority under Part 3 of the Civil Contingencies (Bailiwick of Guernsey) Law, 2012 ("the Law"). They are made on the occurrence of an emergency, within the meaning of the Law, in the Bailiwick, arising from the urgent need to prevent, control or mitigate the spread of the virus Severe Acute Respiratory Syndrome Coronavirus 2 and the disease caused thereby, COVID-19 (referred to together in these regulations as coronavirus). They are prefaced with a statement by the Civil Contingencies Authority, as required by section 12(2) of the Law. COVID-19 was made a notifiable disease for the purposes of the Public Health Ordinance, 1936 on 10th February 2020.

These Regulations amend the Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey) (No. 10) Regulations, 2020, which came into force on 15th December, 2020. They do so in response to the emergence of a new, fast-spreading strain of Severe Acute Respiratory Syndrome Coronavirus 2 in the United Kingdom.

The primary effect of the amendments made by these Regulations is to provide that a person arriving in the Bailiwick who has left a Category 4 country within the 14 day period immediately preceding the date of his or her arrival in the Bailiwick must self-isolate for 21 days (rather than the 14 day period which is applicable in respect of persons arriving from a Category 1 – 3 country); but if he or she chooses to take a test on or around day 13 after arrival and that test is negative, he or she is released from self-isolation. There is special provision for children. A Category 1, 2, 3 or 4 country means a country or region specified as such on the States of Guernsey website, and at the time these Regulations were made, the United Kingdom was a Category 4 country for these purposes. The Regulations also make minor amendments to make clear that screening requirements that may be imposed by the Medical Officer of Health under the regulations include a power to impose self-isolation on the basis that the period may be shortened on receipt of a negative test result for COVID-19. The changes made by the Regulations apply in respect of persons currently self-isolating in the Bailiwick.

These Regulations are laid in accordance with section 16(1) of the Law, but cannot now be annulled because they have been revoked.

No. 1 of 2021

**THE EMERGENCY POWERS (CORONAVIRUS) (GENERAL PROVISION) (BAILIWICK OF GUERNSEY) (NO. 10) (AMENDMENT) (NO. 2) REGULATIONS, 2020**

In pursuance of section 16(1) of the Civil Contingencies (Bailiwick of Guernsey) Law, 2012, "The Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey) (No. 10) (Amendment) (No. 2) Regulations, 2020" made by the Civil Contingencies Authority on 4th January, 2021, are laid before the States:-

EXPLANATORY NOTE

These Regulations are emergency regulations made by the Civil Contingencies Authority under Part 3 of the Civil Contingencies (Bailiwick of Guernsey) Law, 2012 ("the Law"). They are made on the occurrence of an emergency, within the meaning of the Law, in the Bailiwick, arising from the urgent need to prevent, control or mitigate the spread of the virus Severe Acute Respiratory Syndrome Coronavirus 2 and the disease caused thereby, COVID-19 (referred to together in these regulations as coronavirus). They are prefaced with a statement by the Civil Contingencies Authority, as required by section 12(2) of the Law. COVID-19 was made a notifiable disease for the purposes of the Public Health Ordinance, 1936 on 10th February, 2020.

These Regulations further amend the Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey) (No. 10) Regulations, 2020, which came into force on 15th December, 2020, and which were amended on 22nd December, 2020. The effect of the amendments is to provide for a child arriving in the Bailiwick to be able to attend school, childcare or nursery directly on release from self-isolation; subject to the exception that where a child has been self-isolating with others in a "household bubble", he or she may only attend college, school, childcare or nursery after every other member of that bubble has either received a negative Day 13 test result or has undergone 21 days self-isolation. The changes made by the Regulations apply in respect of persons currently self-isolating in the Bailiwick, and (to ensure that no child is subject to an unnecessary restriction) persons who were subject to such a requirement within the period of 14 days preceding these Regulations coming into force.

These Regulations are laid in accordance with section 16(1) of the Law, but cannot now be annulled because they have been revoked.

The full text of the legislation can be found at: [www.guernseylegalresources.gg](http://www.guernseylegalresources.gg)

**THE STATES OF DELIBERATION**  
**of the**  
**ISLAND OF GUERNSEY**

**STATES' TRADING SUPERVISORY BOARD**

**GUERNSEY POST LIMITED – ANNUAL REPORT AND ACCOUNTS**

The States are asked to decide:-

Whether, after consideration of the policy letter entitled 'Guernsey Post Limited – Annual Report and Accounts' dated 12 November, 2020, they are of the opinion:-

1. To note the Annual Report and Accounts of Guernsey Post Limited for the year ended 31<sup>st</sup> March 2020.

The above Proposition has been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

**THE STATES OF DELIBERATION**  
**of the**  
**ISLAND OF GUERNSEY**

**STATES' TRADING SUPERVISORY BOARD**

GUERNSEY POST LIMITED – ANNUAL REPORT AND ACCOUNTS

The Presiding Officer  
States of Guernsey  
Royal Court House  
St Peter Port

12 November, 2020

Dear Sir

**1 Executive Summary**

1.1 The Annual Report and Accounts of Guernsey Post Limited are hereby presented to the States.

**2 Guernsey Post – Annual Report and Accounts**

2.1 Under the terms of Section 8 of the States Trading Companies (Bailiwick of Guernsey) Ordinance, 2001, the States' Trading Supervisory Board (STSB) is required to submit Guernsey Post's Annual Report and Accounts to the States for their consideration.

2.2 Guernsey Post's Annual Report and Accounts for the year ended 31<sup>st</sup> March, 2020, are therefore appended to the policy letter.

2.3 The Company made an operating profit of £1,383,000 for the financial year ended 31<sup>st</sup> March, 2020, compared to £1,368,000 for the previous year.

**3 Compliance with Rule 4**

3.1 Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees sets out the information which must be included in, or appended to, motions laid before the States.

3.2 In accordance with Rule 4(1), the Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications.

3.3 In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions above have the unanimous support of the Board.

3.4 In accordance with Rule 4(5), the Propositions relate to the duties of the STSB to carry out the States' role as shareholder of any incorporated companies which are owned by the States and which the States have resolved to include in the mandate of the Board.

Yours faithfully

P J Roffey  
President

C N K Parkinson  
Vice-President

N G Moakes  
Member

S J Falla MBE  
Non-States Member

J C Hollis  
Non-States Member



Annual Report and Financial Statements  
for the year ended 31 March 2020



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**Directors:**

Simon Milsted (Chairman)  
Boley Smillie (Chief Executive)  
Steve Sheridan (Finance)  
Jill Thomas (Commercial)  
Stuart Le Maitre (Non-Executive)  
*(retired 31 December 2019)*  
Richard Digard (Non-Executive)  
Peter Shaefer (Non-Executive)  
Mark Dunster (Non-Executive)

**Auditor:**

Deloitte LLP  
Regency Court  
Glategny Esplanade  
St Peter Port  
GUERNSEY  
GY1 3HW

**Registered Office:**

Envoy House  
La Vrangue  
St Peter Port  
GUERNSEY  
GY1 1AA

**Company Number:**

38693



# CHAIRMAN'S STATEMENT

*“ The outlook for next year and beyond remains somewhat uncertain. With ever decreasing returns in core mail business, exacerbated by the COVID-19 pandemic, the growth in e-commerce and shifting customer expectations, we will need to remain adaptable and innovative to keep pace with the fast-changing landscape. ”*

## YEARLY HIGHLIGHTS

I am pleased to present the financial statements for the year ended 31st March 2020. Despite what has been another challenging period, underpinned by the irreversible decline in traditional mail volumes, our combined efforts have resulted in an operating profit for the Company of £1.4m.

In addressing the effects of traditional mail decline, the Board remains steadfast in its pursuit of growth and diversification opportunities central to Guernsey Post's core competencies. The recent award of the CI Lottery distribution contract for Guernsey is a clear demonstration of this, alongside other new business ventures that are at an advanced stage. Indeed, this strategy is even more relevant in the context of COVID-19 and the adverse impact it will continue to have on our business performance and the resilience of the postal industry more broadly.

Even before COVID-19, underlying parcel volumes have continued to grow throughout the year and form a key part of our growth agenda. In what remains a highly competitive and price sensitive marketplace, this year we have harnessed organic growth, whilst also developing new partnerships with other UK carriers. With consumer expectations ever increasing within this sector, we remain committed to continual infrastructure improvements and customer service enhancements to remain well placed to protect and improve our service offering. Following last year's successful launch of our **Safeplace** service and letter box **smart tag**, to which 40% of households have now signed up, further developments in the field of parcel returns solutions are now being developed, which we expect to announce soon.

We are not only delivering 'more of the same', we are actively developing solutions to meet customers changing needs and lifestyle preferences. This is illustrated by the delivery on two days each week of pre-packaged meal ingredients from the leader in this field, Hello Fresh.

Digital solutions oriented to meeting customers' ever more sophisticated requirements will also remain at the forefront of Guernsey Post's strategy. This year, the business has developed

and launched a flexible and easy to use customer portal for both retail and business customers, providing an online platform for all postal related e-commerce activities. Further products will be introduced to this platform over the coming year, including the provision of online postage services.

## COVID-19

The recent global COVID-19 pandemic had relatively little impact on the reported year end performance, with the lockdown constraints and economic disruption not properly felt until after the reporting date.

As a business, we acted quickly, altering our patterns of working to safeguard our employees and customers. In doing so, operational satellite locations were established across the Island to ensure safe and appropriate social distancing measures and our office teams were mobilised through remote working and other online collaborative tools. These steps ensured we have remained fully operational, with our postal workers and customer service staff continuing to serve our island community's requirements throughout this period of disruption.

Notwithstanding strong reported parcel volume growth, the impact of COVID-19 on traditional mail volumes has been significant, with declines of c.30%. With businesses adapting to new ways of working, COVID-19 has, without doubt, accelerated the rate of structural decline of traditional mail, with volumes unlikely to ever return to pre COVID-19 levels.

Our foreign currency bureau, BATIF, has also been adversely affected by the pandemic, with global lockdown restrictions and reduced consumer confidence in travel expected to materially impact sales beyond this financial year.

Despite this challenging landscape, I would like to offer my profound thanks to all our staff across the organisation. Our frontline staff, in particular, have played a crucial part in mitigating the impact of the COVID-19 pandemic, with their unwavering commitment to maintaining service levels and keeping the Bailiwick connected during these unprecedented times.

## ENVIRONMENTAL AND COMMUNITY INITIATIVES

Over the past year, Guernsey Electricity concluded work on the installation of the solar array on the roof of Envoy House. Alongside our fully operational 100% electric home delivery fleet, the electricity now being generated by this installation has enabled the business to achieve a significant reduction in its carbon footprint and meet its environmental objectives for the year. Following our success at the 2019 UK Motor Transport Association Awards, in which we were announced as winners of the prestigious "Low Carbon Award", we were delighted to receive further local recognition this year, alongside Guernsey Electricity, winning the innovation category at the Guernsey Property and Construction Awards.

Throughout the recent COVID-19 lockdown period, we have been pleased to support Health Connections with their 'Help your Neighbour' campaign, Les Bourgs Hospice '30 bays in 30 days', as well as providing practical help to several small businesses seeking to switch to an e-commerce offering at very short notice. We are proud to have continued our support of other worthwhile causes within the Island community, including the 2019 Guernsey Literary Festival, St James's Concert Hall and the 75th Anniversary of Liberation. The switch on of the St Peter Port Christmas Lights remains an important event in the community calendar and we are pleased to continue to support this charity in 2020.

Our community focused approach remains an integral part of our proposition and, in this regard, we are delighted to have been recently announced winners, ahead of some notable organisations, in a recent island survey examining the reputation of Guernsey businesses on aspects ranging from quality of service, trustworthiness, environmental credentials and contribution to the local community.

## DIVIDEND

In the context of the overall financial position of the business, combined with strong underlying operational performance, the Board is pleased to propose an ordinary dividend in respect of the year ended 31 March 2020 of £444k.

The Board also keeps under constant review the health of the Company's Balance Sheet in the context of our Universal Service Obligations, the inherent commercial risks within our industry and the future demands of our strategy required to secure our future. Such factors require that the Board seeks to maintain a disciplined capital investment policy and an appropriate level

of liquidity. Subject to these necessary business disciplines, Guernsey Post also wishes to fully play its part in supporting the States financially through its investment shareholding, particularly in the challenging times that are currently being faced. In this context, the Board is pleased to propose a further 'one-off' special dividend of £1m in respect of the same period.

## THE BOARD

Stuart Le Maitre retired from the Board, as referenced in last year's annual report, and to whom the Board was grateful for agreeing to extend his tenure to 31st December 2019.

The Company is in advanced stages of ratifying a replacement Non-Executive Director with the appointment expected to be in situ by the autumn of 2020.

## THE FUTURE

The outlook for next year and beyond remains somewhat uncertain. With ever decreasing returns in core mail business, exacerbated by the COVID-19 pandemic, the growth in e-commerce and shifting customer expectations, we will need to remain adaptable and innovative to keep pace with the fast-changing landscape.

New technologies and changing customer demands have required a shift in the strategic priorities for the postal sector, with organisations having to improve delivery experience, while developing new business streams and methods of working that reduce costs and realise potential for growth and improved security.

Our strategy of identifying new business and further diversification aligned to our core competencies will be at the forefront of this. Whilst digital technology has led to a decline in traditional post, it has also contributed to significant growth in the parcels market. Our challenge will be to continue to capitalise on growth opportunities, whilst meeting ever more challenging consumer demands. But we must do so without putting at risk our valuable legacy of being the Bailiwick's trusted Post Office.



S J Milsted, *Chairman*  
July 2020



# Business Review for the Year

## OUR RESULTS

Guernsey Post is pleased to report an operating profit of £1.4m for the year ended 31 March 2020, which is in alignment with prior year operating profit performance.

delivery strategy. Further capital investments of £0.1m were made in respect of upgrading the Company's IT infrastructure and £0.3m in upgrading the air conditioning plant and resurfacing / redesigning the car park at Envoy House.

## PROFIT AND LOSS

**Turnover** for the year was £31.8m, an increase of £1.1m (4%) in the year. Underlying growth in the Company's bulk customer business and parcel revenues, was partially offset by a reported decline in core letter revenues in the year.

**Expenditure** for the year was £30.4m, an increase of £1.1m (4%) on the prior year.

Direct costs of £14.4m, associated with servicing revenues increased by £0.6m (5%) in the year, the increase being primarily attributable to contractual and conveyance costs.

Staff related expenditure for the year was £12.6m, representing a minor increase year on year, notwithstanding a small uplift in the number of full-time equivalent employees.

Depreciation costs at £1.0m increased by £0.1m during the year, due to the ongoing upgrade of the Company's transport fleet, complimented by the transition from diesel to electrically powered vehicles.

**Profit on ordinary activities before Taxation** for the year was £1.5m, a reduction of £0.4m when compared to the prior year. This reduction in profit before tax is almost exclusively due to lower than anticipated investment returns on funds invested by the States Treasury on the Company's behalf.

## BALANCE SHEET

Shareholders' funds were £24.0m, an increase of £0.4m in the year. The Company continues to operate with a strong Balance Sheet and a healthy liquidity position. At the year end, the Company reported a cash balance of £5.7m (2019: £1.1m), alongside separate short-term investment balances held with States Treasury of £5.3m (2019: £11.1m) and £4.3m (2019: £4.0m) of current assets, supported by an £11.9m (2019: £11.9m) fixed assets base. Reported current liabilities and provisions were £3.2m (2019: £4.5m).

## CASHFLOW STATEMENT

The Company had net outward cash movements of £1.2m during the year (2019: £0.4m cash inflow), with net cash generated from operations contributing £0.7m in the year (2019: £1.9m).

The primary cash flow adjustments related to £1.1m paid out in dividends during the year (2019: £1.1m), £0.1m in rents received (2019: £0.1m) and £0.2m for a taxation refund in the period (2019: £0.2 tax payment).

Capital spend in the year was £1.1m (2019: £0.8m), the primary investment being £0.6m in the replacement and increase of the vehicle fleet as part of our ongoing electric vehicle fleet replacement programme and the Company's wider combined letters and parcels

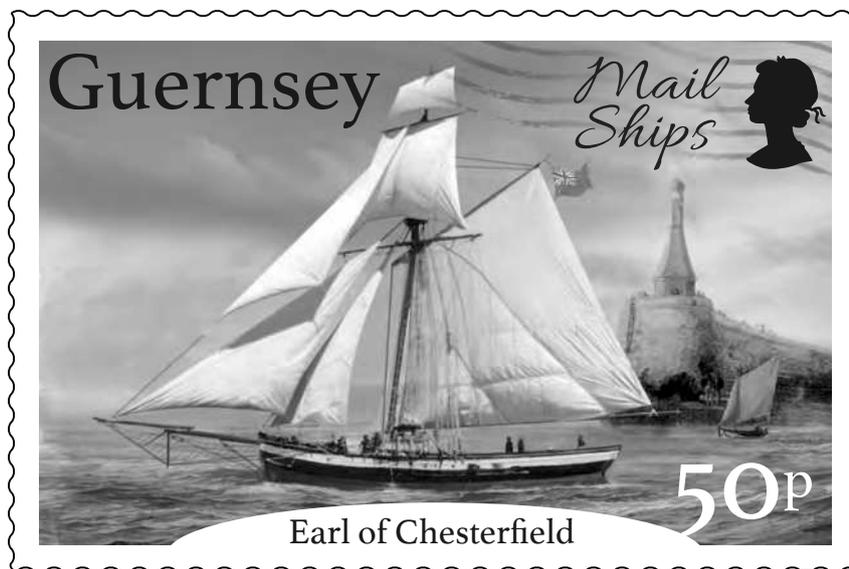
“  
*Guernsey Post is pleased to report an operating profit of £1.4m for the year ended 31st March 2020*  
 ”

OPERATIONAL SUMMARY

The total number of mail items handled during the year was approximately 39m, which was in line with the prior year. Notwithstanding growth in inward parcel volumes from both the UK and Jersey, total inward mail delivered was down 3% on prior year, impacted by the ongoing decline seen in inward letters volumes.

Total outward mail was up 4% on prior year, primarily because of an increase in outward bulk volumes during the year.

Except for mail posted in the UK but delivered in Guernsey, elements of which were outside of our control, quality of service performance results for the year have again exceeded the set targets and continue to be a demonstration of our commitment in ensuring a timely delivery of mail across our network.





**Simon Milsted**  
CHAIRMAN

Before moving to Guernsey in 2010, Simon Milsted had a very active career in the UK in both the professional and commercial sectors. On qualification as a Chartered Accountant in 1982, Simon joined the corporate reconstruction department of Price Waterhouse's City of London office.

On leaving Price Waterhouse some 7 years later, Simon moved to the West Country and has since been engaged in a wide variety of commercial situations both in an advisory capacity and as principal. He has experience in many industry sectors including food, business travel, process outsourcing, financial services, insurance and logistics. He has also enjoyed a large and varied corporate finance experience over this time.

Throughout his career, Simon has sat on a number of representative bodies of his profession and Government sponsored support agencies. He now lends his experience to a number of Guernsey charity organisations and maintains a number of non-executive board roles on the island.

Since joining Guernsey Post in September 2009, Simon has sat on the Pension, Audit and Risk Committees and in September 2018 was invited to become chairman of the Company.



**Boley Smillie**  
CHIEF EXECUTIVE

Born and raised in Guernsey, Boley Smillie joined Guernsey Post in 1991 straight from his secondary education at La Mare de Carteret School. The subsequent years have seen him gain a wide range of experience in different roles, rising through the ranks of the Company. Initially employed as a Clerical Assistant, he moved to Customer Services, then on to Logistics before being promoted to Head of Letters and Parcels in 2004. He became Operations Director in 2007 and an Executive Director in April 2010.

In July 2010, he was appointed interim Chief Executive before taking the role on a permanent basis in September 2010.

During this time, he has added to his hands-on experience by undertaking a number of professional qualifications, including certificates in marketing, business and finance. Most recently, he was awarded the Certificate in Company Direction from the Institute of Directors.



**Steve Sheridan**  
FINANCE DIRECTOR

Steve Sheridan was born and educated in Nottingham, before work opportunities brought him to Guernsey in 1993.

He has over 20 years' experience in accountancy and financial control, holding a number of senior roles for a variety of firms within Insurance, Fiduciary, Retail and the Banking industries. He qualified in 2004 before joining All in Black as their Financial Controller and General Manager. During his time in this role, he was successful in creating an effective management reporting solution for the business, out of which a number of key rationalisation initiatives were undertaken.

His next role took him to Credit Suisse, where he held a

variety of positions, one of which was part of a project team tasked to ensure the successful deployment of their Financial Accounting function to its offices in India. More latterly, Steve was employed within the Private Banking and Asset Management Division, where he held the position of Head of Financial Management for the Channel Islands.

Steve brings with him a wealth of accountancy and financial control knowledge, as well as a strong commercial acumen.

Steve was appointed Finance Director with Guernsey Post in early 2014.



**Jill Thomas**  
COMMERCIAL  
DIRECTOR

Jill grew up in the East Midlands, graduating from Aston University with a Combined Honours Degree in French and Business.

After leaving University, Jill worked for 12 years within various divisions of the Coats Viyella Group, both in the UK and Paris, primarily managing procurement and product development for the textile group.

Jill then moved to a corporate uniform company based in Oxfordshire, as their Head of Procurement in 2001. She was promoted to Procurement Director and, in 2005, took on the role of Managing Director which she

held until she moved to Guernsey with her husband in 2009.

With more than 20 years' experience in commercial businesses, Jill joined Guernsey Post in 2010, initially managing BATIF, Guernsey Post's foreign exchange division. The following year, Jill took on responsibility for retail services and post office counters. Jill's remit was increased to include key customers and customer service in 2013 and she was appointed to the Board in July 2017.



**Stuart Le Maitre**  
NON-EXECUTIVE

Stuart Le Maitre was born and educated in Guernsey. Following a brief period of employment at the Guernsey Post Office, he studied in Bristol and obtained a degree in Education and a post graduation qualification in careers guidance. He held a senior position in the Careers Service at Buckinghamshire County Council for five years before returning to join the Civil Service in Guernsey where he held senior positions for the next 20 years.

During this time, his responsibilities included the development and oversight of departments responsible for industrial relations and employment legislation, trading standards and consumer affairs, health and safety in the work place and initiatives to support the development of non-finance sector of the Island's economy. Having worked on the development of the regulatory framework for the Bailwick of Guernsey and the establishment of the Office of Utility Regulation,

he, was also involved in the commercialisation of the States Trading Utilities.

On leaving the Civil Service, Stuart undertook a variety of consultancy assignments and in 2006 was appointed as Chief Operating Officer with responsibility for the set-up phase of a new local mobile telephone Company. More recently, he held the position of Chief Executive of the Medical Specialist Group in Guernsey until he resigned from the post in June 2013. He has recently taken up the position of Douzaine Representative for the Vale Parish and holds other local board positions.

Stuart was appointed Deputy Industrial Disputes Officer in January 2017.

Stuart resigned from his position as a Non-Executive Director on 31 December 2019.



**Richard Digard**  
NON-EXECUTIVE

Richard Digard is a career journalist, editor and newspaper management specialist who has extensive experience at director level of running the Channel Islands' two daily newspapers plus other titles and digital publications.

Locally born and educated at Elizabeth College and Coventry University, Richard became the first news editor of the Guernsey Press and Star in 1987. He was appointed Marketing Manager at Sun Alliance International Life in 1994, where he ran its marketing division, serving teams in the UK, Europe, Africa and the Far East.

He returned to the Guernsey Press and Star in 1997 and was appointed Editor in 2000. He subsequently joined the Board of the Guernsey Press Co. Ltd and then Guiton Publishing, a group board committee responsible for

the strategic direction and performance of its two Channel Islands newspapers.

These experiences include a strong trading background with a hands-on approach to the challenges and opportunities created for established industries by new technology.

Since retirement in 2014, he has been a member of the Independent Review Panel appointed by the States to consider States Members' remuneration and served as a Member of the States Scrutiny Management Committee until early 2017. Richard is also a Non-Executive Director of a locally-based captive insurance company and has been a Douzenier of the Vale Parish since 2016.



**Peter Shaefer**  
NON-EXECUTIVE

Although born and raised in the North West of England, Peter has worked and lived in many countries including Holland, Switzerland, France and now Guernsey. He is a Member of the Chartered Institute of Public Finance and Accountancy and the Institute of Directors and holds a degree in Geology with Industrial Management from the University of Liverpool. He currently holds a number of executive and non-executive positions including La Perla Beauty UK Ltd (global beauty business) and is a non-executive Director of Guernsey Electricity Limited.

Peter has enjoyed a varied career, including:

- \* The global beauty company, Coty Inc, which he joined in 2000 and culminated in his appointment as Senior Vice President of Business Transformation in 2014 with responsibility for overseeing a company-wide reorganisation and restructuring programme. His previous roles with Coty Inc included CFO Europe and

Asia and Senior Vice President, Business Development, with responsibility for Mergers & Acquisitions and accelerating international development;

- \* Japan Tobacco International, undertaking a number of roles across the globe, including General Auditor and Senior Finance Director;

- \* The oil industry, working in a variety of finance and audit roles;

- \* The Audit Commission, where he qualified as a Chartered Accountant.

Peter's skills include managing strategic change and international development, project management, corporate governance and risk management, developing business and financial strategy and financial planning and analysis.



**Mark Dunster**  
NON-EXECUTIVE

Advocate Dunster is a partner at Carey Olsen specialising in litigation, compliance and financial regulatory matters. He undertakes a wide variety of commercial and civil litigation work and advises institutions on regulatory matters, including anti-money laundering, data protection, employment law, e-Gambling and renewable energy.

In 1994, Mark was called as a barrister and practised in London before returning to his native Guernsey, where he qualified as an advocate in 1997. He has been a partner at Carey Olsen since 2001 and became a Notary Public in 2006.

Mark acts as both an executive and non-executive director on a number of Guernsey (and non-Guernsey) companies in sectors as wide as trust and fiduciary services, electronic gaming, credit card payment processing, commercial real estate and investment holding.

Mark is a current member of the States of Guernsey legislative review committee, advising on the

implementation and drafting of new laws and ordinances. He is also the past Chairman of the Guernsey Association of Compliance Officers and the former Chairman of the Guernsey Bar Association.

Between 2004 and 2008, Mark was a member of Guernsey's Health and Social Services Department. He was formally Connétable of St Pierre du Bois and is now a Douzenier for that Parish.

Mark has a breadth of commercial experience with some very large and complex organisations. This experience includes reviews of corporate governance structures, developing strategy and evaluating the deployment of capital and resources between competing opportunities. He holds the Institute of Directors Chartered Director status.

# Corporate Governance Report

## COMPLIANCE

Guernsey Post Limited's corporate governance arrangements are based on the proportionate application of good practice principles in corporate governance, predominantly those contained within the UK Corporate Governance Code published in July 2018 ('the Code'), where relevant. Guernsey Post is committed to the development of a sustainable and profitable business that benefits all stakeholders, which includes achieving the highest standards of corporate governance for our Shareholder, the States of Guernsey.

Guernsey Post has signed a Memorandum of Understanding with the States' Trading Supervisory Board that sets out the rights, expectations and duties of both parties and includes the requirement to comply with best practice on corporate governance. Guernsey Post has continued to work on its corporate governance programme during the financial year ended 31 March 2020, and the achievements are summarised in this report.

## THE BOARD

### DIRECTORS

The Board's role is to provide entrepreneurial leadership of the Company within a prudent and effective framework of risk management and internal control. The Board is responsible for setting and implementing strategy, allocating the necessary human and financial resources to meet the Company's objectives and monitoring the performance of management against those objectives. The Board is collectively accountable for the success of the Company, sets its values and standards and takes decisions objectively in the interests of the Company, its Shareholder and other stakeholders.

Non-Executive Directors help to develop and challenge the Company's strategy. They evaluate the performance of management and monitor the reporting of performance. They consider the integrity of financial information and the strength of financial controls and risk management systems. They oversee executive remuneration and play the main role in the appointment, removal and succession planning for Executive Directors.

Matters referred to the Board are governed by a scheme of delegated authorities that provides the framework for the decisions to be taken by the Board, those which must be

referred back to our Shareholder and those which can be delegated to Committees of the Board, or senior management.

There were six board meetings held during 2019/20. If a Board member cannot attend a meeting, he or she receives a copy of the agenda and the accompanying papers in advance of the meeting and is invited to comment on the matters to be discussed.

The names of the members of the Board Committees are set out on pages 12-13, together with details of their background. The Board Committees have authority to make decisions according to their terms of reference.

### CHAIRMAN AND THE CHIEF EXECUTIVE

Guernsey Post has a non-executive Chairman and a Chief Executive. There is a clear division of responsibility between these two positions. Simon Milsted Non Executive Chairman, is responsible for the running of the Board and Boley Smillie, the Chief Executive, is responsible for the running of the Company's business.

Simon Milsted spends, on average, one day per week in his role as Chairman. He holds a number of other external Directorships but the Board considers that his external Directorships do not make conflicting demands on his time as Chairman.

Richard Digard is the Senior Independent Director and is also available to talk to our Shareholder, if it has any issues or concerns.

### BOARD BALANCE AND INDEPENDENCE

Throughout the year, the Company has had a balance of independent Non-Executive Directors on the Board, who ensure that no one person has disproportionate influence. All the Non-Executive Directors bring with them significant commercial experience from different industries, which ensures that there is an appropriate balance of skills on the Board.

There are currently four Non-Executive Directors and three Executive Directors on the Board.

### APPOINTMENTS TO THE BOARD

Recommendations for appointments to the Board are the responsibility of the Nominations Committee. The appointment of Non-Executive Directors has to be ratified by the States of Deliberation.

The Nominations Committee meets 2-3

times a year to consider the balance of the Board, job descriptions and objective criteria for Board appointments and succession planning.

## INFORMATION AND PROFESSIONAL DEVELOPMENT

For each scheduled Board meeting, the Chairman and the Company Secretary ensure that, during the week before the meeting, the Directors receive a copy of the agenda for the meeting, financial, strategic and operating information and information on any other matter which is to be referred to the Board for consideration. The Directors also have access to the Company Secretary for any further information they require. In the months where there is no scheduled Board meeting, the Directors receive the prior month and cumulative Company financial and operating information.

All newly appointed Directors participate in an extensive internal induction programme that introduces the Director to the Company and includes visits to key stakeholders. The Company Secretary gives guidance on Board procedures and corporate governance.

The Company Secretary, who is appointed by the Board and is also the Finance Director and an Executive Director, is responsible for ensuring compliance with Board procedures. This includes recording any concerns relating to the running of the Company, or proposed actions arising therefrom, that are expressed by a Director in a Board meeting. The Company Secretary is also Secretary to the Remuneration and Nomination Committees. The Company Secretary is available to give ongoing advice to all Directors on Board procedures, corporate governance and regulatory compliance.

## ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

Attendance during the year for all Board and Board committee meetings is given in the table below:

ATTENDANCE AT BOARD COMMITTEE MEETINGS (A)				
	Board	Audit and Risk Management Committee	Nominations Committee	Remuneration Committee
Boley Smillie	6/6			
Steve Sheridan	6/6			
Simon Milsted	3/6			
Stuart Le Maitre	5/6		2/2	2/2
Richard Digard	6/6	2/2		
Jill Thomas	5/6			
Peter Shaefer	6/6	2/2		
Mark Dunster	5/6		2/2	2/2

(A) The first figure represents attendance and the second figure the possible number of meetings e.g. 5/6 represents attendance at 5 out of a possible 6 meetings. Where a Director stepped down from the Board, or a Board Committee, during the year, or was appointed during the year, only meetings before stepping down, or after the date of appointment, are shown.

budget is prepared and presented to the Board for approval. During the year, monthly management accounts, including balance sheet, cash flow and capital expenditure reporting, are prepared with a comparison against budget and prior year. Forecasts are revised half yearly in the light of this comparison and are also reviewed by the Board.

## INTERNAL CONTROL AND RISK MANAGEMENT

All Directors are responsible for establishing and maintaining an effective system of internal control. Whilst all elements of risk cannot be eliminated, the system aims to identify, assess, prioritise and, where possible, mitigate the Company's risks. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Company's systems are designed to provide the Board with reasonable assurance that assets are safeguarded, transactions are properly authorised and recorded and that material errors and irregularities are either prevented, or detected, within a timely period.

The Audit & Risk Management Committee has previously considered the need for an internal audit function and concluded that the financial position, size and complexity of the Company could not justify the expense, which the Board ratified. The Board is happy to continue relying on the strength of the internal control environment through updates on risk management and internal control, health and safety reports, AML and CFT compliance, monthly management information and representations from the Executive Team. This approach is further complimented by external third-party assurance reviews where and when appropriate.

## AUDIT & RISK MANAGEMENT COMMITTEE AND AUDITOR

The Board has delegated responsibility to the Audit & Risk Management Committee for reviewing an effective system of internal control and compliance, accurate external financial reporting, fulfilling its obligations under the law and the Code, and managing the Company's relationship with the Company's external auditor. The Committee members comprise independent Non-Executive Directors. Peter Shaefer, who is a qualified accountant, is the Chairman of the Audit & Risk Management Committee and the Board is satisfied that Peter has recent and relevant financial experience to enable the duties of the Committee to be fully discharged. Richard Digard is the other member of the Audit & Risk Management Committee.

## PERFORMANCE EVALUATION

The Board undergoes a regular evaluation of its performance. The evaluation consists of a confidential questionnaire, which is independently assessed and facilitated by different organisations, and a report is then submitted to the Board, followed by an open discussion facilitated by the Chairman.

## ELECTION AND RE-ELECTION OF DIRECTORS

Guernsey Post Limited's Articles of Association state that a Non-Executive Director should be proposed for re-election if he, or she, has been appointed to the Board since the date of the last Annual General Meeting ('AGM'), or proposed for re-election, if he or she has held office for more than three years at the date of the notice convening the next AGM. The Board ensures that each Non-Executive Director submits himself, or herself, for re-election by the Shareholder at least every three years.

Non-Executive Directors serve the Company under letters of appointment, which are generally for an initial three year term. Their appointment is also ratified by the States of Deliberation.

In accordance with the Articles of Association, Richard Digard is due to retire by rotation and, being eligible, has offered himself up for re-election at the forthcoming Annual General Meeting.

## REMUNERATION

The Board recognises the importance of Executive Directors' remuneration in recruiting, retaining and motivating the individuals concerned. Executive Directors' remuneration consists of basic salary, benefits in kind, bonus and retirement benefits. Fees for the Chairman and Non-Executive Directors are determined by the States' Trading Supervisory Board.

The Remuneration Committee, which is chaired by Mark Dunster, consists of two Non-Executive Directors and determines remuneration levels and specific packages appropriate for each Executive Director, taking into account the Company's annual salary negotiations. No Director is permitted to be present when his, or her, own remuneration is being discussed, or to vote on his, or her, own remuneration. The Remuneration Committee considers that the procedures in place provide a level of remuneration for the Directors, which is both appropriate for the individuals concerned and in the best interests of the Shareholder.

## ACCOUNTABILITY AND AUDIT

### FINANCIAL REPORTING

The intention of the Annual Report is to provide a clear assessment of the performance and financial position of Guernsey Post Limited. The Company has a comprehensive system for reporting financial results to the Board. An annual

The Committee meets at least once a year with representatives of the Company's external auditor, and the Chief Executive and the Finance Director also attend the meetings.

## AUDIT & RISK MANAGEMENT COMMITTEE REPORT

The Committee considers that it has acted in accordance with its term of reference, ensuring:

- The independence, objectivity and effectiveness of external auditors.
- The Company has appropriate controls and measures in place to mitigate against material risks to its business.
- The integrity of the financial statements. Reviewing significant financial reporting issues and judgements they contain.
- Whistle blowing arrangements are in place.
- Going concern and viability of the Company.
- Recommended distribution of profits appropriately reflects the solvency of the Company.

The Committee recommends that the Board approve the Company's financial statements for the 12-month period ended 31 March 2020, including the report and unqualified opinion of Deloitte LLP to these accounts.

## SHAREHOLDER RELATIONS

The Board believes that good communication with the Shareholder is a priority. There have been regular quarterly meetings between the Chairman, Chief Executive and the Finance Director of Guernsey Post, and senior staff of the States' Trading Supervisory Board. The Company presents its strategic plan to our Shareholder for approval every year.

Following changes to the Constitution of the States of Deliberation, with effect from 1 May 2016, the role of Shareholder representative passed to the States' Trading Supervisory Board.

The Chairman and Senior Independent Director are available to meet with our Shareholder should there be unresolved matters that our Shareholder believes should be brought to its attention. The Executive Team and the Non-Executive Directors meet with our Shareholder at the Annual General Meeting ('AGM').

The date of the AGM is agreed with our Shareholder and notice of ten working days is given. The AGM is chaired by Guernsey Post, with presentations made by the Executive Team to facilitate awareness of the Company's activities and its financial performance. Our Shareholder is given the opportunity to ask questions of the Board and the Chairman of each Board committee during the AGM.

## COMMITTEES OF THE BOARD AND MAIN TERMS OF REFERENCE

In addition to regular scheduled Board meetings, the Company operates through various Board Committees, of which the membership and main terms of reference are set out below (except the Audit & Risk Management Committee, which is outlined above).

Until his retirement from the Board in December 2019, Stuart Le Maitre was the Chairman of the Nominations Committee, supported by Mark Dunster. Mark Dunster assumed the role of Chairman of this committee with effect from January 2020 and a replacement for his previous role on the Committee has yet to be made. The main terms of reference of this Committee are to regularly review the structure, size and composition of the Board and to make recommendations on the role and nomination of Directors for appointment to the Board, Board Committees and as holders of any executive office, as well as ensuring that appropriate succession plans are in place for the Board and the Executive Team. When considering future Board appointments, the Nominations Committee pays due regard to issues of diversity, including gender. The Committee met twice in 2019/20 and both members of the Committee were present.

Stuart Le Maitre was also the Chairman of the Remuneration Committee until his retirement in December 2019, supported by Mark Dunster. Mark Dunster assumed the role of Chairman of this committee with effect from January 2020 and a replacement for his previous role on the Committee has yet to be made. The main terms of reference of this Committee are to determine and agree with the Board the remuneration policy for the Company's Executive Team, to approve the design of, and determine targets for, any performance related pay schemes operated by the Company and to determine the policy for, and scope of, pension arrangements for each Executive Director. The Committee met twice in 2019/20 and both members of the Committee were present.

# DIRECTORS' REPORT

## DIRECTORS' REPORT

The Directors present their annual report, together with the financial statements, for the year ended 31 March 2020.

### PRINCIPAL ACTIVITIES

The Company's principal activities are the provision of a postal service for the Bailiwick of Guernsey through a postal network and retail counter operation in accordance with the licence awarded to it by the Guernsey Competition and Regulatory Authority ('GCRA') (formerly the Channel Islands Competition and Regulatory Authority) ('CICRA') and the marketing of its postage stamps and other philatelic products to stamp collectors worldwide.

### SIGNIFICANT EVENTS

On 30 January 2020, the World Health Organisation ('WHO') announced Coronavirus as a global health emergency. On 11 March 2020, it announced that Coronavirus was a global pandemic.

When the pandemic struck Guernsey, our local Government, the States of Guernsey, reviewed working arrangements and classified Guernsey Post as an essential business, which was permitted to remain open with some modifications to standard operations.

As a result of the pandemic, the Company, for operational reasons, took the decision to take out short term leases on four properties prior to year-end, to allow the postal operation to be split geographically across the island to allow postal workers to operate safely in line with public health guidelines.

BATIF, The Company's foreign currency bureau, was closed during the pandemic in light of reduced consumer demand and operating restrictions.

The impact of COVID-19 did not have a significant impact on mail volumes in March 2020. However, it began to have a more pronounced impact on traditional mail volumes post year end which have declined by up to 30%, due, in part, to businesses closing in adherence to government restrictions.

The Company is yet to establish and quantify the lasting impact COVID-19 has had on the business; however, it is unlikely that core mail volumes will return to pre COVID-19 levels. The Company, therefore, continues to identify new business and diversification strategies which align to our core competencies.

### RESULTS

The results for the year are shown in the profit and loss account on page 16 (\*23)

### DIVIDEND

The Directors recommend a dividend of

£444k based upon the profits for the year ended 31 March 2020 (2019: £560k).

In addition, the Directors recommend a one off special dividend of £1,000k (2019: £500k).

### FIXED ASSETS

Fixed asset movements for the year are disclosed in note 5 to the financial statements.

### DIRECTORS

The Directors of the Company, who served throughout the year and at the date of this report, were as follows:

**B Smillie**  
**S Sheridan**  
**J Thomas**  
**S Milsted**  
**R Digard**  
**P Shaefer**  
**M Dunster**  
**S Le Maitre (retired 31 December 2019)**

No Director has an interest, either beneficially or non beneficially, in any shares of the Company (2019: no interest beneficially, or non beneficially).

In accordance with the Articles of Association, Richard Digard is due to retire by rotation. Richard, being eligible, has offered himself up for re-election at the forthcoming Annual General Meeting.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The Companies (Guernsey) Law, 2008 requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company Law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained

in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose, with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself, or herself, aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### AUDITORS

Deloitte have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.



**B Smillie**                      **S J Milsted**  
Chief Executive              Chairman

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUERNSEY POST LIMITED

#### Report on the audit of the financial OPINION

In our opinion the financial statements of Guernsey Post Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and

- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements which comprise:

- the profit and loss account and other comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, 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.

## CONCLUSIONS RELATING TO GOING CONCERN

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting

for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 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 respect of these matters.

## RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 financial statements, the directors are responsible for assessing the company's 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the 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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report..

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies (Guernsey) Law, 2008 we are required to report in respect of the following matters if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

## USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP,

*St Peter Port, Guernsey*

*21 August 2020*

## PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	31 March 2020 £'000	31 March 2019 £'000
<b>Turnover</b>		<b>31,765</b>	30,683
<b>Expenses</b>	2	<b>(30,382)</b>	(29,315)
<b>Operating Profit</b>		<b>1,383</b>	1,368
<b>Other income / (losses)</b>			
Investment returns		(45)	387
Interest income		5	3
Rental income		122	121
Revaluation of Investment Property	6	(15)	(25)
<b>Profit on ordinary activities before taxation</b>		<b>1,450</b>	1,854
<b>Tax credit on profit on ordinary activities</b>	3	<b>31</b>	8
<b>Profit for the financial year</b>		<b>1,481</b>	1,862
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive income for the year</b>		<b>1,481</b>	1,862

All activities derive from continuing operations

The notes on pages 20 to 29 (\* 27 - 39) form an integral part of these financial statements

\* These page numbers refer to the original Financial Statements document approved by the auditors.

## BALANCE SHEET

At 31 March 2020

	Notes	31 March 2020 £'000	31 March 2019 £'000
<b>Non-current assets</b>			
Tangible fixed assets	5	10,706	10,780
Investment property	6	960	975
Debtors greater than one year - Deferred tax	8	209	178
		<b>11,875</b>	11,933
<b>Current assets</b>			
Cash at bank and in hand		5,717	1,126
Balances with States Treasury	9,13	5,259	11,081
Debtors	7	4,133	3,756
Stock		213	203
		<b>15,322</b>	16,166
<b>Creditors: Amounts falling due within one year</b>	10	<b>(3,228)</b>	(4,458)
<b>Net current assets</b>		<b>12,094</b>	11,708
<b>Total assets less current liabilities</b>		<b>23,969</b>	23,641
<b>Provisions greater than one year</b>	14	-	(93)
<b>Net assets</b>		<b>23,969</b>	23,548
<b>Capital and reserves</b>			
Shareholder's capital	11	7,886	7,886
Profit and loss account		16,083	15,662
		<b>23,969</b>	23,548

The financial statements were approved by the Board of Directors and authorised for issue on 18 August 2020. They were signed on its behalf by:



**B Smillie**  
Chief Executive



**S J Milsted**  
Chairman

**The notes on pages 20 to 29 (\* 27 - 39) form an integral part of these financial statements.**

\* These page numbers refer to the original Financial Statements document approved by the auditors.

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Shareholder's Capital	Profit and Loss Account	Total Equity
	£,000	£'000	£'000
<b>Balance at 1 April 2018</b>	7,886	14,900	<b>22,786</b>
<i>Total comprehensive income for the year</i>			
Profit for the year	-	1,862	<b>1,862</b>
<b>Total comprehensive income for the year</b>	-	1,862	<b>1,862</b>
Dividends	-	(1,100)	<b>(1,100)</b>
<b>Total contributions by and distributions to owners</b>	-	(1,100)	<b>(1,100)</b>
<b>Balance at 31 March 2019</b>	7,886	15,662	<b>23,548</b>
<b>Balance at 1 April 2019</b>	7,886	15,662	<b>23,548</b>
<i>Total comprehensive income for the year</i>			
Profit for the financial year	-	1,481	<b>1,481</b>
<b>Total comprehensive income for the year</b>	-	1,481	<b>1,481</b>
Dividends	-	(1,060)	<b>(1,060)</b>
<b>Total contributions by and distributions to owners</b>	-	(1,060)	<b>(1,060)</b>
<b>Balance at 31 March 2020</b>	7,886	16,083	<b>23,969</b>

The notes on pages 20 to 29 (\* 27 - 39) form an integral part of these financial statements.

\* These page numbers refer to the original Financial Statements document approved by the auditors.

# CASH FLOW STATEMENT

For the year ended 31 March 2020

	Notes	31 March 2020 £'000	31 March 2019 £'000
<b>Operating activities</b>			
Profit or loss for the financial year		1,481	1,862
<i>Adjustments for:</i>			
Depreciation and amortisation		963	842
Profit on sale of tangible fixed assets		(72)	(18)
Interest receivable and similar income		(82)	(511)
Revaluation of investment property		15	25
Taxation		(31)	(8)
(Increase) / decrease in stocks		(10)	41
(Increase) in debtors		(531)	(580)
(Decrease) / increase in creditors		(1,323)	320
<b>Net cash generated from operations</b>		<b>410</b>	1,973
Interest received		5	3
Rent received		122	121
Tax received / (paid)		154	(162)
<b>Net cash inflow from operating activities</b>		<b>691</b>	1,935
<b>Investing activities</b>			
Purchase of tangible fixed assets		(1,118)	(806)
Investment (loss) / return		(45)	386
Proceeds from sale of tangible fixed assets		301	18
<b>Net cash outflow from investing activities</b>		<b>(862)</b>	(402)
<b>Cash flows from financing activities</b>			
Dividend paid	4	(1,060)	(1,100)
<b>Net cash outflow from financing activities</b>		<b>(1,060)</b>	(1,100)
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(1,231)</b>	433
(Decrease) / increase in cash balances		(1,231)	433
Cash and cash equivalents at 1 April		12,207	11,774
<b>Cash at bank and investments held as at 31 March 2020</b>		<b>10,976</b>	12,207
<b>Represented by:</b>			
Balances with States Treasury		5,259	11,081
Cash		5,717	1,126
		<b>10,976</b>	12,207

The notes on pages 20 to 29 (\* 27 - 39) form an integral part of these financial statements.

\* These page numbers refer to the original Financial Statements document approved by the auditors.

## NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2020

### 1. Significant accounting policies

#### Reporting entity

Guernsey Post Limited (the "Company") commenced trading on 1 October 2001 and is registered in Guernsey. The Company's registered address is Envoy House, La Vrangue, St Peter Port, Guernsey, GY1 1AA. The Company is governed by the provision of the Companies (Guernsey) Law, 2008. The principal activity of the Company is the provision of Postal Services throughout the Bailiwick.

#### Basis of accounting

The financial statements give a true and fair view, comply with the Companies (Guernsey) Law, 2008 and were prepared in compliance with the UK Accounting Standards, including FRS 102- The Financial Reporting Standard applicable in the UK and Ireland. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000 unless otherwise stated.

#### Going Concern

These financial statements are prepared on a going concern basis.

After making enquiries and reviewing the Company's forecasts and projections, taking account of reasonably possible changes in trading performance in light of current economic conditions and the impact of COVID-19, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Company, therefore, continues to adopt the going concern basis in preparing its financial statements.

#### Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

##### a. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:-

- Note 3 - Taxation - Basis for determining classification of Regulated and Non Regulated profits
- Note 14 - Provisions - dilapidations

##### b. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to amounts reported in the financial statements for the year ending 31 March 2020 is included in the following notes:-

- Note 6 - Investment Property - determination of fair value of investment property
- Note 8 - Deferred Tax - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used

#### Basis of measurement

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain

assets.

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

#### Turnover

Sales of stamps and the crediting of franking machines are accounted for on a receipt of funds basis and no provision is made for postal services expected to be provided for stamps in circulation, as the Directors deem this to be immaterial. All other income from goods and services supplied are accounted for on an accruals basis.

#### Other income

Rental income is recognised on a straight line basis over the term of the lease. Interest and investment income is recognised in the Profit and Loss Account on an accruals basis.

#### Expenses

Postal operations expenses are charged as incurred. No provision is made for any charges which may be incurred in handling, or delivering, mail in respect of stamps and franking machine credits sold but unused at the Balance Sheet date.

#### Taxation

The Company, as a Guernsey Utility Company regulated by the Guernsey Competition and Regulatory Authority ('GCRA'), (formerly the Channel Islands Competition and Regulatory Authority) ('CICRA') is subject to the higher rate of income tax of 20% on its regulated income and 0% on its non regulated income. The basis of assessment to Guernsey tax continues to be on an actual current year basis. Income from Guernsey land is also subject to the higher rate of income tax of 20%.

#### Deferred Taxation

Provision for deferred taxation is made in full on timing differences which result in an obligation at the Balance Sheet date to pay tax at a future date, at rates expected to apply when they crystallise based on current tax rates and laws. Deferred tax assets are only recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### Dividends

Dividends paid are recognised when the obligation to pay has been established and once approved by the Board.

#### De-recognition of assets

Non-financial assets are removed from the Balance Sheet, either on disposal, or when they are withdrawn from use and no future economic benefits are expected from their use. In this event, any carrying amount is written off to the Profit and Loss Account.

#### Impairment of non-financial assets

At each reporting date, non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. In the event that there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Profit and Loss Account.

## NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2020

### 1. Significant accounting policies - continued

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Profit and Loss Account.

#### Stock

The cost of definitive stamps, including the non-value indicator self-stick range, is written off over the expected sales life of each type of stamp, which is unlikely to exceed three years. The cost of Commemorative stamps, which are only available for one year, are fully written off in the year of issue.

Other stocks are valued at the lower of cost and net realisable value.

#### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful economic life. A full year's depreciation is charged in the year of acquisition, whilst none is charged in the year of disposal.

There are periodic reviews of fixed assets and any adjustments required will be recognised in the Profit and Loss Account, as and when identified.

	Estimated useful life in years	Depreciation %per annum
Freehold Land	N/A	Nil
Buildings	8 - 50	2 - 12.5
Plant and Equipment	15	6.67
Furniture & Fittings	3 - 13	7.7 - 33.3
Postal Machinery	8 - 15	6.67 - 12.5
Motor Vehicles	5 - 10	10 - 20

#### Basic Financial Instruments

Cash at bank and in hand comprises cash balances, call deposits and short and medium term investments held with the States of Guernsey Treasury.

Debtors are initially recognised at transaction price less attributable transaction costs. Doubtful debts are recognised when collection of the full amount is no longer probable, with the amount of the expected loss recognised in the Profit and Loss Account. These are monitored on an ongoing basis.

Creditors are initially recognised at transaction price. Debtors and creditors due within one year continue to be measured after their initial recognition at the undiscounted amount of cash or other consideration expected to be paid or received.

#### Investment in subsidiary

The investment in subsidiary is stated at fair value through the Profit

and Loss Account. In accordance with FRS 102 section 9.3 (g) and section 244 of the Companies (Guernsey) Law, 2008, the Company does not prepare consolidated financial statements.

#### Foreign currency

Foreign currency held in any bank account is translated at the exchange rate prevailing at the Balance Sheet date. In the event of any gains or losses arising, these are taken to the Profit and Loss Account at the time of translation. All foreign trading transactions are translated into sterling using the prevailing rate on the date of the transaction.

#### Pension costs

From 1 August 2016, the Company has an established defined contribution pension scheme, for which all eligible staff are required to join. Both the Company and its employees pay contributions into this independently administered fund. The cost of providing these benefits is recognised within the Profit and Loss Account, and comprise both the amount of contributions payable to the scheme and associated scheme administration costs for the year.

#### Investment property

The Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in the Profit and Loss Account.

#### Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, where it is more likely than not that an outflow of resources will be required to settle the obligations and the amount has been readily estimated. Changes in the estimated timing or amount of the expenditure are recognised in the Profit and Loss Account when the changes arise.

## NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2020

**2. Expenses**

	<b>31 March 2020 £'000</b>	31 March 2019 £'000
Direct costs	<b>14,372</b>	13,752
Staff costs	<b>11,314</b>	11,065
Directors' remuneration	<b>712</b>	677
Other staff expenditure	<b>540</b>	795
Support costs	<b>2,481</b>	2,184
Depreciation	<b>963</b>	842
<b>Total</b>	<b>30,382</b>	29,315

Pension scheme payments made into the defined contribution scheme, included within the staff costs heading, were £1,117k (2019: £1,112k)

**Average full time equivalent employee numbers for the period were as follows:**

	<b>31 March 2020</b>	31 March 2019
Operational staff, including postal workers, post office counter staff and philatelic production staff	<b>179</b>	178
All other staff	<b>55</b>	55
<b>Total</b>	<b>234</b>	233

## NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2020

<b>3. Taxation</b>	Note	<b>31 March 2020 £'000</b>	31 March 2019 £'000
Current year tax		-	-
Prior year tax		-	-
Deferred tax credit for the year	8	<b>(31)</b>	(8)
<b>Total</b>		<b>(31)</b>	(8)

Guernsey Post Limited, as a Guernsey Utility Company regulated by the Guernsey Competition and Regulatory Authority ('GCRA'), (Previously Channel Islands Competition and Regulatory Authority) ('CICRA'), is subject to the higher rate of income tax of 20% on its regulated income and 0% on its non regulated income. The basis of assessment to Guernsey tax continues to be on actual current year basis.

Income from Guernsey land is also subject to the higher rate of income tax of 20%

The actual tax credit differs from the expected tax charge computed by applying the higher rate of Guernsey income tax of 20% as follows:

	<b>31 March 2020 £'000</b>	31 March 2019 £'000
Profit on ordinary activities before taxation	<b>1,450</b>	1,854
Tax at 20%	<b>290</b>	371
<b>Effects of adjusting items:</b>		
Timing differences	<b>41</b>	10
Disallowed items	<b>(10)</b>	3
Rate differences on current tax	<b>(410)</b>	(444)
Non-utilised losses	<b>89</b>	60
Current tax credit	-	-
Deferred tax - timing differences	<b>(31)</b>	(8)
<b>Profit and loss taxation credit</b>	<b>(31)</b>	(8)

## NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2020

### 4. Dividends on equity shares

Amounts recognised as distribution to equity holders in the period:

	<b>31 March 2020 £'000</b>	31 March 2019 £'000
Final dividend of 13.4p per share paid in this financial year in respect of the year ended 31 March 2019	<b>1,060</b>	1,100

(Final dividend paid last year in respect of the year ended 31 March 2018: 13.9p per share).

The Board is proposing a final dividend of £444k in respect of the year ended 31 March 2020. (2019: £560k).

The Board is also proposing a one off special dividend of £1,000k in respect of the year ended 31 March 2020 (2019: £500k)

### 5. Tangible fixed assets

	Motor Vehicles £'000	Land & Buildings £'000	Plant & Equipment £'000	Postal Machinery £'000	Furniture & Fittings £'000	<b>Total £'000</b>
Opening cost as at 1 April 2019	2,103	11,673	2,662	2,290	2,209	<b>20,937</b>
Opening accumulated depreciation as at 1 April 2019	(1,133)	(3,315)	(2,662)	(1,463)	(1,584)	<b>(10,157)</b>
Opening Carrying amount as at 1 April 2019	970	8,358	-	827	625	<b>10,780</b>
Additions	616	345	-	5	151	<b>1,117</b>
Depreciation	(315)	(238)	-	(183)	(226)	<b>(962)</b>
Disposals - Cost	(624)	-	-	-	-	<b>(624)</b>
Disposals - Accumulated Depreciation	395	-	-	-	-	<b>395</b>
<b>Closing carrying amount as at 31 March 2020</b>	<b>1,042</b>	<b>8,465</b>	<b>-</b>	<b>649</b>	<b>550</b>	<b>10,706</b>
Represented by:						
Closing cost as at 31 March 2020	2,095	12,018	2,662	2,295	2,360	<b>21,430</b>
Closing accumulated depreciation as at 31 March 2020	(1,053)	(3,553)	(2,662)	(1,646)	(1,810)	<b>(10,724)</b>
	<b>1,042</b>	<b>8,465</b>	<b>-</b>	<b>649</b>	<b>550</b>	<b>10,706</b>

Freehold land with a cost of £2,505,000 (2019: £2,505,000) is not depreciated.

## NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2020

### 6. Investment property

	<b>Market Value 31 March 2020</b>	Market Value 31 March 2019
Reconciliation of carrying amount	<b>£'000</b>	£'000
Balance at 1 April	<b>975</b>	1,000
Change in fair value	<b>(15)</b>	(25)
Balance at 31 March	<b>960</b>	975

Investment property comprises a single property, which is leased to tenants, comprising part residential and part commercial occupancy. Leases for the residential tenants are reviewed annually, whereas the commercial tenant is subject to a 20 year lease with triennial reviews.

Changes in fair value are recognised as gains in profit and loss and included in 'Other (Loss) / Income'. All gains or losses are unrealised.

The fair value of the investment property was determined by an external independent property valuer with recognised professional qualifications and recent experience in the location and category of the property being valued on 12 May 2020. The valuation was undertaken by Wing Lai, MRICS, and Joanna Watts, MRICS, from Watts Property Consultants Limited.

### 7. Debtors

	<b>31 March 2020</b>	31 March 2019
	<b>£'000</b>	£'000
Trade debtors	<b>3,710</b>	3,170
Other debtors	<b>11</b>	8
Prepayment and accrued income	<b>276</b>	289
Tax debtors	<b>136</b>	289
	<b>4,133</b>	3,756

## NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2020

### 8. Deferred Tax

	<b>Deferred taxation - Accelerated Capital Allowances</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April 2019	178	<b>178</b>
Credit to profit and loss account	31	<b>31</b>
At 31 March 2020	209	<b>209</b>

Deferred tax in the financial statements is measured at the actual tax rates that are expected to apply to the income in the periods in which the timing differences are expected to reverse. As a Guernsey Utility Company regulated by GCRA, Guernsey Post Limited is subject to tax at 20% on its regulated income and 0% on its non-regulated income. Income from Guernsey land is also subject to the higher rate of income tax of 20%

### 9. Balance with States Treasury

The Treasury Department of the States of Guernsey is engaged to invest the company's liquid funds in excess of its daily requirements and uses a broad range of investments in which to do so. The investment fund retains a proportion of liquid assets which are made available on call. Variable returns are allocated to the fund dependent upon investment performance.

### 10. Creditors

	<b>31 March 2020</b>	31 March 2019
	<b>£'000</b>	£'000
Amounts falling due within one year		
Trade creditors	<b>1,405</b>	2,566
Other creditors	<b>691</b>	837
Provisions (See Note 14)	<b>137</b>	202
Accruals and deferred income	<b>960</b>	820
Rental income paid in advance	<b>35</b>	33
	<b>3,228</b>	4,458

Of the £1,405k of Trade Creditors, £1,034k is owed to Royal Mail as part of our ongoing contracted arrangements with them (2019: £2,109k)

## NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2020

<b>11 . Shareholder's capital</b>	<b>31 March 2020</b>	31 March 2019
	<b>£'000</b>	£'000
<b>Authorised</b>		
40,000,000 ordinary shares of £1 each	<b>40,000</b>	40,000
	No of shares	£'000
<b>Allotted and fully-paid</b>	7,886,258	7,886
Opening share capital at 1 April 2019	7,886,258	7,886
As at 31 March 2020	7,886,258	7,886

100% of the shares of the Company are owned beneficially by the States of Guernsey.

Shareholder's capital - represents the nominal value of shares that have been issued.

## NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2020

**12. Operating Leases****Non-cancellable operating lease rentals are payable as follows:**

	<b>Land and buildings</b> <b>31 March 2020</b> <b>£'000</b>	Land and buildings 31 March 2019 £'000
Less than one year	<b>144</b>	90
Between one and five years	<b>105</b>	47
More than five years	-	-
	<b>249</b>	137

Leases of land and buildings are subject to rent reviews at specified intervals, typically annually, and provide for the lessee to pay all insurance, maintenance and repair costs.

The Company leases two properties in St Peter Port to run one of its retail outlets and also its foreign exchange business. In addition, the Company leases property to fulfil its postal operation in Alderney.

The lease on the Smith Street property has been extended by a further year.

As a result of Covid-19, the Company, for operational reasons, took the decision to take out short term leases on four properties to allow the postal operation to be split geographically across the island to allow postal workers to operate safely in line with public health guidelines. These leases were each for an initial six month period with options to renew on a recurring six monthly basis.

**13. Related party transactions**

The Company is wholly owned and ultimately controlled by the States of Guernsey.

Through the normal course of its business activity, the Company makes both purchases from and provides services to its Shareholder, or entities, under the controlling influence of the Shareholder body. These entities include States Trading Companies, companies whose equity is wholly owned by the States, States Departments and Committees operated by the States. All such transactions have been on an arm's length basis. The total value of the sales for the year ended 31 March 2020 amount to £639,729 or 2.0% of total turnover (2019: £737,916 or 2.4%). The total value of purchases for the year amounted to £983,131 or 3.2% of total expenses (2019: £840,315 or 2.9%).

The States also provides, through its Policy & Resources Department, management of the Company's liquid funds in excess of short term needs. At 31 March 2020, the balance held was £5,259,521 (2019: £11,081,309).

Director's remuneration is shown in note 2.

## NOTES TO THE FINANCIAL STATEMENTS year ended 31 March 2020

### 14. Provisions

	<b>Pension Liability</b>	<b>Dilapidations</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1 April 2019	202	93	<b>295</b>
Provision (released) / made during the year	(202)	44	<b>(158)</b>
Balance at 31 March 2020	-	137	<b>137</b>
Non-current	-	-	-
Current	-	137	<b>137</b>
	-	137	<b>137</b>

#### **Pension liability**

The pension liability provision relates to deferred commitments associated with, and intrinsic to, the successful exit of the States of Guernsey Public Servants Pension Scheme from 31 July 2016 and was fully extinguished on 31 July 2019.

#### **Dilapidations**

This provision is in respect of the reinstatement obligations related to the Smith Street leasehold property and will be utilised within the next financial year.

#### **Contingent obligations - Financial Guarantee Contracts**

Guernsey Post has financial guarantee contracts in place with States of Guernsey Customs and Excise and HM Revenue and Customs for £20,000, and £200,000, respectively. These contingent obligations are in place to provide security in the event that import and export duties paid to Guernsey Post from its customer base are not subsequently paid on to the respective authorities. Guernsey Post does not carry any liability to either the States of Guernsey Customs and Excise, or HM Revenue and Customs, in the event that customers directly withhold payment of import and export duties to Guernsey Post.

### 15. Subsequent events

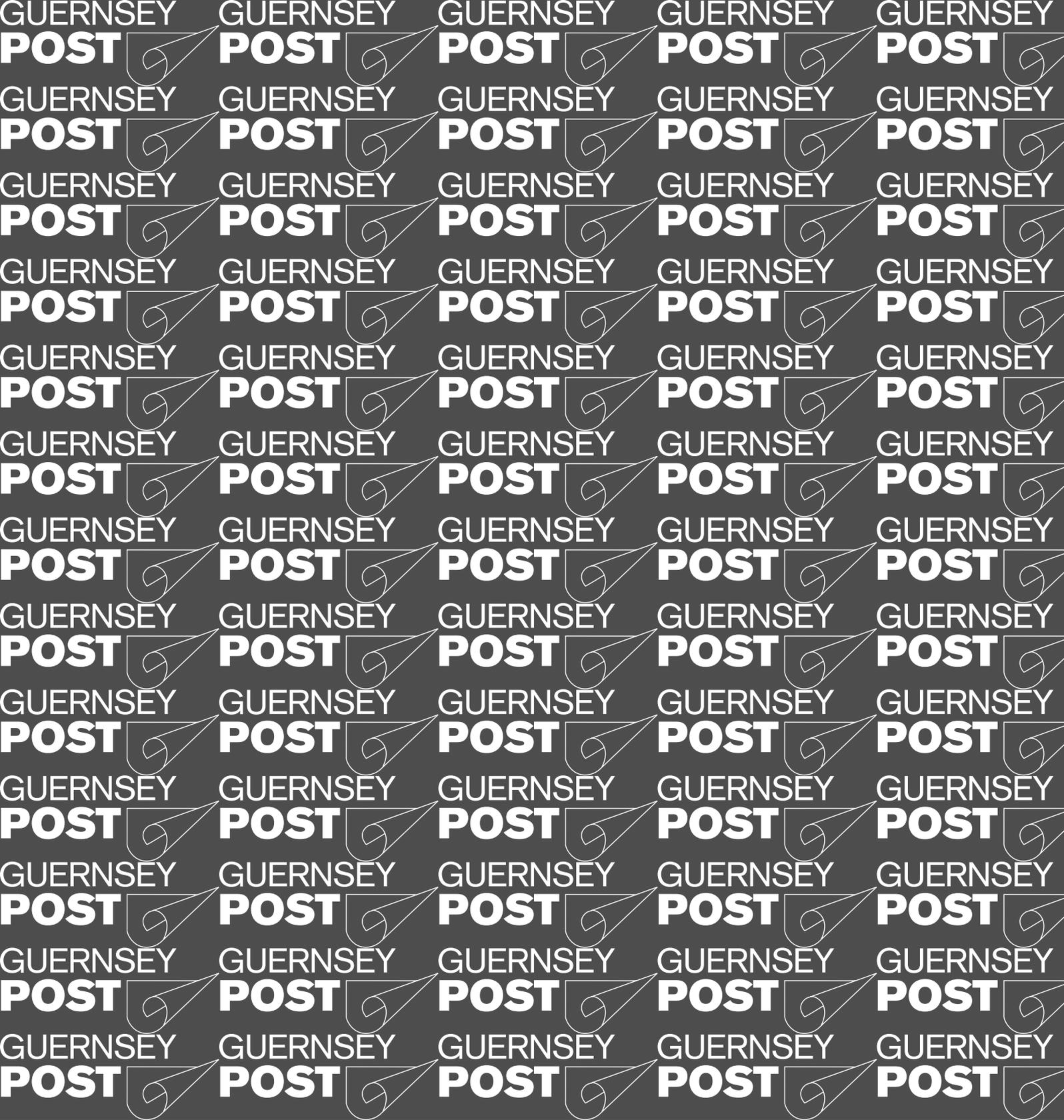
As the global Covid-19 pandemic evolves, Guernsey Post continues to assess the impact on its operations and financial performance.

Subsequent to year-end, Guernsey Post has seen a relaxation of restrictions on business operations for itself and its customers based in the Bailiwick of Guernsey, which has influenced elements of postal volume and product mix.

It has not yet been possible to fully quantify the lasting impact of Covid-19 on the financial performance of Guernsey Post; however, no significant events have occurred between the year-end and the date of approval of these financial statements, which would require a change to, or disclosure in, the financial statements.







**Guernsey Post Limited**

Envoy House, La Vrangue, St Peter Port, Guernsey GY1 1AA

Telephone: 726241 Facsimile: 712082



INVESTOR IN PEOPLE

**THE STATES OF DELIBERATION**  
**of the**  
**ISLAND OF GUERNSEY**

**POLICY & RESOURCES COMMITTEE**

**USE OF MONEY IN DORMANT ACCOUNTS**

The States are asked to decide:-

Whether, after consideration of the Policy Letter dated, entitled "Use of Money in Dormant Accounts", dated 2<sup>nd</sup> December 2020, of the Policy & Resources Committee, they are of the opinion:-

1. To agree that a statutory scheme should be established which will require the transfer of balances in dormant bank accounts from banks in the Bailiwick to a statutory central fund called the Bailiwick Dormant Accounts Fund (the "BDAF") as set out in the Policy Letter entitled "Use of Money in Dormant Accounts", dated 2<sup>nd</sup> December.
2. To agree that the Policy & Resources Committee should have the power to make distributions to good causes within the Bailiwick, or to a grant giving body for onward distribution to good causes within the Bailiwick, and should be responsible for setting out policies and procedures for distributions from the BDAF.
3. To direct the preparation of such legislation as may be necessary to give effect to the above decisions and the proposals in the policy letter entitled "Use of Money in Dormant Accounts, dated 2<sup>nd</sup> December 2020.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

**THE STATES OF DELIBERATION**  
**of the**  
**ISLAND OF GUERNSEY**

**POLICY & RESOURCES COMMITTEE**

**USE OF MONEY IN DORMANT ACCOUNTS**

Presiding Officer  
Royal Court  
St Peter Port  
Guernsey

2<sup>nd</sup> December, 2020

Dear Sir

**1. Executive Summary**

- 1.1. This policy letter proposes the introduction of a Law which will require the transfer of balances in dormant bank accounts (in general terms, where contact has been lost with a customer (natural and legal persons, wherever they reside) for at least fifteen years) from banks in the Bailiwick to a statutory central fund called the Bailiwick Dormant Accounts Fund (“BDAF”). Funds contained within the BDAF will be made available for good causes throughout the Bailiwick.
- 1.2. There is a proven and successful mechanism in the UK for collecting and using money from dormant bank accounts and use of those funds for good causes. In addition, Jersey and the Isle of Man have recently implemented dormant account legislation. The Policy & Resources Committee (“Committee”) has taken particular account of the frameworks in the two islands in developing the proposals in this policy letter in light of the links between banking groups active in two or three of the Crown Dependencies, and as the banking sector in the Bailiwick has emphasised the importance of the framework being as consistent as possible with those in the other Dependencies so as to be able to harmonise systems and operational practices between group entities.

**2. Dormancy**

- 2.1. There must be as much certainty as possible over what comprises a dormant account and, therefore, what money will be available for transfer to the BDAF.
- 2.2. It is proposed that, initially, the legislation should apply only to bank accounts. Noting that Guernsey banks undertake significant effort to contact customers

with dormant accounts, a dormant account should be a bank account which has been open for at least fifteen years where, during the last fifteen years, no transactions carried out in relation to the account have been initiated by a holder of the account and the bank holds no evidence of the account holder having made contact with it in relation to the account. No account should be treated as dormant if, during this period, a holder has initiated a transaction or contacted the bank in relation to another account in his/her name held by the bank, or if under the terms and conditions of the account withdrawals were not permitted or there was a financial or other disincentive which applied in all circumstances to making a withdrawal.

- 2.3. However, banks might characterise dormancy by a different time frame to fifteen years, or on another basis to the last contact with a customer such as the period of time since a transaction. It might be a time consuming and costly project for a bank to identify all accounts which have been dormant for at least fifteen years as opposed to this other time frame or basis. It is also possible that banks might not be able to determine the date on which an account becomes dormant or whether an account is dormant. In light of such potential cases, it is envisaged that the Committee should have the power, subject to receipt of a request from a bank with supporting information, and where it appears reasonable, to issue a notice permitting monies with a dormancy period of less than fifteen years to be transferred to the BDAF. The issue of a notice might also be subject to conditions (for example, limiting the monies that should be transferred to the BDAF in the circumstances described in the next paragraph).
- 2.4. It is possible that not all money in a dormant account, meeting the test described in paragraph 2.2 above, should be transferred to the BDAF. For example, some or all of the money might be needed to fund management by the bank of a wider portfolio of assets. In such cases, the Committee should have the power, subject to receipt of a request from a bank with supporting information, where it appears reasonable, to issue a notice stating that some or all of the money in an account should not be transferred to the BDAF, or not transferred for a period of time. The issue of a notice might be subject to conditions.
- 2.5. For the avoidance of doubt, where monies continue to be paid to an account even after a transfer to the BDAF (for example, where a portfolio of assets is being managed and those assets generate income which will be paid periodically into the account), those additional monies will be payable to the BDAF except where a notice has been issued in the circumstances described in paragraph 2.4.
- 2.6. In order to provide flexibility, the States should have the power, by Ordinance, to provide for any store of value or any things, facilities or arrangements (whether tangible or intangible) to be brought within the scope of the Law and to make any exceptions, adaptations and modifications as may be necessary to the Law (for example, to cover the valuation of non-cash assets and the value of

assets which might be claimed by the asset holder after the transfer of an asset or the sterling cash value of an asset to the BDAF). Potentially, this would bring dormant assets from other financial service sectors and other assets held by banks within the scope of the legislation.

### **3. Transfers to the BDAF**

- 3.1. Money from dormant accounts should be transferred to the BDAF. Any unutilised moneys held in the BDAF will be invested by the Committee in line with other funds under its control.
- 3.2. It is proposed that the amount for each dormant account which should be transferred to the BDAF will be known as the balance. Only balances from dormant accounts (including those categorised as such by the Committee by means of a notice) should be transferred to the BDAF. The balance to be transferred should be the amount or value owing to the holder(s) after adjustments have been made for sums due to the bank in respect of the account (such as any fees or charges payable at the time of the transfer). The sums due to the bank should be those payable under the terms and conditions, and will include any interest payable. For the avoidance of doubt, a bank may deduct reasonable fees and expenses incurred in carrying out its functions under the dormant account legislation to the extent these are provided for in the terms and conditions of the account.
- 3.3. Any money that is subject to a security interest should not be transferred to the BDAF.
- 3.4. Potentially, dormant accounts might be subject to the criminal justice legislation. For example, a bank might have reported a suspicion to the Financial Intelligence Service that money in a dormant account is part of a money laundering scheme and the money retained in the account as a result. In this and other cases (for example, where the money in an account is the subject of litigation) where the status of money is unclear, the money in the account should not be transferred to the BDAF. In addition, there are potential cases where the status of money in an account is clear but still subject to the criminal justice framework. For example, it might be subject to a confiscation or forfeiture order. In these cases, the money should also not be transferred to the BDAF.

### **4. Claims after money has been transferred to the BDAF**

- 4.1. Bearing in mind the long period of time inherent in an account being considered to be dormant, it is important that a user friendly mechanism should be put in place so as to facilitate access by an account holder (or any entitled heir of the account holder in the case of the death of the account holder) to his/her money after it has been transferred to the BDAF. Similarly, this mechanism should be

applicable for trustees of individuals who have been declared bankrupt. The current intention is not to set a period of time within which an account holder or his/her beneficiary, or the trustee of a bankrupt individual, can access the money.

- 4.2. Any account holder or other person making a claim should approach the bank; the bank should pay the money where the claim is valid and then seek reimbursement from the BDAF. In order to provide certainty to banks (and to remove a contingent liability in their accounts), reimbursement should be made within a period specified in regulations. Appropriate provision should be made regarding future liability to the account holder in the event of the bank incorrectly paying a claim, and being reimbursed by the BDAF, before the error was known to the BDAF.
- 4.3. Difficulties might arise where the bank no longer exists as a result, for example, of a liquidation and the account has not been transferred to another bank. This is a theoretical situation but it would be prudent for the Law to cater for such cases. In the absence of any appropriate bank to receive and deal with a claim from an account holder, the Committee would be the point of contact and be ultimately responsible for dealing with the claim. This responsibility is an important factor informing the view that the Committee should have the ability to appoint third parties to assist it (see paragraph 9.2).
- 4.4. Irrespective of the currency in which a bank account was, or is, held any valid claim should be paid in sterling by the bank.

## **5. Duties of banks**

### **General duties**

- 5.1. Unless provided otherwise by regulations made by the Committee, banks should, in relation to any balance or part of a balance transferred to the BDAF:
  - (a) retain the records the bank has created or acquired relating to the dormant account, the money transferred and the holder of the account; such records must be accessible from within the Bailiwick of Guernsey
  - (b) receive any claim for payment;
  - (c) verify the claim;
  - (d) calculate the amount that should be paid in respect of the claim;
  - (e) determine who is entitled to that amount;
  - (f) pay out the amount to the person so entitled; and
  - (g) comply with any notice of the Committee issued to the bank.
- 5.2. Where the Committee believes any of the general duties outlined above are not being performed by, or in respect of, a bank it should, if necessary, be able to

undertake the duties itself or be able to appoint a third party to do so and seek reimbursement of any reasonable costs and expenses from the bank or the BDAF.

- 5.3. The Law, and regulations made by the Committee under it, will also need to include provisions addressing the duties, liabilities and rights of banks, liquidators, administrators, or any other person who acts in relation to a bank where the bank has transferred any part of its deposit-taking business or has ceased to trade.

#### **Reporting by banks to the Committee**

- 5.4. The Committee should have power to make regulations to prescribe the form, content and frequency of reporting to it by banks. It is proposed that two reports will routinely be provided on an annual basis.

#### **First report – statement of value**

- 5.5. Banks should provide the Committee with the number and balance of each dormant account as at a specified point each year and within a specified period. The Committee should be able to require further information, such as the period of time substantial balances of individual accounts have been dormant, so as to help the Committee to understand what it might expect by way of the level and amount of claims, once the BDAF has been established. Nil returns should be provided to the Committee where a bank has no dormant accounts.
- 5.6. In addition, where a bank is due to withdraw from deposit taking business, or withdraws from such business (voluntarily or otherwise), as part of the withdrawal process the bank should provide information on the number and balance of dormant accounts to the Committee. Depending on the circumstances, the Committee may then contact the bank to obtain further information such as the potential for further accounts to become dormant accounts.
- 5.7. Between an account becoming dormant and the issue of the relevant report on the number and balance of each dormant account to the Committee, the Committee envisages that banks should on at least one occasion give notice of the balance of each account to each person in whose name the account is held at the person's last known address (unless the bank believes that writing to that address might lead to a risk of fraud).

#### **Second report – statement of repayment**

- 5.8. The second report should also be made at a specified point and within a specified period (after the first report). Banks should provide the Committee with

information on: the amounts it has paid out to claimants (including the number of accounts and the amount for each account); and the number of accounts and amount(s) where claims have been made by account holders and a decision has been made that the claim is not valid, or no decision has yet been made in relation to the claim; and confirmation of the amount(s) it has claimed from the Committee to pay account holders. Nil returns should be provided to the Committee where a bank has no dormant accounts or where none of the information mentioned in the paragraphs immediately above is applicable.

- 5.9. The Committee may require further information such as the extent to which dormant assets have been subject to claims over several years so as to help the Committee to understand what it might expect by way of the level and amount of claims, once the BDAF has been established.
- 5.10. Where a bank is withdrawing from deposit taking business, as part of the withdrawal process, it should provide the Committee with the information specified in the paragraph above for the period since its last report.

## **6. Transfers by banks of balances in dormant accounts**

- 6.1. In order to ensure that the Committee can fulfil its responsibilities, including the appropriate reconciliation of the transfer, the Committee should be able to prescribe the form and manner of transfers (including the currency and treatment of transfers from dormant accounts held partly or wholly in a currency other than sterling) by regulation, and be able to require additional information to be provided to it with the transfer or at other times.
- 6.2. Transfers should take place within a specified time of submission of the reports mentioned above. If, for any reason, a transfer does not take place within the required timeframe, it is envisaged that the Committee will liaise with the bank in question and, where the transfer is not to be made forthwith, issue a notice providing a new deadline for the transfer.

## **7. Account holders' rights against the bank**

- 7.1. Following the transfer of a balance or part of a balance to the BDAF, the holder of the account should no longer have a contractual right of payment against the bank. It would no longer be a debt owed, or value due, by the bank. Instead the holder would have, against the Committee in respect of the BDAF, a statutory right to payment of an amount equivalent to the balance transferred to the BDAF, by the bank, in respect of the dormant account.
- 7.2. As is the case in Jersey and the isle of Man, notwithstanding the conversion of the account holder's right into a statutory right to claim against the BDAF, in practical terms they will continue to deal with the bank, which will act as the

agent of the BDAF in dealing with the claim. This is because the bank is best placed to undertake the necessary due diligence to confirm the entitlement of the account holder and also because this is likely to be the most user-friendly option for the account holder. In exceptional cases, where the bank no longer exists, as a result, for example, of a liquidation and where there is no appropriate bank to receive and deal with a claim, the Committee would become responsible for receiving and dealing with claims. In those circumstances, it is likely that the Committee would need to engage third parties to assist in undertaking the necessary due diligence to confirm the entitlement of the account holder (see paragraph 4.3).

- 7.3. It is envisaged that the account holder would not be entitled to interest after a transfer to the BDAF except to the extent prescribed by regulation of the Committee, although the bank would remain liable for any interest accruing before the transfer but not (yet) paid to the BDAF. This approach will ensure certainty of liability for banks.
- 7.4. Account holders should also not be entitled to receive money in a currency other than sterling notwithstanding his/her account might not have been held in sterling. With reference to paragraph 6.1, it is proposed that the Committee should be able to prescribe by regulation the conversion rate and the timing of conversion for such payments to account holders.

## **8. Banks' claims against the BDAF**

- 8.1. Where banks have transferred balances to the BDAF, in relation to those balances they may apply to the Committee for reimbursement from the BDAF of an amount equal to the sum that the bank has paid, in its capacity as agent, in respect of valid claims against the BDAF. The BDAF will normally rely on the banks, acting as its agent, to have correctly verified the identity and entitlement of the account holder but, for the avoidance of doubt, amounts should only be reimbursed by the BDAF in respect of valid claims. No reimbursement should be made in cases where it is known that the sum was paid by the bank in error.
- 8.2. In order to ensure that a practical mechanism for banks is established, the Committee should be able to make regulations setting out processes for dealing with claims, including, for example, the form and content of the application, whether applications should be made at set times or in aggregate amounts rather than single amounts, or whether particular information should be required as part of the application. Any application which meets the statutory criteria should lead to a reimbursement of money from the BDAF. The Committee should pay any valid reimbursement within a period specified by the regulations and, unless agreed otherwise by a particular bank, its intention is to make reimbursements on an individual case basis rather than aggregating

several claims. The Committee envisages that a maximum time frame will be established under the regulations for the reimbursement of the bank.

## **9. Responsibilities of the Committee**

9.1. It is proposed the Committee's responsibilities should comprise:

- (a) the management of the BDAF;
- (b) receipt of money and the transfer of those monies to the BDAF;
- (c) refusing to accept money for transfers to the BDAF where it appears reasonable to do so;
- (d) making payments from the BDAF to meet valid claims in accordance with the requirements of the Law;
- (e) the establishment of a policy on the level and value of claims it is prudent to expect;
- (f) the prudent investment of monies in the BDAF;
- (g) making payments for good causes or to a grant giving body for onward distribution to good causes;
- (h) setting out a policy and procedure for distributions from the BDAF and the amounts to be distributed;
- (i) liaison with banks, grant giving bodies and other relevant parties;
- (j) setting out a policy and procedure to ensure, inter alia, it meets data protection requirements in Guernsey in relation to its responsibilities and activities under the Law;
- (k) any matters that are incidental or conducive to, or otherwise connected with, any of the above sub-paragraphs; and
- (l) publish an annual report on the BDAF and its operation (including the annual report of any grant giving body) for the consideration of the States.

9.2. In practice, it is proposed a senior officer of the States will be delegated responsibility for the day to day work of the Committee in relation to its functions under the Law and that this officer will delegate day to day activity to other staff. The Law should reflect this position; it is anticipated that the Director of the Revenue Service will be the appointed senior officer and the arrangement proposed here reflects successful precedent in the Income Tax legislation. In addition, the Committee should be able to otherwise delegate activities, or to appoint third parties to assist it. For example, in the theoretical case that a bank is liquidated (after the transfer of monies to the BDAF) and the Committee becomes responsible for verifying a potential account holder's right to money held by the BDAF and the identity of that customer, it may be appropriate for the Committee to outsource such verification to a third party which routinely undertakes customer due diligence under the AML/CFT framework. The Committee should not be able to delegate any power to make regulations or to decide an appeal. The Committee should have the ability to claim reasonable

costs and expenses (such as those arising from the appointment of a third party) from the BDAF.

## **10. Banks acting as agent for the Committee**

10.1. As a consequence of the approach set out above, including the account holder's right against the BDAF after a transfer has taken place, the legislation should specify that banks will be acting as agent of the Committee in certain respects.

10.2. Banks should be regarded as acting as agent in respect of:

- (a) any repayment claims from the BDAF;
- (b) payments out of the BDAF as a result of such claims;
- (c) relationships with account holders;
- (d) record-keeping;
- (e) the fulfilment of any legal or regulatory obligations arising out of relationships with account holders; and
- (f) any matters which are incidental or conducive to, or otherwise connected with, any of the above sub-paragraphs.

10.3. It is envisaged that the Committee should be able to make regulations prescribing additional activities to those specified in the sub-paragraphs in the paragraph above in respect of which banks act as agent, as well as to prescribe the terms of the agency. Such terms may, for example, include the timeliness of undertaking activities. The Committee should also be able to agree additional terms with individual banks (with the Committee being able to claim reasonable costs and expenses from the bank). Any arrangement by which the bank acts as agent should also be binding on any other person acting in its place such as a liquidator or successor of the bank.

10.4. The bank should not be able to delegate its role as agent, except with the consent of the Committee issued by way of a notice.

## **11. Distribution of money in the BDAF**

11.1. Money should only be distributed from the BDAF:

- (a) to good causes within the Bailiwick;
- (b) to a grant giving body for onward distribution to good causes within the Bailiwick;
- (c) for the purpose of meeting claims by account holders; and
- (d) for the purpose of meeting any reasonable costs and expenses incurred by the Committee or any grant giving body it has appointed (including the costs and expenses of advisers) in fulfilling its functions under the Law.

- 11.2. It is expected that the Committee will make grants to one or more third party grant giving bodies (initially the Social Investment Fund (the “SIF”))<sup>1</sup> rather than making grants to specific charities/NPOs (except to the extent that the grant giving organisations are themselves charities/NPOs). This would not prevent distribution of money from the BDAF from being phased or the establishment of a reserve to cater for the possibility that account holders may make a claim after money has been transferred to the BDAF.
- 11.3. Distributions should be made by way of a grant; it should be possible to impose conditions as a term of the distribution. The Committee envisages that it will set a policy on distributions and governance. In addition, the Committee and any grant giving body should be able to seek advice from third parties. These parties might include, for example, the Registrar of Guernsey and Alderney Non Profit Organisations and the Sark Registrar of Charities and Non Profit Organisations. Records should be maintained in relation to decisions and actions in relation to funding and the Committee should have the ability to be provided with records so as, for example, to be able to ascertain whether due process has been followed and whether any complaint has substance.
- 11.4. To ensure transparency, any grant giving body which receives funds in relation to the BDAF should, at the least, provide an annual report to the Committee on its activities under the dormant accounts law; and this report should be included in the update that goes to the States of Deliberation. Amongst other matters the grant giving body considers to be relevant, the report should include the identity of recipients of distributions, the amounts paid to each recipient, the purposes for which the distributions were made. Where the grant giving body has functions in addition to those relating to the BDAF, the report on activities under the dormant accounts law may comprise part of a wider report to the Committee.

## **12. Circumstances for potential default by banks**

- 12.1. Various events could potentially lead to banks defaulting on their obligations under the Law. In order to guard against this, the Law should make provision for these events (for example, insolvency) and establish mechanisms so that they should have no effect on the operation of the provisions of the Law relating to claims.
- 12.2. Consideration has been given as to the appropriate position of liquidators where a bank is in liquidation. The Committee believes it is appropriate that a dormant balance should be treated, insofar as possible, in the same way as any other debt

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<sup>1</sup> The Social Investment Fund has been established as a company limited by guarantee which will use both public and private funds drawn from a variety of sources to invest in the charitable and third sector (Billet D’État VII 2020).

owed by the bank to an account holder. As such, instead of a liquidator being required to pay the full balance of the dormant account across to the BDAF, the liquidator should be required to pay to the BDAF such amounts as the dormant account holder would be entitled to in the liquidation. In that way, if the dormant account holder reclaims their money in future, the amount that they will be entitled to claim will be the amount they would have-received in the liquidation, had the account not been dormant at the time.

- 12.3. If a bank has become insolvent, has transferred any part of its deposit-taking business or has ceased to trade, or if for any reason the liability that a bank would have had to an account holder is extinguished or reduced in relation to a transferred balance, such insolvency, transfer, cessation, extinction or reduction should be disregarded in relation to the account holder's rights to claim repayment from the BDAF.
- 12.4. For the avoidance of doubt, liquidators and administrators should be able to recover their reasonable costs and expenses of dealing with dormant accounts. These might include costs and expenses arising from the appointment of third parties. For example, it might be appropriate for a liquidator to appoint a third party which routinely undertakes customer due diligence under the AML/CFT framework to verify the identity of a claimant.
- 12.5. In all cases, records should continue to be accessible within the Bailiwick. There are circumstances after a bank's liquidation in which the Committee might become responsible for meeting any valid claims (with the Committee being able to claim reasonable costs and expenses from the BDAF).
- 12.6. The Law should also include the ability for the States to amend the provisions in relation to potential default by Ordinance.

### **13. Transitional provisions**

- 13.1. It is possible that banks might not have systems in place which can readily identify accounts which are dormant in line with the definition in the Law, or there might be situations where fixed term accounts of long duration (for example, five years) exist. As a result, the Law should include transitional provisions and provide for information to be provided to the Committee by banks in relation to its use of the provisions.

### **14. Miscellaneous**

- 14.1. For the avoidance of doubt, the activities of the BDAF and the Committee should not constitute deposit-taking business for the purposes of the Banking Supervision (Bailiwick of Guernsey) Law, 1994 or lending business for the

purposes of the Registration of Non-Regulated Financial Services Businesses (Bailiwick of Guernsey) Law, 2008 or successor legislation to those Laws.

- 14.2. For the purposes of performing its functions under the Law, the Committee (or a person authorised by the Committee) should have the power to request and be provided with necessary information in relation to dormant accounts from banks (and liquidators) or any person holding records on their behalf. This should extend to access to records at the bank or other person. In addition, the Committee should have the ability to share information with appropriate third parties.
- 14.3. The Committee should have the ability to issue guidance under the Law.
- 14.4. Appropriate limitation of liability provisions should be included in the Law, providing that no liability is incurred in respect of anything done or omitted or to be done in the discharge, or purported discharge of functions under the Law, unless the thing was done or omitted to be done in bad faith or would constitute an award of damages in respect of an unlawful act or omission under section 6(1) of the Human Rights (Bailiwick of Guernsey) Law, 2000. Appropriate limitation of liability provisions should be applicable to the States (and its members, officers and servants) and any grant giving body.
- 14.5. For the avoidance of doubt, following the transfer of a balance or part of a balance to the BDAF the holder of the account should have no right of payment against the bank (see paragraph 7.1). Banks and liquidators paying money into the BDAF, in accordance with the requirements of the Law, would incur no liability to account holders simply for having complied with their obligations under the Law.
- 14.6. There should be provisions for offences and penalties in the Law. No offence would be committed where a bank takes advantage of the transitional provisions.
- 14.7. The Committee will establish appropriate mechanisms to comply with the data protection framework established under the Data Protection (Bailiwick of Guernsey) Law, 2017.
- 14.8. The Law should not affect the legal framework which applies in respect of bona vacantia<sup>2</sup> or any claim that the Receiver-General may have in respect of bona vacantia or escheat.

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<sup>2</sup> “Bona vacantia” means “vacant goods” and is the expression used for ownerless property, which passes to the Crown.

## **15. Consultation**

15.1. The Committee has consulted with the Association of Guernsey Banks, the Association of Guernsey Charities, ARIES and the Guernsey Financial Services Commission and the proposals in this policy letter take account of this liaison. The Association of Guernsey Banks has emphasised the importance to groups active in more than one of the Crown Dependencies in being able to have, as much as possible, common systems and procedures across the Islands. The Committee has recognised the importance of this approach in drawing up the proposals in this policy letter.

## **16. Alderney and Sark**

16.1. The Committee has consulted with the States of Alderney Policy & Finance Committee and the Policy & Finance Committee of the Sark Chief Pleas. The two Committees support the proposals in this Policy Letter.

## **17. Compliance with Rule 4**

17.1. In accordance with Rule 4(1), the Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications.

17.2. In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions above have the unanimous support of the Committees.

Yours faithfully

P T R Ferbrache  
President

H J Soulsby  
Vice-President

M A J Helyar  
J P Le Tocq  
D J Mahoney

**THE STATES OF DELIBERATION**  
**of the**  
**ISLAND OF GUERNSEY**

**POLICY & RESOURCES COMMITTEE**  
**&**  
**COMMITTEE *FOR* ECONOMIC DEVELOPMENT**

**CREDIT AND FINANCE LEGISLATION**

The States are asked to decide:-

Whether, after consideration of the Policy Letter, entitled "Credit and Finance Legislation", dated 2<sup>nd</sup> December, 2020, of the Policy & Resources Committee and the Committee for Economic Development, they are of the opinion:-

1. To approve the repeal of the Registration of Non-Regulated Financial Services Businesses (Bailiwick of Guernsey) Law, 2008 and the preparation of a new Credit and Finance Law, as set out in the Policy Letter entitled "Credit and Finance Legislation", dated 2<sup>nd</sup> December, 2020.
2. To direct the preparation of such legislation as may be necessary to give effect to the above decision.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

**THE STATES OF DELIBERATION**  
**of the**  
**ISLAND OF GUERNSEY**

**POLICY & RESOURCES COMMITTEE**  
**&**  
**COMMITTEE *FOR* ECONOMIC DEVELOPMENT**

CREDIT AND FINANCE LEGISLATION

The Presiding Officer  
Royal Court  
St Peter Port  
Guernsey

2<sup>nd</sup> December, 2020

Dear Sir

**1. Executive Summary**

- 1.1. The Bailiwick of Guernsey has a well-developed and mature legislative and supervisory framework for financial services, but non-bank credit providers are not yet subject to a licensing process and are not supervised for the conduct of their lending activities. This limits consumer protection in relation to such businesses.
- 1.2. The Registration of Non Regulated Financial Services Businesses (Bailiwick of Guernsey) Law, 2008 (the “NRFSB Law”) requires certain types of business to be registered with the Guernsey Financial Services Commission (the “GFSC”). However, these businesses (“NRFSBs”), most of which undertake credit activities, are only subject to a registration framework for the purpose of meeting international standards on anti-money laundering and combatting of the financing of terrorism (“AML/CFT”) so as to protect and enhance the reputation of the Bailiwick. The GFSC’s powers of supervision outside AML/CFT under the NRFSB Law are limited.
- 1.3. The Policy & Resources Committee and the Committee *for* Economic Development (together referred to as the “Committees”) consider that consumer financial protection, in relation to non-bank provision of credit, should be improved and that the best way of achieving this aim is to remodel the NRFSB Law by repealing and replacing it with new legislation (the “New Legislation”). The Committees are conscious that the New Legislation should be proportionate and not unnecessarily restrict access to credit from either Bailiwick, or non-

Bailiwick, businesses. In addition, in light of the importance of mortgage loans, the Committees consider that the provision of such loans by banks, and non-banks, should also be supervised under the New Legislation.

- 1.4. Improvement of consumer financial protection is considered in two, linked, ways in this policy letter. First, there are general provisions (pillar one), which articulate the licensing and supervisory framework which should apply to the provision of credit, and services ancillary to the provision of credit. Second, it is proposed that a separate pillar (pillar two) will include additional specific criteria on the provision of credit by businesses via digital services (in essence non-traditional “bricks and mortar” lenders) or services in relation to the same. The inclusion of separate provisions on digital services recognises that such areas of business are growing in importance and are deserving of separate focus.
- 1.5. This policy letter also proposes revisions, for AML/CFT purposes, to the coverage of financial services businesses currently falling within the scope of the NFRSB Law (pillar three). These businesses provide credit and/or other types of financial services. In addition, the proposals include coverage of businesses providing certain specified services in relation to virtual assets. Although this is not currently an active area for Guernsey, the extension of the legislation to cover virtual assets is required to meet international standards.
- 1.6. Some businesses might need to be licensed both under the New Legislation and, potentially, also under one, or more, of the Principal Supervisory Laws<sup>1</sup>.
- 1.7. It is proposed the GFSC will administer the New Legislation (i.e. undertake the day to day work of licensing and supervision) and the proposals in this policy letter have been agreed by the GFSC as well as by the Committees.

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<sup>1</sup> The Principal Supervisory Laws are: the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (POI); the Banking Supervision (Bailiwick of Guernsey) Law, 1994 (BSL); the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc (Bailiwick of Guernsey) Law, 2000 (ROF); the Insurance Business (Bailiwick of Guernsey) Law, 2002 (IBL) and the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 (IMIL). On 28 October 2015 the States of Deliberation agreed proposals in a policy letter entitled “Revision of the Financial Supervisory and Regulatory Laws” (Billet d’État XVIII of 2015), which will lead to the amendment of IBL and IMIL by Ordinance and repeal and introduce new legislation in respect of POI, BSL and ROF. In addition, a new enforcement Law will be introduced to incorporate, in one Law, all of the existing enforcement powers in the existing Principal Supervisory Laws. When in force, this new suite of legislation will become the Principal Supervisory Laws. The Principal Supervisory Laws in their present (and future) form comprise a major part of the supervisory framework, including, for example, minimum criteria for licensing.

## **2. Pillar 1 - Consumer Financial Protection**

### **Financial Harm**

- 2.1. The Bailiwick has very limited statutory protection for consumers when entering into lending or other credit transactions. Lenders registered and supervised for AML/CFT purposes under the NRFSB Law are not regulated for solvency or conduct standards in respect of their lending activities. This absence of a wider supervisory framework may expose consumers to the potential risk of poor practice.
- 2.2. The Committees consider that the primary aims of the consumer financial protection elements of the new statutory framework should be (i) the protection of retail customers; and (ii) protection in relation to mortgage loan provision (whether or not provided to retail customers). The main mechanisms to achieve these aims would be (i) the establishment of a licensing framework; (ii) the introduction of the concept of "regulated agreements"; and (iii) the introduction of a definition of retail customer.
- 2.3. It is envisaged that any person who by way of business in, or from within, the Bailiwick, enters into a regulated agreement as a provider of credit, or provides certain specified services in relation to a regulated agreement, would require a licence from the GFSC. The New Legislation should set out criteria by which the concept of retail customer is defined.
- 2.4. It is anticipated a regulated agreement, i.e. contract, would in essence be an agreement between a credit provider and:
  - (a) a retail customer where credit is provided, and interest or other charges are, or can be, charged at any time after the commencement of the agreement;  
or
  - (b) any customer where credit is provided and is secured against residential property.

The effect of this is that mortgage loans (whether to purchase property or for any other purpose) provided to any person (including corporate entities) would come within the scope of the New Legislation.
- 2.5. With reference to the paragraph above, it is important to capture mortgage loans against residential property in light of their importance to society, including the importance of the security provided by the homes to which these loans attach. Mortgage loans occupy a different place in society from other types of credit provision and the New Legislation should recognise this. Therefore, it is intended

that any mortgage loan agreement against residential property would be considered to be a regulated agreement.

- 2.6. There might be situations falling within the above categories where it would be disproportionate for the requirements of the New Legislation to be applicable. In light of this, the New Legislation should provide that exemptions could be granted.
- 2.7. For the avoidance of doubt, late payment of invoices (which can include the payment of interest to, or de facto credit being provided by, a business selling goods or services) would not come within the scope of the New Legislation initially. However, the New Legislation should contain an enabling power to allow for such matters to be brought within the scope of the legislation as there might be cases, for example, where interest payments or other charges are levied which provide potential for unfairness and/or abuse and which should be brought within scope.

#### **Services Ancillary to the Provision of Credit**

- 2.8. In order to seek to ensure the framework is comprehensive, it is proposed persons carrying out the following services by way of business in, or from within, the Bailiwick should be licensed and subject to consumer financial protection supervision:
  - (a) assisting a retail customer by undertaking preparatory work with a view to that person entering into a regulated agreement with a lender or owner of goods or services;
  - (b) effecting an introduction, of a retail customer, to a lender or owner of goods, or provider of services, with a view to that person entering into a regulated agreement;
  - (c) acting as an intermediary between a provider of credit and a retail customer in relation to a regulated agreement;
  - (d) entering into a regulated agreement on behalf of a provider of credit or a retail customer; and
  - (e) debt administration where this could have an effect on the terms or conditions of the provision of credit (for example, debt administration which leads to restructuring of credit and payment of interest or which leads to other kinds of refinancing).
- 2.9. Simply providing a retail customer with the details of potential lenders would not be considered to be undertaking preparatory work or effecting an introduction,

as detailed in paragraphs 2.8(a) and (b) above. In addition, acts undertaken in the course of providing legal advice would not be activities falling within the scope of the New Legislation.

### **High Interest**

- 2.10. After consultation with the then States Commerce and Employment Department in 2012, the GFSC published a policy which stated that: “The GFSC should ordinarily refuse applications to register financial services businesses under the Registration of Non-Regulated Financial Services Business (Bailiwick of Guernsey) Law, 2008 where the business consists of offering high interest, short term, and unsecured lending facilities to retail customers outside of the Bailiwick. The Policy was adopted on the basis that such business would be likely to affect the reputation of the Bailiwick.” It is anticipated the New Legislation will not only include provisions which will allow the GFSC to continue to apply this policy for businesses under the New Legislation but also to apply this policy more widely to cover secured lending and the provision of credit to retail customers in the Bailiwick.

### **Status of Agreements entered into in Breach of the New Legislation**

- 2.11. Where agreements are entered into in breach of the New Legislation, provision will need to be made to regulate the consequences of such breach, whether by negating any payment of compensation, fees or charges or by some other legally appropriate mechanism, for example, imposition of penalties.

### **Cooling Off Period and Right of Cancellation**

- 2.12. Subject to sub-paragraphs (a) and (b) the legislation should allow a borrower under a regulated agreement to have a cooling off period. In such cases the borrower would be entitled to withdraw from a regulated agreement, without giving any reason, by giving notice to the lender within the cooling off period. The cooling off period should apply only in certain circumstances as, for example, significant legal difficulties could arise where borrowed funds have been transferred to a third party, perhaps in exchange for another asset, and where related, contracts have been agreed within the period. Therefore, the cooling off period will not apply where difficulties may otherwise arise, for example:

- (a) the cooling off period and any rights attached to it may be deemed to have been waived if it is the case that:
- i. any funds or other assets received under a regulated agreement have been used or committed by the borrower;

- ii. there would otherwise be a legal consequence (except as between the parties to, and under, the regulated agreement as outlined above in this paragraph) in taking advantage of the cooling off period; or
- iii. it is impossible, or unrealistic, to restore the position at the time the agreement is entered.

As such, for example, the cooling off period should be deemed to have been waived where real property has been purchased with funds borrowed pursuant to a mortgage loan.

Any other related agreement entered into by the creditor (or by a third party) on the basis of the existence of an agreement between the borrower and the creditor may also be waived;

- (b) there should also be an enabling power to permit exceptions, or modifications to the right of cancellation by way of secondary legislation, for example where sums of money provided as credit are de minimis.

### **Unfair Contracts and Practices**

- 2.13. The New Legislation should provide that an unfair term in a contract is not binding on the borrower. By way of illustration, terms may be considered to be unfair if they were to cause a significant imbalance in the parties' rights and obligations to the detriment of the retail customer. The GFSC would not replace the courts as the ultimate arbiter of the fairness of contract but, for the New Legislation to provide meaningful regulation, and subject to a right of appeal, the GFSC should have powers to review and challenge unfair, or potentially unfair, terms in contracts and promotional material, require the production of information, require a business to stop using a term, impose licence conditions and other sanctions, and have the ability to apply to court for an injunction. The right to appeal against the GFSC's decisions should be broadly similar to that under the Principal Supervisory Laws.

### **Equivalence**

- 2.14. Specific provisions are proposed with regard to non-Bailiwick persons providing services (see paragraphs 2.3 and 2.8 in particular) in, or from within, the Bailiwick but who also fall within the scope of, and are supervised for the provision of, those services under the requirements of another jurisdiction, specified in regulations, as providing consumer financial protection at least equivalent to that in the Bailiwick.
- 2.15. While it is envisaged that such non-Guernsey persons should be subject to a recognition regime administered by the GFSC, in order to avoid duplication with

obligations under an equivalent jurisdiction's supervisory requirements where those obligations and requirements apply to the provision of services in, or from within, the Bailiwick, such persons should be exempted from the requirement to be licensed under the New Legislation.

- 2.16. That said, in order to ensure that the GFSC may retain active supervisory powers to the extent necessary in respect of such persons, enabling power should provide for the making of subordinate legislation to permit, inter alia:
- (a) the imposition of notification requirements;
  - (b) the GFSC to require information and documents to be provided to it;
  - (c) the imposition of penalties for failure to meet these requirements;
  - (d) the GFSC to require a person to meet Guernsey supervisory requirements in part, or in whole; and
  - (e) the prohibition of a person from advertising or carrying out services in, or from within, the Bailiwick, or from facilitating the same;
  - (f) the imposition of restrictions on the way in which a person carries out business or the way in which any person facilitates that business

### **3. Pillar 2 – Digital Services**

#### **Background**

- 3.1. Demand for credit, combined with technological change, has led innovators to transform the market with the development of FinTech (i.e. the provision of financial products, services and delivery methods using information technology) being a key feature of this transformation. The pace of change in global, and local, markets will continue to be rapid. While FinTech presents opportunities for the Bailiwick, it also presents new risks. Therefore, this policy letter proposes supervision of specified services in relation to FinTech deployed in lending and finance.

#### **Supervisory Scope**

- 3.2. Although services in the New Legislation arising from paragraphs 2.3 to 2.9 will be covered by pillar one irrespective of the delivery mechanism (i.e. irrespective of whether or not an electronic/digital mechanism is used), a range of digital lending and finance services have gained relatively widespread recognition. In light of this, the Committees consider that:

- (a) operating a peer to peer electronic platform;
- (b) operating a crowdfunding platform;
- (c) providing alternative non-bank credit or finance intermediation; and
- (d) operating an AML/CFT platform

should become services which require licensing when undertaken by any person by way of business in, or from within, the Bailiwick of Guernsey, and subject to the supervisory framework provided under the New Legislation.

3.3. What is understood by digital lending and finance can be relatively fluid. Therefore, the sub-paragraphs below provide information to seek to ensure a common understanding of the coverage of the New Legislation:

- (a) Peer to peer electronic platforms: these electronic platforms, sometimes known as P2P platforms, are established as an electronic market place to match persons who wish to borrow money with those who wish to provide credit. Credit providers notify their willingness to provide credit on the platform, their identity and the terms on which they are willing to provide credit. Potential borrowers access the platform and, if they are interested, contact one or more credit providers to agree a transaction. Credit providers comprise not only institutional and business funders but also individuals, potentially with no experience of providing credit.
- (b) Crowdfunding platforms: these platforms are electronic market places where persons wish to raise money or other finance through the issue of investment (equity) or debt instruments rather than by borrowing money. Crowd funding platforms can involve the provision of credit, in which case they will be included within the concept of peer to peer electronic platforms referred to above.
- (c) Alternative non-bank credit or financial intermediation: this covers internet-based intermediation services with regard to the provision of credit, or finance, (or a combination of credit or finance) which fall outside the proposals above.

3.4. With reference to point (d) of paragraph 3.2 above, AML/CFT platforms provide an internet-based depositary for customer due diligence information; these platforms help customers to more easily provide such information when they deal with more than one provider of services subject to AML/CFT obligations. While AML/CFT platforms do not provide a digital lending or finance facility, it is the importance of minimum standards, beyond those of the data protection legislation and a licensing regime for safeguarding the security of significant

information on customers and potential customers which means that additional consumer protection (for the provision of services in relation to them) is warranted. This difference in approach for AML/CFT platforms means that, on risk grounds, it is not proposed to bring them within the AML/CFT framework.

- 3.5. There will be business models or aspects of business models which should be exempt from the framework. This can be achieved by subordinate legislation. For example, there are various types of crowd funding platforms, not all of which involve an expectation of any part of a payment being returned, such as donation crowd funding, where donations are made to support a cause with no expectation of receiving payment in return. In addition, entities providing services only within a group of companies should be exempt.
- 3.6. Business models and products, services and distribution channels will continue to evolve over time with developments in technology and other factors. To seek to ensure that the Bailiwick can react in a timely way to change, it is proposed that the New Legislation will provide that the list and scope of activities that are regulated as digital services can be amended by subordinate legislation.

#### **4. Pillar 3 - AML/CFT**

##### **Background**

- 4.1. The NRFSB Law was introduced in 2008 as part of the Bailiwick's response to meeting the then AML/CFT standards of the Financial Action Task Force ("the FATF"). It captures businesses that the FATF had designated to be at risk from money laundering and terrorist financing but that were not otherwise supervised for AML/CFT purposes under one of the Principal Supervisory Laws.
- 4.2. Persons undertaking at least one of a list of activities set out in Schedule 1 to the NRFSB Law (such as lending) are required to be registered with the GFSC. The effect of this registration is that such persons are subject to the Bailiwick's AML/CFT regime, including the obligation to identify and verify customers, monitor customer relationships and maintain effective policies, procedures and controls to ensure compliance with the relevant AML/CFT laws and regulations.

##### **Revisions to the AML/CFT registration framework**

- 4.3. It is proposed to repeal the NRFSB Law and to substantively re-enact Schedule 1 (which lists activities subject to AML/CFT registration and supervision only) in the New Legislation, with the amendments set out below (which will also mean consequential amendments to Schedule 1 to the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999). This will mean that all activities that currently require registration under the NRFSB Law will, in future, require licensing under the New Legislation.

- 4.4. Lending is currently covered by the NRFSB Law. On the basis that credit providers will be licensed for that activity under the pillar 1 proposals set out above (and therefore subject to AML/CFT supervision), it will not be necessary for lending to be separately included under pillar 3.
- 4.5. However, there is one additional area of business, not currently within the scope of the NRFSB Law, which should be brought within the scope of the AML/CFT framework. In light of the heightened money laundering and terrorist financing risks which virtual assets (also commonly known as crypto assets or digital assets) pose to the global community, in 2019 the FATF adopted new standards relating to such assets. Therefore, for AML/CFT purposes these new standards require a country to license or register persons providing, by way of business, a range of services in relation to virtual assets. These services include (i) exchange between virtual assets and fiat currencies (i.e. normal legal tender such as GBP sterling/US dollars); (ii) exchange between one or more forms of virtual assets; (iii) transfer of virtual assets (iv) safe-keeping and/or administration of virtual assets or instruments enabling control over virtual assets (providers of this service commonly being referred to as custodian wallet providers); and (v) participation in and provision of financial services relating to an issuer's offer and/or sale of a virtual asset (such as an initial coin offering).
- 4.6. The Committees therefore propose that the New Legislation should impose a licensing requirement on persons who, by way of business in or from within the Bailiwick, provide the services specified in the paragraph above in relation to virtual assets. In addition, to ensure the Bailiwick can meet the totality of the FATF's AML/CFT standards in relation to virtual assets, and to ensure the framework is fully enforceable, it is proposed to make consequential amendments to Schedule 1 to the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 and the Principal Supervisory Laws.

#### **Exemptions from AML/CFT supervision**

- 4.7. The starting point is that any activity licensed under the New Law should also be covered by the AML/CFT framework. In order to ensure that coverage of the framework would be proportionate, the New Legislation should permit exemptions from AML/CFT supervision to be created by subordinate legislation (as is the case now in the NRFSB Law).
- 4.8. In addition, the New Legislation should provide the GFSC with the power to issue a notice, in particular cases, to a person specifying that activities which would ordinarily require a licence under the Law do not require a licence when it has assessed the money laundering and terrorist financing risks to be low for that case and when the obligations of a licence would be disproportionate; the GFSC should be able to require information and documents from such persons and

apply conditions to a notice. Also, any breach of the notice or its conditions, or failure to provide information or documents could be subject to penalties.

- 4.9. As credit providers will be licensed under the New Legislation, and will be responsible for the regulated agreements which they enter into with consumers, it is not considered to be necessary for the ancillary services to credit providers specified in paragraph 2.8 to themselves be subject to AML/CFT supervision.
- 4.10. It is also proposed that the operation of AML/CFT platforms should not be subject to AML/CFT supervision. This would be impractical and disproportionate as such platforms collect AML/CFT information for businesses which are themselves subject to those obligations. By way of illustration, the Committees are mindful that bringing AML/CFT platforms within the scope of the AML/CFT framework would mean risk rating of customers (those providing information for retention by platforms) by businesses administering the platforms; and platforms having requirements for their customers to provide information to them based on that risk which will, in at least some cases, be different from the requirements of other financial services businesses that are themselves subject to the AML/CFT framework, thus leading to additional burdens on, and potentially confusion for, persons wishing to use Guernsey's finance sector.

## **5. Overarching Issues**

- 5.1. In order to be issued with and maintain a licence, each of the licence owners, controllers, directors and managers should be required to satisfy minimum criteria for licensing. It is proposed that the minimum criteria for licensing in the New Legislation will be consistent with the requirements of the Principal Supervisory Laws. The requirements for obtaining and retaining a licence under the New Legislation will therefore be greater than the registration requirements under the NRFSB Law.
- 5.2. The New Legislation should, in broad terms, provide the GFSC with the enforcement and other powers which will exist under the Principal Supervisory Laws and the Financial Services Business (Enforcement Powers) (Bailiwick of Guernsey) Law, 2020 (once that Law is in force). These powers will, inter alia, include an ability for the GFSC to make rules and issue guidance. In this connection, it is envisaged that rules will, for example, include matters relating to the provision of clear and transparent information on the terms of borrowing, the fair treatment of borrowers and accounting and financial requirements for licensees. Any rules and guidance would be the subject of further consultation.

## **6. Consultation**

- 6.1. The Committees and the GFSC have worked together to develop the proposals in this Policy Letter. On behalf of the Committees, the GFSC consulted with

various focus groups made up of representatives from the private sector, industry and trade associations, the Guernsey International Business Association, and Citizens Advice Guernsey, and liaised with officials from the States of Guernsey Trading Standards Service.

6.2. In addition, the Committees and the GFSC have liaised with representatives of the Policy & Finance Committee of the States of Alderney and the Policy & Finance Committee of the Chief Pleas of Sark. The Committees have consulted with each of the Alderney and Sark committees, which have confirmed they support the proposals in this Policy Letter.

6.3. The Committees have consulted with the Law Officers of the Crown.

## **7. Compliance with Rule 4**

7.1. In accordance with Rule 4(1), the Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications.

7.2. In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions above have the unanimous support of the Committees.

Yours faithfully

Policy & Resources Committee

P T R Ferbrache  
President

H J Soulsby  
Vice-President

M A J Helyar  
J P Le Tocq  
D J Mahoney

Committee *for* Economic Development

N R Inder  
President

S J Falla  
Vice-President

A Kazantseva-Miller  
N G Moakes  
S P J Vermuelen

**ORIGINAL PROPOSITION**

**THE STATES OF DELIBERATION**  
**of the**  
**ISLAND OF GUERNSEY**

**POLICY & RESOURCES COMMITTEE**

**SCHEDULE FOR FUTURE STATES' BUSINESS**

The States are asked to decide:-

Whether, after consideration of the attached Schedule for Future States' Business, which sets out items for consideration at the Meeting of the 24<sup>th</sup> February, 2021 and subsequent States' Meetings, they are of the opinion to approve the Schedule.

## STATES OF DELIBERATION

SCHEDULE for FUTURE STATES' BUSINESS  
(For consideration at the Ordinary Meeting of the States  
commencing on the 27<sup>th</sup> January, 2021)

### Items for Ordinary Meeting of the States commencing on the 24<sup>th</sup> February, 2021

- (a) communications by the Presiding Officer including in memoriam tributes;
- (b) statements;
- (c) questions;
- (d) elections and appointments;

Committee *for* Economic Development – Appointment of an Ordinary Member of the Office of the Financial Services Ombudsman

- (e) motions to debate an appendix report (1st stage);
- (f) articles adjourned or deferred from previous Meetings of the States;
- (g) all other types of business not otherwise named;

The Income Tax (Residence) (Amendment) (Guernsey) Ordinance, 2020

The European Communities (Coronavirus Vaccine) (Immunity from Civil Liability) (Guernsey) Ordinance, 2020

The Income Tax (Surcharges) (Amendment) (Guernsey) Ordinance, 2020

The International Trade Agreements (General Implementation) (Bailiwick of Guernsey) Ordinance, 2020

The World Trade Organization (Privileges and Immunities) (Bailiwick of Guernsey) Ordinance, 2020

No. 110 of 2020 – The Competition (Vertical Arrangements Block Exemption) (Guernsey) Regulations, 2020

No. 121 of 2020 – The Financial Services Commission (Fees) Regulations, 2020

No. 127 of 2020 – The Boarding Permit Fees (No. 2) Order, 2020

No. 132 of 2020 – The Haiti (Sanctions) (Prohibition of Claims) (Bailiwick of Guernsey) Regulations, 2020

No. 133 of 2020 – The Libya (Sanctions) (Prohibition of Claims) (Bailiwick of Guernsey) Regulations, 2020

No. 134 of 2020 – The Former Yugoslavia (Sanctions) (Prohibition of Claims) (Bailiwick of Guernsey) Regulations, 2020

No. 137 of 2020 – The Customs and Excise (Import) (Customs Declarations) Regulations, 2020

No. 138 of 2020 – The Customs and Excise (Special Customs Procedures) (Bailiwick of Guernsey) Regulations, 2020

No. 139 of 2020 – The Export Control (Miscellaneous Goods) (Bailiwick of Guernsey) (Amendment) Order, 2020

No. 142 of 2020 – The Fire Services (Fees and Charges) (Guernsey) Regulations, 2020

No. 143 of 2020 – The Customs (Temporary Admission Procedures) (Bailiwick of Guernsey) Regulations, 2020

No. 145 of 2020 – The Health Service (Payment of Authorised Appliance Suppliers) (Amendment) Regulations, 2020

No. 146 of 2020 – The Health Service (Payment of Authorised Suppliers) (Amendment) Regulations, 2020

No. 148 of 2020 – The Customs and Excise (Approved Ports and Customs Declarations) (Revocation) Regulations, 2020

No. 149 of 2020 – The Customs and Excise (Import) (Customs Declarations) (Amendment) Regulations, 2020

No. 150 of 2020 – The Data Protection (General Provisions) (Bailiwick of Guernsey) (Amendment No. 3) Regulations, 2020

No. 154 of 2020 – The Customs and Excise (Customs Export Declarations) Regulations, 2020

No. 2 of 2021 – The Income Tax (Standard Charge) (Amendment) Regulations, 2020

P.2020/210 – The Health Service Benefit (Amendment and Miscellaneous Provisions) (Guernsey) Law, 2021\*

P.2021/1 – The Police Force (Bailiwick of Guernsey) (Amendment) Ordinance, 2021\*

P.2021/2 – The Disclosure (Bailiwick of Guernsey) (Amendment) Ordinance, 2021\*

P.2021/3 – The Social Insurance (States Pension) (Amendment) (Guernsey) Ordinance, 2021\*

P.2021/4 – Development & Planning Authority – Temporary Exemption from Requirement for Planning Permission for Certain Changes of Use of Visitor Accommodation\*

Amendments to the proposed meeting dates and order are permitted only for those items marked with an \*.

Items for Special Meeting of the States commencing on the 17<sup>th</sup> March, 2021

P.2021/xx – Policy & Resource Plan

Ordinary Meeting of the States commencing on the 26<sup>th</sup> May, 2021

*(N.B. A Meeting of the States of Election will be convened for this date prior to the meeting of the States of Deliberation.)*

Items for Special Meeting of the States commencing on the 16<sup>th</sup> June, 2021

P.2021/xx – States' Accounts

Items for Special Meeting of the States commencing on the 29<sup>th</sup> September, 2021

P.2021/xx – Policy & Resource Plan

Items for Special Meeting of the States commencing on the 2<sup>nd</sup> November, 2021

P.2021/xx – States' Budget