

THE STATES OF DELIBERATION

Of the

ISLAND OF GUERNSEY

POLICY & RESOURCES COMMITTEE

THE STATES OF GUERNSEY GROUP CONSOLIDATED FINANCIAL STATEMENTS 2025

The States are asked to decide:-

1. Whether they are of the opinion to agree with the Policy & Resources Committee's approval of the States of Guernsey Group Consolidated Financial Statements for the year ending 31 December 2025.

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

THE STATES OF GUERNSEY GROUP CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended
31 December 2025



States of
Guernsey

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SECTION 1

STATES TREASURER'S REPORT

Summary

The Group reported a **net surplus** of £106 million in 2025. This is after allowing for £119 million of investment gains, most of which have not yet been realised.

Income tax revenues increased by £110 million. An estimated £39 million of this came following the introduction of the OECD's Pillar 2, and a further £34 million relates to one-off receipts that are not expected to recur in future years.

Social Security contributions increased by £16 million, mainly due to higher contribution rates and rising wages.

Other taxes and duties increased by £11 million. This was largely due to higher document duty and the timing of tobacco imports, which led to unusually high receipts in 2025.

Total expenditure increased by £70 million. This was driven by rises of £25.8 million in operating costs, £19.8 million in pay costs, and £17 million in benefit payments. The increases in operating costs and benefit payments exceed inflation and continue the long-term trend of the increasing cost of public services linked to increased demand.

Although income increased by 14% and the reported surplus improved by £86 million compared to 2024, much of this improvement is driven by one-off items and unrealised investment valuation improvement.

With one-off items and unrealised investment valuation excluded and after adjusting for the long term capital investment requirement (2% of GDP), the underlying financial position of the group had a funding gap to close of some £50m in 2025.

Net assets increased by £154 million, a real terms increase of 0.5%. A significant portion of this increase (£92 million) reflects taxes that have been recorded but not yet collected, including amounts related to Pillar 2 that will not begin to be collected until the middle of 2027.

Investment assets appreciated by only £13m, a real terms reduction of 2.5%. While investment appreciation of £119m was recorded there were offsetting withdrawals during the year.

Despite reporting a £106 million surplus, the Group's cash balances fell by £9 million during the year. This is because £113 million was used to invest in infrastructure, assets, and major projects.

About the Financial Statements

These audited financial statements are prepared for the full States of Guernsey Group (including Core Government and all incorporated and unincorporated trading entities) and are fully compliant with International Public Sector Accounting Standards (IPSAS).

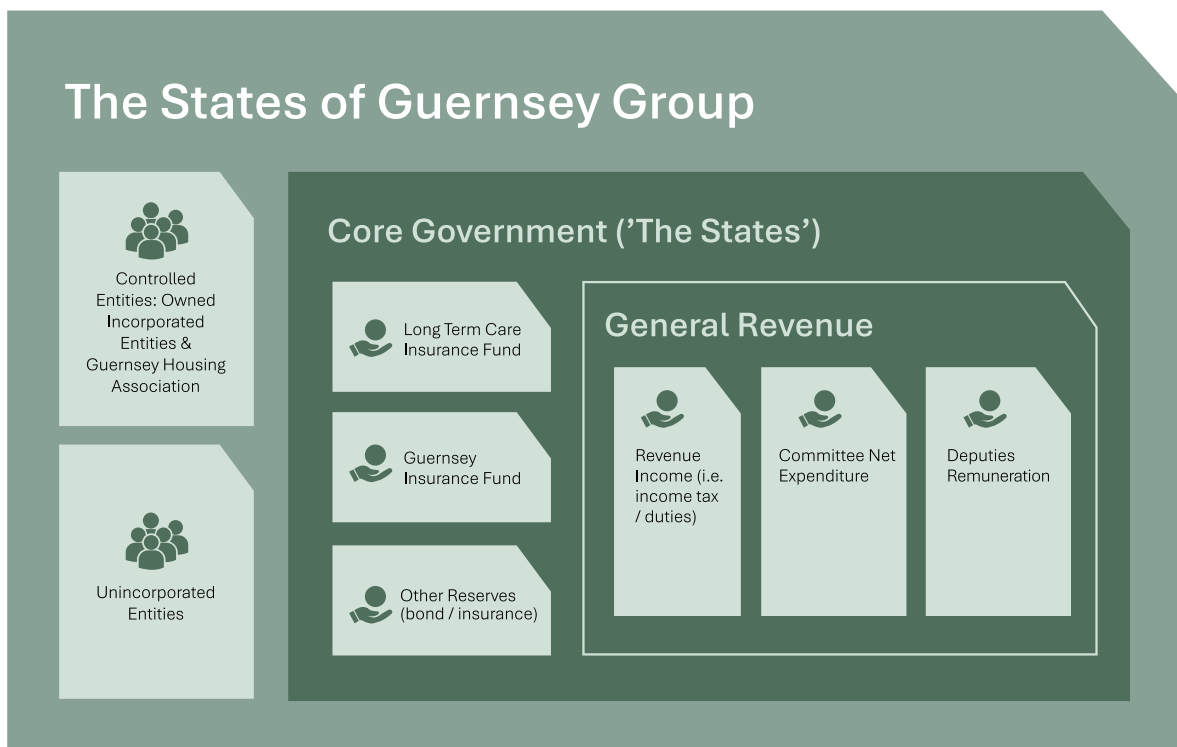
The States of Guernsey Group is the overall consolidation of SOG controlled or owned entities.

This report will outline the performance of the Group as a whole but focuses on the SOG Core Government performance, as this is a key interest to the users of these Financial Statements. Separate Financial Statements or annual reports are prepared and published by the Group entities with more detail on the specific performance of each organisation.

The entities consolidated within the Controlled Entities Segment:

Guernsey Electricity Limited, Aurigny Limited, Guernsey Post Limited, Guernsey Housing Association LBG and within the Unincorporated Segment: **Guernsey Ports, Guernsey Water, Guernsey Waste, States Works and Guernsey Dairy.**

Details of the 'boundary' can be found in Note 35 to the Financial Statements. This details the reason that each entity is consolidated as well as outlining those entities that are not consolidated and the reasons for that.



Group Financial Performance

Summary Group Result

	2025	2024	Movement	Movement
	£m	£m	£m	%
Income	1,248.0	1,090.7	157.3	14.4%
Pay Expenditure	(415.4)	(395.6)	(19.8)	(5.0%)
Non-Pay Expenditure	(764.3)	(713.9)	(50.5)	(7.1%)
Group Operating Surplus / (Deficit)	68.3	(18.8)	87.1	>100%
Depreciation & Finance	(81.1)	(93.4)	12.3	13.2%
Investment Valuation	118.9	132.7	(13.8)	(10.4%)
Group Net Surplus / (Deficit)	106.1	20.5	85.6	>100%
Total Assets	4,784.7	4,619.0	165.8	3.6%
Total Liabilities	706.4	694.6	11.7	1.7%
Group Net Assets	4,078.4	3,924.3	154.0	3.9%

This section summarises the Group's financial performance in 2025 compared to 2024. Further detail is provided in later sections of the report.

The Group reported a **net surplus** of £106.1 million in 2025, compared to £20.5 million in 2024.

Total income increased by £157.3 million (14.4%). After adjusting for inflation, this represents a real-terms increase of 10.7%.

Further detail on tax income is provided on page 18.

Pay expenditure increased by 5.0% in cash terms, or 1.6% after adjusting for inflation. This reflects pay awards across the Group based on the higher inflation level in 2024.

Non-pay expenditure increased by 7.1% in cash terms, or 3.7% in real terms. This was due to a variety of factors but notably healthcare and insurance in Core Government, environmental clean-up costs in Ports as well as increased unit import and transmission costs in Guernsey Electricity Limited.

Changes in **depreciation, financing costs and impairment** resulted in a net favourable movement of £12.3 million compared to 2024. This was mainly due to lower pension-related financing costs.

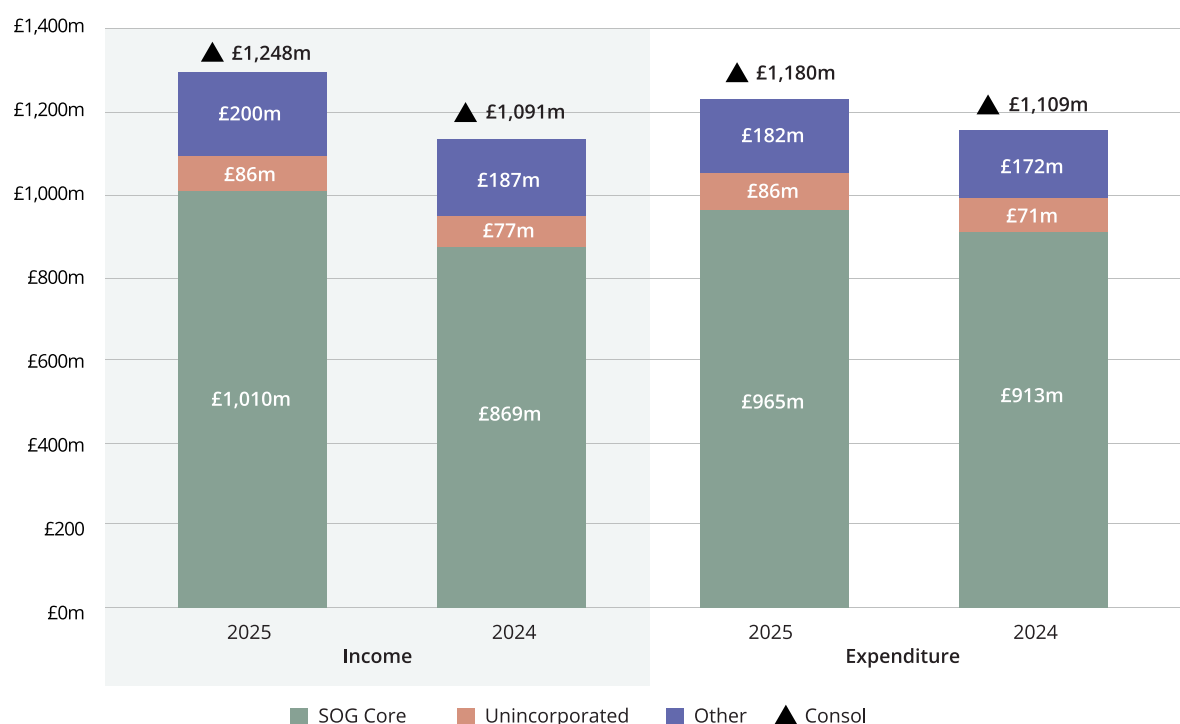
Investment performance in 2025 was £13.8 million lower than in 2024.

Total assets increased by £166 million and liabilities increased by £12 million, resulting in a net increase in overall net assets of £154 million.

Overall, while the Group reported a much higher surplus in 2025, much of the improvement reflects one-off items rather than a sustained improvement in underlying finances.



Analysis of Group Result



Operating Surplus / (Deficit)	2025	2024	Change
	£m	£m	£m
SOG Core	45	(44)	89
Unincorporated	0	7	(7)
Other	19	16	3
Cumulative	64	(21)	85
Group	68	(19)	87

Investment & Depreciation	2025	2024	Change
	£m	£m	£m
SOG Core	68	78	(10)
Unincorporated	(14)	(14)	-
Other	(27)	(23)	(4)
Cumulative	27	41	(14)
Group	38	39	(1)

Net Surplus / (Deficit)	2025	2024	Change
	£m	£m	£m
SOG Core	113	34	79
Unincorporated	(14)	(7)	(7)
Other	(8)	(7)	(1)
Cumulative	91	20	71
Group	106	20	86

Core Government income has been affected by volatility in banking sector tax receipts over the past two years. In particular, adjustments relating to tax due in previous years were recognised in 2025. When these adjustments are excluded, underlying Core Government income increased by 8.4% in cash terms (5.0% in real terms) between 2024 and 2025. A significant part of this increase (3.5%) reflects the introduction of the new Pillar 2 tax.

Core Government pay costs increased by £16.2 million (5.1%), or 1.7% in real terms. The negotiations for 2025 pay agreements used RPIX for the preceding June (4.5%) as a reference point. By June 2025 RPIX had reduced to 3.7%.

Other operating costs increased by £36.0 million (6.1%), or 2.6% in real terms. Increases were seen in benefit & pension payments of 17.4 million and support costs of 8.6 million which includes medical costs and insurance.

Depreciation and financing costs were broadly stable compared to 2024.

Strong investment gains (£118.9 million) helped to offset these cost increases. Although these investment gains were £13.8 million lower than in 2024, they remained strong despite a volatile market environment. These investment gains are largely unrealised as they move on a daily basis and although recorded as a gain, as at 31st December, an appreciation can only be realised as and when assets are sold.

Performance across the unincorporated entities generally improved, except for Guernsey Ports. At Guernsey Ports, a further developed assessment of environmental clean-up costs at the airport (relating to PFAS contamination) increased the provision from £6.2 million in 2024 to £16.5 million in 2025. Further detail on these entities is provided later in the report.

Across the remaining entities, revenue increased by 6.9%, while operating costs increased by 5.8%. As a result, operating profit increased by 18.5%. Further detail is provided in the Controlled Entity Summary section.

Overall, the improvement in performance in 2025 reflects higher revenues, but underlying cost pressures remain a key risk with one off income masking the underlying performance.

Group Income Share



Core Government continues to be the main source of income for the Group, representing 78.6% of total income, up slightly from 77.0% in 2024.

Income from the Group's incorporated entities accounted for 14.9% of total income, down from 16.3% in 2024.

The remaining 6.5% of income was generated by unincorporated entities, a small decrease from 6.7% in 2024.

Overall, the Group's income remains heavily dependent on Core Government revenues, with only a modest contribution from other entities.



Group Expenditure Share



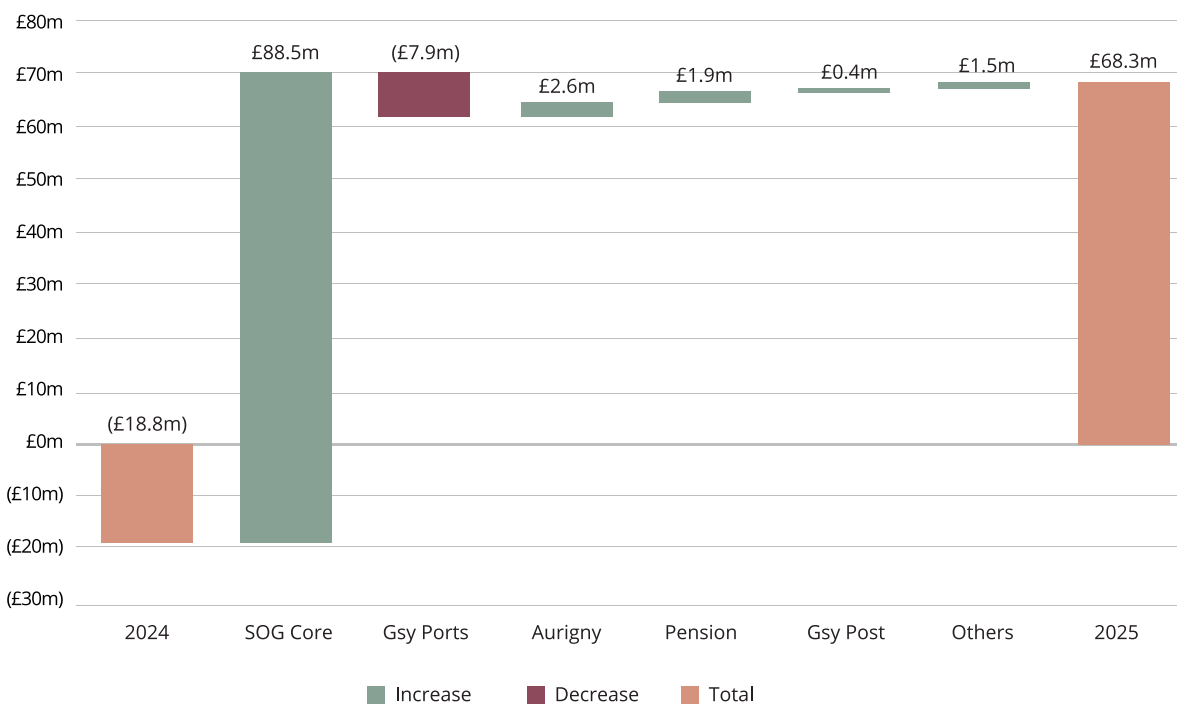
Group expenditure is split across several key areas. Pay costs represent 33% of total spending and increased by £20 million (5.0%). Operating costs account for 34% and increased by £32 million (8.2%). Pensions, benefits and grants make up 27% and increased by £18 million (5.7%). The remaining 6% relates to other costs, which were broadly unchanged from 2024.

Core Government accounts for 76.1% of total Group expenditure, slightly lower than 76.6% in 2024.

Incorporated entities account for 15.5% of total expenditure, broadly unchanged from 2024. Within this, spending by Guernsey Electricity Limited increased slightly, while expenditure at Aurigny Limited reduced.

Unincorporated entities represent the remaining 8.4% of expenditure, up from 7.8% in 2024. This increase was primarily driven by higher costs at Guernsey Ports, including additional provision for environmental clean-up work.

In summary, the Group's finances are largely driven by Core Government activity with other entities playing a smaller but still important role.



The Group moved from an operating deficit of £18.8 million in 2024 to an operating surplus of £68.3 million in 2025.

The Group result is not simply the sum of each organisation's results because transactions between Group entities are removed when the Financial Statements are consolidated. For example, when one part of the Group pays another (such as for electricity), this is included in each organisation's Financial Statements but removed from the overall Group total.

The main drivers of the improvement were: Core Government (an increase of £88.5 million), partially offset by a weaker performance at Guernsey Ports and smaller changes in other entities, including Aurigny Limited. Further detail on Core Government performance is provided later in the report.

The weaker performance at **Guernsey Ports** reflects an increase in the estimated cost of environmental clean-up work at the airport (relating to PFAS contamination), following completion of the tender process.

Aurigny Limited continued to face additional costs, including the use of leased aircraft and the rapid introduction of new routes following airline failures. Despite this, its financial position improved compared to 2024.

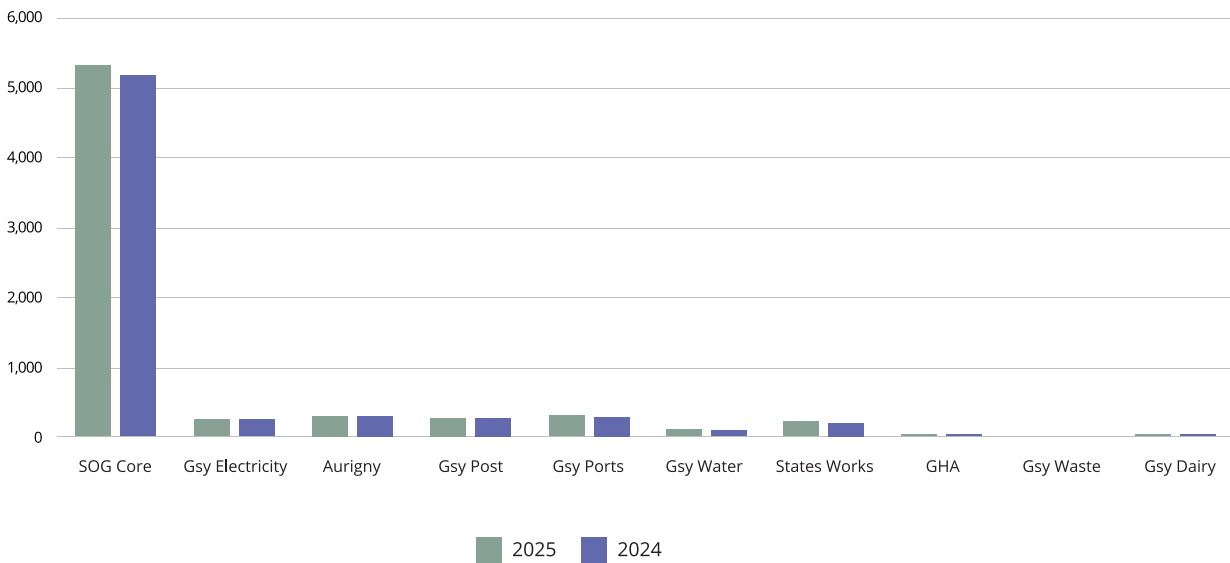
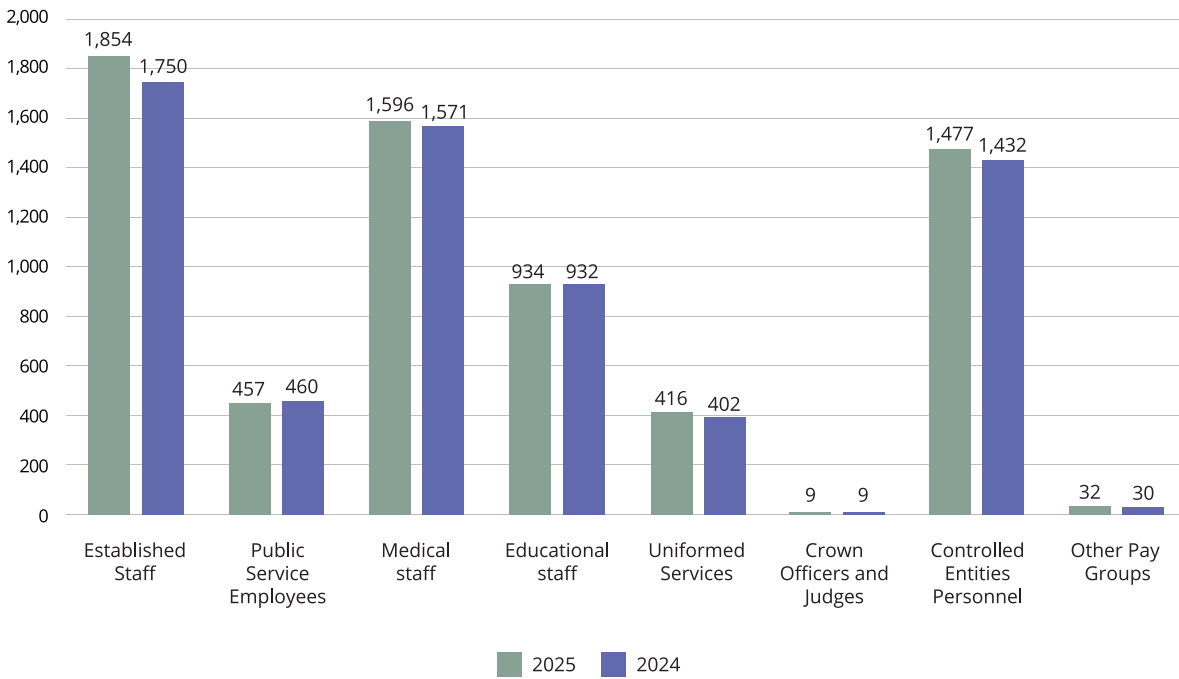
Pension-related movements were driven by changes in how future liabilities are estimated and stronger-than-expected investment returns during 2025. More details can be found in section 8.

Other entities, including Guernsey Post, saw improved performance, with increased revenues helping to offset rising costs.

Performance across the Group's entities contributed to the improved operating position in 2025.

While the operating position has improved significantly, much of this reflects movements in specific areas rather than a broad-based improvement across all parts of the Group.

Group FTE Breakdown



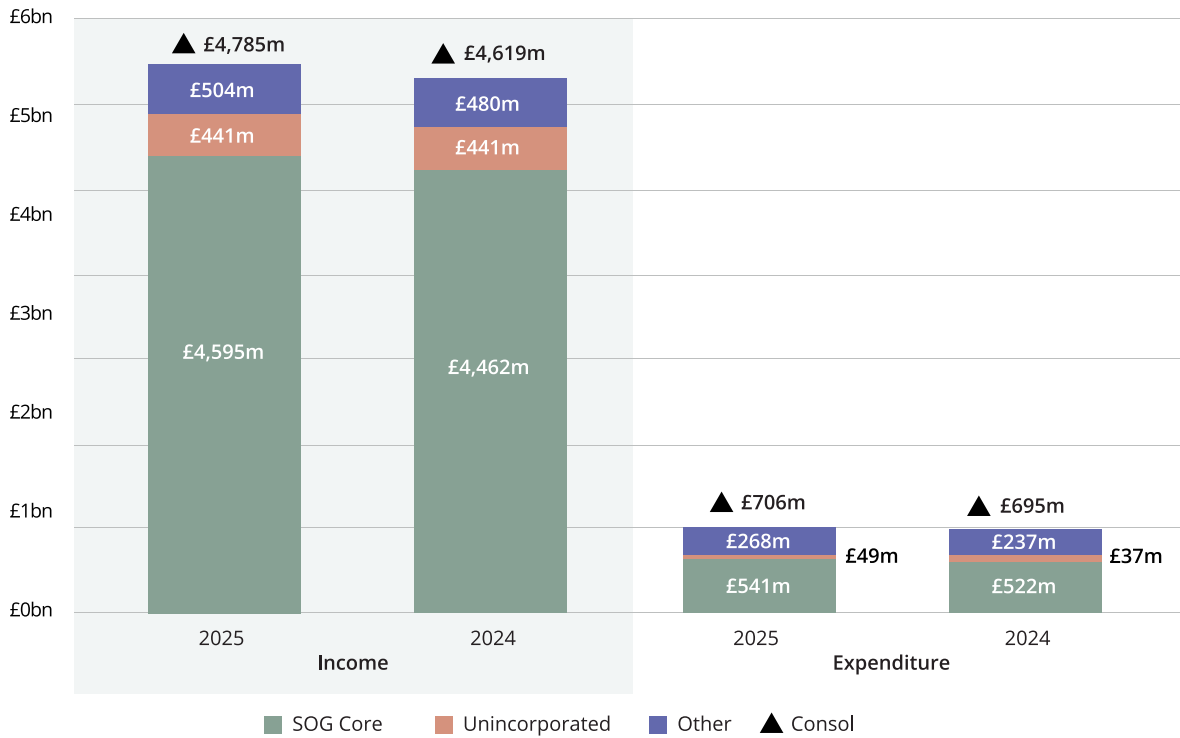
The number of full-time equivalent staff (FTE) across the Group was 6,775 in 2025, an increase of 189 compared to 2024. Across the Group, recruitment has focused on filling vacant posts and reducing reliance on temporary staffing, which can be more costly.

Within this total, the non Core Government entities employed 1,477 FTEs, an increase of 45 compared to 2024. The increase was mainly seen in Aurigny, States Works and Guernsey Ports.

Core Government accounted for most of the overall increase, with staffing rising by 144 FTE in 2025. More detail on staffing changes within Core Government is provided later in the report.

The increase in staffing reflects a combination of factors, including recruitment to agreed staffing levels (thereby replacing expensive agency staff) and changes in service demand.

Group Financial Position



Net Assets	2025	2024	Change
	£bn	£bn	£bn
SOG Core	4.1	4.0	0.1
Unincorporated	0.4	0.4	-
Other	0.2	0.2	-
Cumulative	4.7	4.6	0.1
Group	4.1	3.9	0.2

Group net assets increased by 3.9% compared to 2024.

A new accounting standard for leases (known as “right-of-use” assets) was introduced in 2025. This has only a small overall impact on net assets, but changes how assets and liabilities are presented in the Financial Statements. As a result, non-current assets increased by £25.0 million, non-current liabilities increased by £19.7 million, and current liabilities increased by £5.7 million.

Total Group assets increased by £165.8 million. This was mainly due to:

- increases in long-term assets, including financial investments (£15.1 million) and property, plant and equipment (£24.7 million);
- a large increase in current assets (£92.1 million), mainly reflecting taxes that have been recognised but not yet collected. This includes amounts relating to banking sector taxes (£34 million) and the new Pillar 2 tax (£39 million).

Group liabilities changed in several ways. Provisions increased by £18.9 million, mainly due to insurance-related costs and environmental clean-up (including PFAS). At the same time, the Group's pension position improved significantly, moving from a £44.0 million liability to a £6.1 million asset (a change of £50.1 million).

Overall, the increase in net assets reflects a combination of higher recorded tax income, accounting changes, and improvements in the pension position, rather than an equivalent increase in immediately available financial resources.

Changes in Accounting Presentation

Heritage Assets

A new accounting standard (IPSAS 45) came into effect from 1 January 2025. This requires certain heritage assets to be recorded in the Financial Statements, where they were not previously included.

Heritage assets include items such as artworks, historical documents, monuments and historic buildings. These assets are important for cultural and historical reasons, but they are not used to deliver public services in the same way as operational assets.

The standard also requires prior-year figures to be restated for comparison. As a result, non-current assets increased by £43.6 million in 2025 (2024: £43.5 million).

Right of Use (ROU) Assets

A second new accounting standard (IPSAS 43) relates to leases. This requires assets that are leased (for example, buildings or equipment) to be recorded on the balance sheet, along with the associated lease obligations.

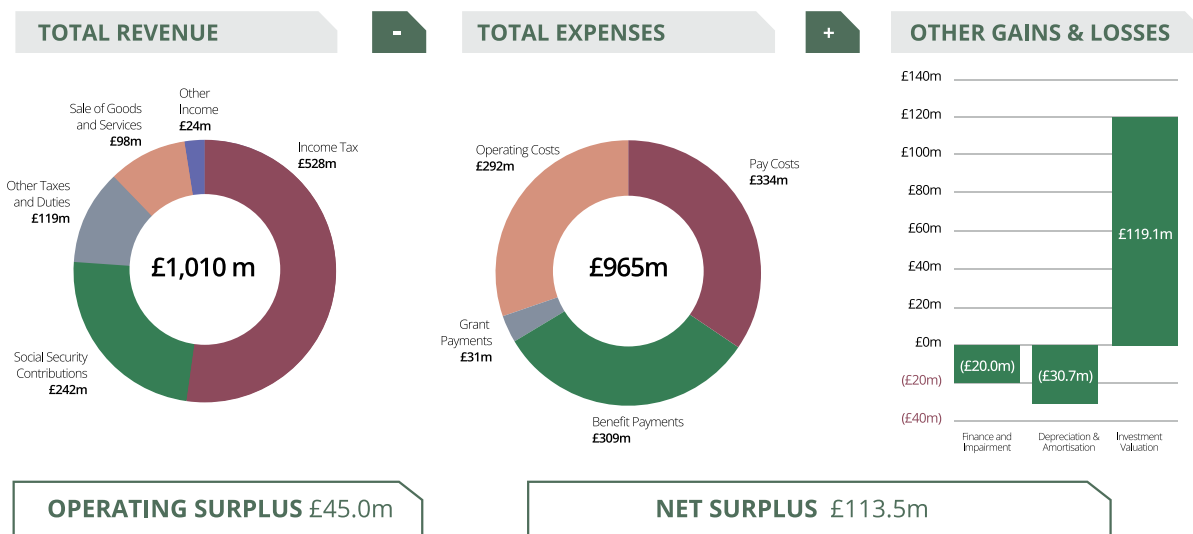
This change has only a small impact on overall net assets (a decrease of £0.4 million), but it does change how assets and liabilities are presented in the Financial Statements.

Overall, these changes affect how certain items are recorded in the Financial Statements but do not significantly change the underlying financial position of the Group.

SOG Core Government Summary Results

This section summarises the financial performance of Core Government, which includes General Revenue and the Social Security Funds.

Revenue and Expenditure Performance



Core Government recorded an operating surplus of £45.0 million in 2025, compared to an operating deficit of £43.6 million in 2024.

Including investment gains, this resulted in a total surplus of £113.5 million in 2025, compared to £34.3 million in 2024.

The “operating” position reflects day-to-day income and spending, while the total surplus also includes changes in investment values, which fluctuate from year to year.

While this shows that Core Government moved from a deficit to a surplus at an operating level in 2025 there are a number of one-off items that will be explained in this section.

Income Review

Total income for the year to December 2025 was £1,010 million, up from £869 million in 2024. This represents a real-terms increase of 12.4%. Income tax was the main driver of this increase, accounting for around 70% of the overall growth. Further detail is provided in the following sections.

INCOME TAX	Companies £110m	SOCIAL SECURITY		OTHER TAXES & DUTIES		
		Employed £225m		TRP £40m		
	Pillar 2 £39m	Self Employed £9m	Other £8m	Document Duty £27m	Fuel £22m	
		OPERATIONAL INCOME		Alcohol £16m	Tobacco £12m	Other £3m
Distributed Profits £15m	Other £44m	Housing Rental £27m	Private Patients £14m	CI Lottery £14m	Other HSC Fees £11m	
Individuals £363m						

Income Tax Performance

Overall Income Tax

Income tax revenues increased by £110 million compared to 2024. This increase was driven by several factors, including a new tax and one-off adjustments.

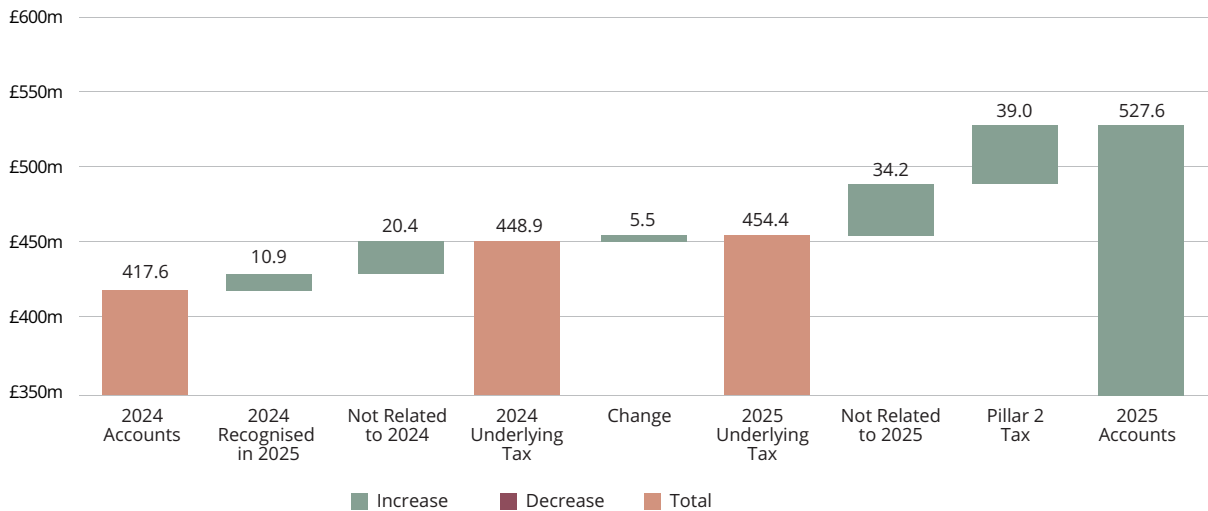
However, the headline increase does not reflect the underlying trend in tax revenues. This is because the 2025 figures include adjustments relating to earlier tax years, particularly for large corporate taxpayers in the banking sector. Similar adjustments also affected the 2024 figures. These adjustments can significantly increase or decrease reported revenues in any given year, making direct year on year comparisons difficult.

When these one-off adjustments are excluded to allow a like-for-like comparison, underlying income tax revenues increased by approximately £5.5 million. This represents a small increase in cash terms but a fall in real terms.

Including the new Pillar 2 tax, which represents a permanent new source of revenue, the increase is £44.5 million compared to 2024.

Corporate income tax revenues are highly concentrated, with around ten companies contributing more than half of total receipts. There is also a delay between estimated and final tax assessments, which means revenues can vary significantly between years. As a result, some fluctuation in income tax receipts from year to year is expected.

The chart below shows the movement from the 2024 income tax revenue of £417.6m to the £5.5m difference in the comparative position between the years (excluding Pillar 2 and one offs) through to the 2025 income tax revenue of £527.6m.



Income Tax from individuals

Income tax from individuals increased by £10.3 million (2.9%) to £363.4m in 2025. After adjusting for inflation, this represents a small decrease in real terms. Income tax from employment (collected through the ETI scheme and which represents 83% of this total) rose by 3.2% in real terms compared to 2024.

Changes to pension arrangements, with the phasing in of secondary pensions, reduced the amount of tax collected, as more people are contributing towards their pensions, which lowers their taxable income. In addition, increases in the personal tax allowance reduced tax revenues.

Tax collected from individuals outside of employment decreased significantly (£8.5m or 15%) compared to 2024.

Income Tax from Corporates

Income tax from corporate profits increased significantly in reported terms (by £100.7 million). However, after adjusting for one-off items to allow a like-for-like comparison, revenues decreased in real terms (before allowing for income from Pillar 2). This reduction is partly linked to lower interest rates between 2024 and 2025, which affected banking sector profits.

Social Security Contributions

Total Social Security contributions (before accounting adjustments within the Group) were £263.5 million in 2025, an increase of £15.9 million (6.4%) compared to 2024. After adjusting for inflation, this represents a real terms increase of 2.9%. An estimated £5.4 million of the increase relates to higher contribution rates (in line with the ten year plan). The remaining increase (£10.5 million) is broadly consistent with higher earnings and wage growth.

Of the £263.5 million collected, £186.9 million was allocated to the Guernsey Insurance Fund, £42.0 million to the Long Term Care Insurance Fund, and £34.6 million to General Revenue to help fund health related services.

Contributions relating to the employed (employee and employer) increased by £30 million to £246 million, representing around 93% of total Social Security contribution income. This increase reflects a combination of higher contribution rates (estimated to have generated around £4.6 million), higher earnings and the reclassification of company directors.

Self employed contributions fell by £9.4 million to £9.3 million in 2025. This change is largely explained by a reclassification introduced in 2025: company directors are no longer treated as self employed for contribution purposes (unless they elected for a time limited transitional arrangement). As a result, contributions shifted from the self employed category to the employed category.

Contributions from other categories (such as non employed, or over pension age) decreased by a total of £4.8 million to £8.1 million.



Other Taxes and Duties

Income from Other Taxes and Duties (including excise and import duties, TRP, document duty and vehicle registration duty) totalled £119.0 million in 2025. This was an increase of £10.9 million (10%) compared to 2024.

Customs duties increased by £5.7 million to £50.2 million in 2025. The main driver was tobacco duties, which increased by £5.9 million (96%) to £12.1 million. Tobacco receipts can vary significantly between years because imports often arrive in large batches and duty is charged at the point of import. Changes in the timing of duty rate increases (including movement between January and October) may also have affected when imports occurred and the rates applied.

Fuel duty increased by £0.4 million (2%) to £21.8 million. This reflects a 3.2% increase in the duty rate, partly offset by a continuing reduction in fuel volumes as vehicles become more fuel efficient and as hybrid and electric vehicles become more common.

Alcohol duty decreased by £0.7 million (4%) compared to 2024. This reflected lower volumes of spirits, wine and beer during the year. Alcohol duty rates were frozen in the 2025 budget, so the overall reduction mainly reflects lower imports rather than lower tax rates.

Document duty increased to £26.7 million in 2025, up 16.7% compared to 2024.

Receipts from document duty can be volatile, reflecting changes in both the number of property transactions and property values. The increase in 2025 was largely driven by higher transaction volumes in the local market. Results in this area can also be affected by exceptional one off transactions in a given year.

Tax on Real Property increased by £1.1 million to £39.9m (2.8%) compared to 2024. After adjusting for inflation, this represents a 0.5% real terms increase, broadly in line with the inflation linked budget assumption of 3.2%.

Overall, the increase in Other Taxes and Duties in 2025 was driven mainly by property related taxes and the timing of tobacco imports, both of which can fluctuate from year to year.

Operational Income (Non-Tax Income)

Operational income refers to income earned from services and activities, rather than from taxes. This income is reported in two main categories: corporate income (managed centrally through General Revenue) and operating income (managed by individual committees and services).

Total operational income increased by £4 million to £110.3 million in 2025. After adjusting for inflation, this represents a small real terms increase of 0.4%.

Corporate Income

Corporate income includes sources such as housing rental income, commercial rental income, licence fees, vehicle registration charges and other centrally managed income streams.

Social housing rental income increased by 4.2% compared to 2024 (a small decrease in real terms after inflation). The income includes rents and utilities. Rents increased by 4.5% in January 2025.

Telecommunications licencing income increased by £0.9 million, reflecting one off receipts from spectrum licensing received from the UK government. No comparable income was received in 2024.

Operating Income

Operating income covers a wide range of income generated directly by services, including lottery income, private healthcare income, registry services and other operational activities.

Overall, growth in operational income in 2025 was modest, with increases in some areas offset by reductions or one off movements in others.



Expenditure Review (Core Government)

Pay

Total pay expenditure (including permanent staff, temporary and agency staff, and States Members' remuneration) was £333.8 million in 2025, compared to £317.6 million in 2024. This represents an increase of £16.2 million (5.1%), or 1.7% after adjusting for inflation.

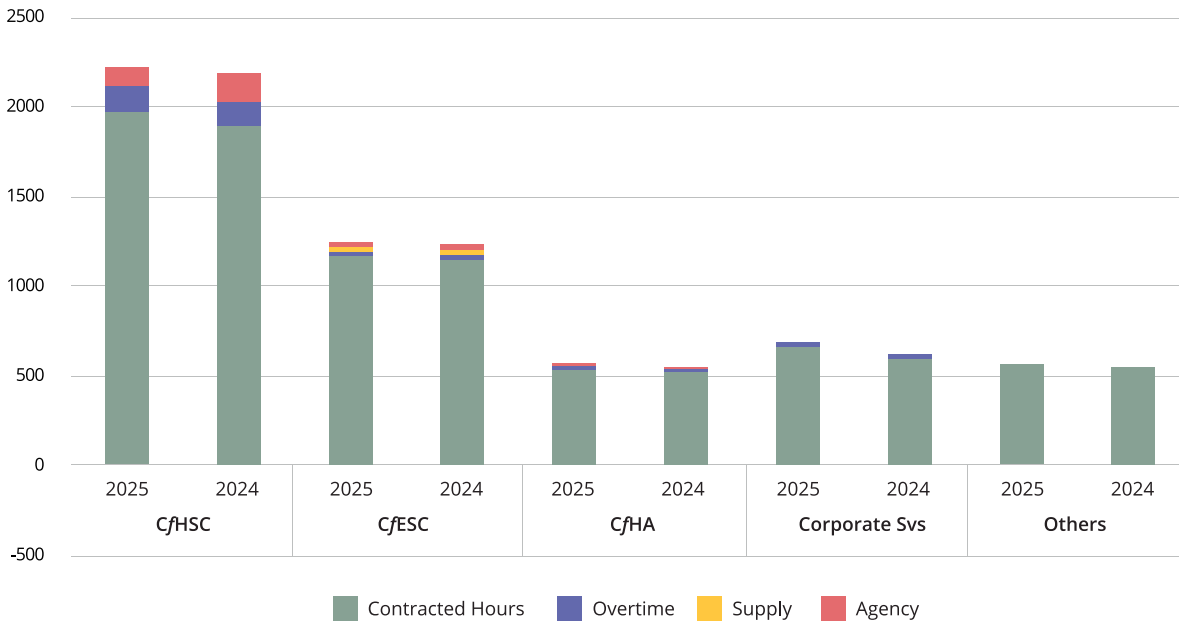
The increase was mainly driven by pay awards and an increase in staffing levels (an additional 144 full time equivalent roles, or 2.8%). As noted earlier in the report, these staffing increases reflect recruitment to planned levels and changes in service demand, as well as a reduction in reliance on temporary staff in some areas.

Pay costs represented 34.6% of total revenue expenditure in 2025, broadly in line with 34.8% reported in 2024.

Staffing increased across several service areas, including Human Resources, Digital and Technology, Home Affairs services, and Health and Social Care services. Much of this increase reflects recruitment to agreed staffing levels and a shift away from higher cost agency staffing, particularly in frontline services.

Full Time Equivalents increased from 5,154 in 2024 to 5,298 in 2025 an increase of 144 (2.8%). This increase includes:

- 30 in Human Resources following successful recruitment to the agreed operating model designed following detailed review of the organisation's needs;
- 34 in digital and technology following the migration from outsource to insource of service and control along with the previously agreed FTEs to manage increasing complexity in the service area;
- 21 across Home Affairs, notably Police officers (7) and Guernsey Customs & Immigration (6); and
- 31 across Health & Social Care with underlying continued success of recruiting to front line services where there was an increase of 74 permanent FTE and a corresponding reduction of 58 agency FTE (HSC have to use proportionately less agency staff when covering vacancies due to their relative higher hourly cost than permanent, so improvement in recruitment is positive for service provision and net costs.)

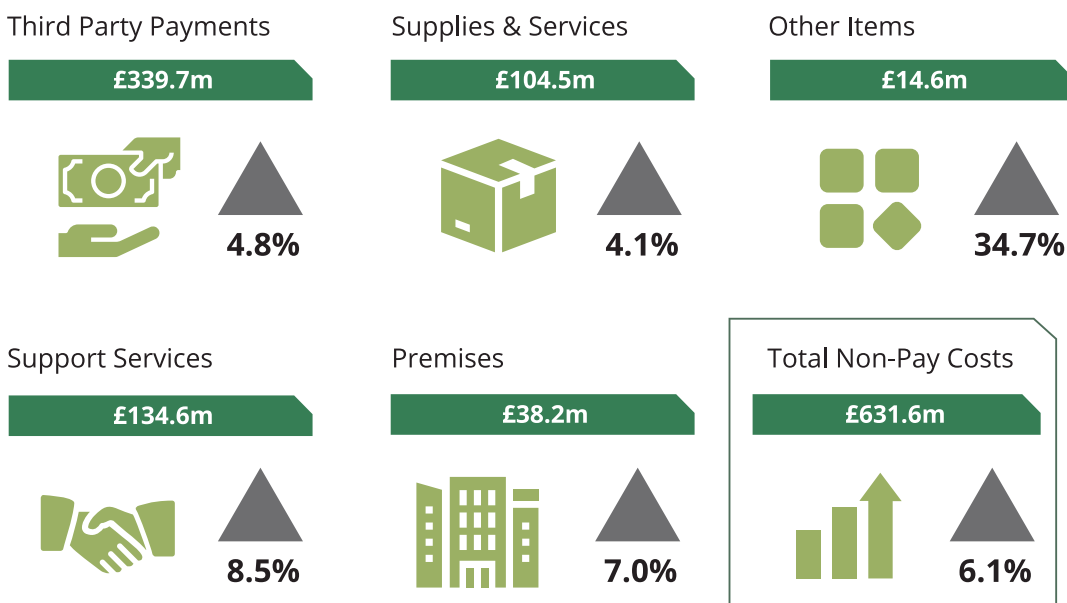


The chart above shows the key changes in full time equivalent (FTE) makeup including the quantity of overtime, supply and agency that counts towards the FTE totals. This shows that the level of non-contracted FTE (overtime, agency & supply) has fallen from 8.6% of the FTE makeup in 2024 to 7.4% in 2025 with HSC the most marked falling from 13.2% to 11.1%. Across Core Government this represents 53 FTE worth of time which has moved from higher cost resource to contracted hours. This delivers both cost efficiency and continuity of service.

Overall, pay costs have increased broadly in line with workforce growth and pay awards, with staffing changes focused on delivering services and improving efficiency. Core Government remains 335 full time equivalents below the budgeted level.

Non-Pay

Non pay operating expenditure totalled £631.6 million in 2025. This represents an increase of 2.6% in real terms compared to 2024.



Third Party Payments include benefits, pensions, and grants paid to individuals and organisations.

During the year, £1.9 million of grants were reclassified as support services, as they relate to the delivery of specific services. Overall, Third Party Payments increased by £15.5 million (4.8%), or 1.4% in real terms.

Spending on States Pensions increased from £169.7 million to £177.2 million. Most of this increase reflects changes to pension rates, with a smaller impact from changes in the number of pension recipients.

Spending on income support increased by £2.8 million (5.2%), reflecting both increases in payment levels and a rise in the number of claimants.

Spending on disability and care related benefits also increased, including:

- severe disability benefits, which increased by £1.8 million (10%);
- nursing home and residential care benefits, which increased by £1.6 million and £2.5 million respectively, following changes in the benefit rates in 2025.

Support Services expenditure increased by £10.5 million in 2025. After adjusting for a £1.9 million reclassification of grants, the directly comparable increase was £9.6 million (6.9%), or 3.4% in real terms.

Within Support Services, insurance costs increased by £4.2 million (76.8%). This was driven by higher policy costs, particularly for medical cover, and the introduction of additional areas of coverage.

Spending on secondary on island care increased by £1.2 million (4.9%).

In addition, project expenditure recognised directly in the Statement of Financial Performance increased by £3.5 million (23.7%).

Supplies and Services expenditure increased by £4.1 million in total.

This included higher off island healthcare costs (£1.5 million, 7.7%), although the rate of increase was lower than in 2024.

Pharmacy costs also increased by £1.9 million (5.8%).

Overall, increases in Support Services and Supplies and Services were driven mainly by higher insurance costs, healthcare demand, and project related expenditure.

While expenditure has increased, much of this reflects specific cost pressures and planned activity rather than a broad increase across all areas.

Other Income and Expense Items

Depreciation

Depreciation stood at £30.7m, a £0.8m increase on 2024.

Investment Return

Investment returns represent the increase or decrease in the value of the Group's investments over a period of time. These returns include income such as interest and dividends, as well as changes in the market value of investments. In 2025, as with previous years, the majority of investment gains were "unrealised", meaning that the investments have increased in value but have not yet been sold to generate cash.

The General Investment Portfolio (GIP), which holds the Group's long term investments, generated net returns of £118.9 million in 2025 (2024: £130.3 million). At the end of 2025, the value of the portfolio remained broadly unchanged at £1.73 billion. This reflects net withdrawals of £122.5 million during the year to fund capital investment and other commitments.

This means that, although investments performed well during the year, the overall value of the portfolio did not increase because funds were withdrawn to support spending and investment activity.

Investment markets were volatile during 2025, with performance influenced by geopolitical events and changes in interest rates. Equity markets experienced periods of both decline and recovery, while bond returns were generally lower despite falling interest rates. Inflation remained above target levels, which increased the long term return targets for the portfolio.

Overall, the portfolio returned 7.2% in 2025. This was below its long term target return of 8.5% and below the policy benchmark of 9.1%.

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

	Trailing 1 Year	Trailing 3 Years pa	Trailing 5 Years pa
Return	7.2%	7.3%	3.7%
Target return*	8.5%	8.4%	10.3%
Policy benchmark	9.1%	10.3%	-

Return**

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

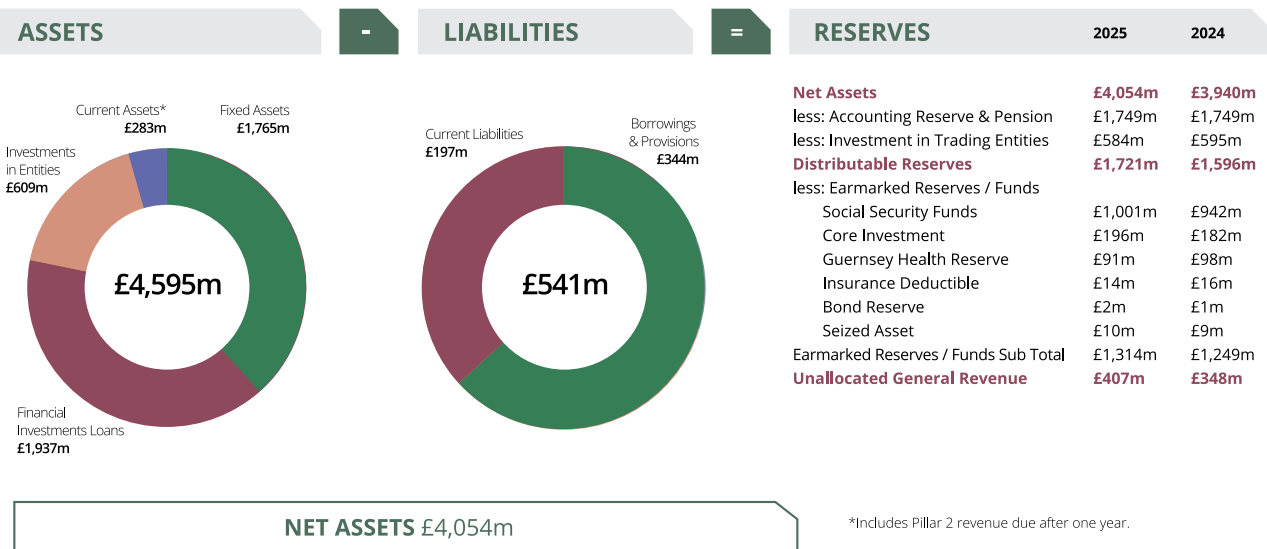
** The current policy benchmark has been in place since 31/12/22 and therefore trailing five year data is not available.

Investment decisions on how funds were allocated across different asset types made a positive contribution to performance relative to the benchmark. However, overall performance was affected by weaker returns in global equity markets and lower returns from some longer term investments.

Overall, investment returns in 2025 remained strong in absolute terms but were lower than both the previous year and the longer term targets, reflecting volatile market conditions. Importantly, most of these gains have not yet been realised in cash, and the value of the portfolio was broadly unchanged due to withdrawals to support Core Government spending.

Further detail on investment performance and analysis can be found in the SIB Annual Report which is included as Appendix 11.

Net Asset Position (Core Government)



The Group's net asset position remains strong, with total net assets of just over £4 billion at the end of 2025, a real terms fall of 0.5%. However, most of these assets are either not realisable in cash or are allocated for specific purposes.

The accounting "unallocated" balance stood at £407 million at the year end. In practice, this balance is used to support the capital investment portfolio and is not fully available for new spending.

Non current assets increased by £109 million. The main drivers were Pillar 2 (£39 million), increases in fixed assets (£10 million) and right of use assets for leases (£11 million).

Current assets increased by £56.7 million. £40 million of which reflects taxation recognised but not yet collected. In quarter one of 2026 £17.6 million of this debt has been collected.

On the liabilities side, **current liabilities** increased slightly by £4 million.

Non current liabilities increased by £15 million, which include provisions (£6 million) and lease liabilities (£9 million).

Overall, while the net asset position has strengthened, much of the increase reflects accounting recognition of income and investment balances, rather than a comparable increase in immediately available funding.



Core Government Analysis

The Core Government segment consists primarily of General Revenue and the Social Security Funds. This section explains how these elements performed in 2025 and how the results compare to the approved budget.

General Revenue

	2025 £m	2024 £m	Movement £m	Movement %	Budget £m	Variance £m	Variance %
Income	793.8	667.7	126.1	18.9%	726.4	67.4	9.3%
Pay Expenditure	(353.5)	(334.8)	(18.6)	(5.6%)	(351.5)	(1.9)	(0.5%)
Non-Pay Expenditure	(357.1)	(341.2)	(15.9)	(4.7%)	(353.8)	(3.3)	(0.9%)
General Revenue Surplus / (Deficit)	83.2	(8.3)	91.6	>100%	21.1	62.1	>100%
Non Capex Project Exp	(25.7)	(22.5)	(3.2)	(12.4%)	(37.2)	11.5	31.0%
Operating Surplus / (Deficit)	57.6	(30.9)	88.5	>100%	(16.1)	73.6	>100%
Depreciation & Finance	(50.2)	(52.6)	2.4	4.6%	(41.0)	(9.3)	(22.6%)
Investment Valuation	33.9	48.0	(14.1)	(29.3%)	23.0	10.9	47.6%
Net Surplus / (Deficit)	41.3	(35.5)	76.8	>100%	(34.0)	75.3	>100%

General Revenue recorded a revenue surplus of £83.2 million in 2025, which was £91.6 million better than the budgeted position. This represents a significant improvement compared to expectations at the start of the year.

General Revenue accounts for around 79% of Core Government income and 76% of operating expenditure.

All tax income is recorded within General Revenue, meaning that both one off receipts and the introduction of the new Pillar 2 tax contributed to this stronger position. Compared to budget, total income was £67 million (9.3%) higher than expected. The main contributors were higher corporate tax revenues (£46 million above budget) and higher document duty receipts (£10.6 million above budget). The Pillar 2 tax estimate was also increased as more information became available.

However, when one off tax items are excluded, the underlying income position was around £8 million better than budget.

On the expenditure side, pay costs were in line with the budget.

Non pay expenditure was £5.2 million (around 2%) higher than budget. This reflects higher off island healthcare costs (£2.4 million) and costs associated with the transition of IT services from outsourced to in house provision, including related remediation work (£2.3 million).

Spending on formula driven items, such as income support, was £1.2 million lower than budget.

A budget reserve is set aside each year to cover uncertainties or items that are not fully defined at the time the budget is approved. In 2025, this reserve was £28.7 million, of which £18.3 million (21%) was used during the year, this is mainly due to Government Work Plan spending being lower than planned due to the Election. This reserve is excluded from the main budget comparison.

Overall, the stronger than budget position in 2025 was driven primarily by higher than expected tax revenues, particularly from corporate tax and a new tax stream, while expenditure remained broadly controlled against budget despite specific cost pressures.

Social Security Funds

The Social Security Funds are reported separately from General Revenue and support specific benefits. The two funds are the Guernsey Insurance Fund and the Long Term Care Insurance Fund.

Guernsey Insurance Fund (GIF)

The Guernsey Insurance Fund supports contributory benefits, including the States Pension, sickness and incapacity benefits, parental benefits, and other related payments.

The Fund received contributions of £186.9 million in 2025 (2024: £172.2 million) and paid out benefits totalling £203.9 million (2024: £194.6 million).

After including administration costs, the Fund recorded an operating deficit of £22.1 million (2024: £28.1 million). This means that, on a day to day basis, the Fund paid out more in benefits than it received in contributions which is in line with policy decisions which result in a gradual reduction in the size of the fund.

After taking account of investment gains (£55.3 million), the Fund recorded an overall surplus of £33.2 million (2024: £27.0 million). This surplus is retained within the Fund and invested as part of the Group's investment portfolio.

The Fund had a closing balance of £797.0 million at the end of 2025.

Long-Term Care Insurance Fund (LTCIF)

The Long Term Care Insurance Fund supports the cost of residential and nursing home care for eligible individuals.

Benefit rates were increased in July 2025 as part of wider policy changes aimed at stabilising and supporting the long term care market.

The Fund received contributions of £42.0 million (2024: £40.9 million) and paid benefits of £29.7 million (2024: £25.6 million). Claim numbers have remained broadly stable.

After including administration costs, the Fund recorded an operating surplus of £12.0 million (2024: £15.1 million).

After including investment gains (£13.7 million), the Fund recorded a total surplus of £12.0 million (2024: £15.1 million). This surplus is retained within the Fund and invested for future costs.

The Fund had a closing balance of £203.9 million at the end of 2025.

The Guernsey Insurance Fund continues to rely on investment returns to support benefit payments, while the Long Term Care Insurance Fund remains in an operating surplus position at the current time but with longer term pressures.



Controlled Entity Summary Results

Narrative is provided directly by each controlled entity.

Guernsey Electricity Limited

	2025	2024	Movement	Movement
	£m	Restated £m	£m	%
Income	80.1	72.7	7.4	10.2%
Pay Expenditure	(17.7)	(17.0)	(0.7)	(4.2%)
Non-Pay Expenditure	(50.8)	(44.2)	(6.6)	(15.0%)
Operating Surplus / (Deficit)	11.6	11.6	0.0	0.3%
Depreciation & Finance	(9.6)	(9.7)	0.0	0.5%
Investment Valuation	(0.4)	(0.1)	(0.3)	<(100%)
Net Surplus / (Deficit)	1.5	1.8	(0.2)	(13.0%)
Total Assets	191.5	187.3	4.2	2.2%
Total Liabilities	75.8	74.1	1.7	2.3%
Net Assets	115.7	113.2	2.5	2.2%

2025 saw a 10.2% growth in GEL's total revenue to £80.1m compared to the previous year (2024: £72.7m). This increase was primarily driven by the prior STSB-approved tariff increases that support GEL's ongoing capital investment requirements.

In combination, total operating and pay costs increased by 12% being £68.5m in 2025 (2024: £61.2m). The primary drivers being; increased unit import and transmission costs and the continued increases in GEL's underlying inflation-linked cost base.

GEL's financial performance continued to show strength with a net surplus in the year of £1.5m (2024: £1.7m). This continues to help keep the business in a resilient position to maintain security of electricity supply and invest in the assets that will decarbonise our future. This investment is demonstrated by projects such as Les Ozouets; replacing over 750 meters of high and low voltage cables through the project and, Kings Road; integrating a new substation with a wider high voltage network, upgrading of cables and installation of multiple new service connections, all driven by significantly increased demand in the area in recent years. The recent tariff increases have enabled GEL's total annual capital expenditure to begin to address the risks associated with historic capital underinvestment.

The subsea interconnector remained the main power source in 2025 providing 92% (2024: 92%) of distributed electricity. In readiness for anticipated short-term capital investment expenditure in 2026, GEL entered into an additional revolving credit facility for £15m.

GEL's net assets at the end of 2025 increased by £2.8m to £116m (2024: £113.2m) as investment in Guernsey's electricity infrastructure continues year on year.

GEL remains committed to operational efficiency to limit future tariff increases whilst delivering the required level of capital investment to support the continued electrification of the island and enhance the resilience of the existing network.

*Calculated % movement based on GEL data rounded to £'000 rather than £m

Aurigny Limited

	2025 £m	2024 £m	Movement £m	Movement %
Income	67.7	63.8	3.8	6.0%
Pay Expenditure	(16.5)	(14.9)	(1.6)	(10.4%)
Non-Pay Expenditure	(50.1)	(50.5)	0.4	0.7%
Operating Surplus / (Deficit)	1.1	(1.6)	2.6	>100%
Depreciation & Finance	(6.2)	(6.0)	(0.1)	(2.0%)
Investment Valuation	(1.3)	(0.0)	(1.2)	<(100%)
Net Surplus / (Deficit)	(6.3)	(7.6)	1.3	16.9%
Total Assets	66.4	55.0	11.4	20.8%
Total Liabilities	77.6	59.8	17.8	29.7%
Net Assets / (Deficit)	(11.2)	(4.8)	(6.3)	<(100%)

Passenger revenue rose £3.8m year on year, mainly due to a 6% increase in average fares (around 2% above the Guernsey inflation rate). In 2025, core routes were expanded to include Guernsey-Jersey and Aurigny fulfilled all scheduled flights between Guernsey-Southampton following the collapse of Blue Islands Airline in November 2025.

Flight frequency increased by 1% to 13,900 flights, with capacity of 778,000 seats; over 70% were on designated lifeline routes. Passenger numbers also rose 1% to 580,000, delivering another record year.

Extended sickness among several senior flight crew, together with retirements, required outsourced 'wet lease' capacity to cover the planned schedule in quarters 2 and 3. A tail strike in April (taking one aircraft out of service for three months) and the late return of another aircraft for winter maintenance further increased reliance on outsourced service providers.

The collapse of Eastern Airways in October 2025 and Blue Islands in November 2025 reduced handling-charge income at Gatwick and Southampton respectively. Following the failure of Blue Islands, Aurigny moved quickly to operate the Guernsey-Jersey and Guernsey-Southampton routes in direct competition with Loganair, incurring significant costs to launch services at short notice.

These issues had a material financial impact. Aurigny reported an operating loss of £6.3m for the year, albeit an improvement from the prior year loss of £7.6m. This loss comprised of 2 accounting adjustments, £1.3m accounting adjustment for interest-rate and currency derivatives (investment valuation); a further £0.4m accounting adjustment for adoption of the IPSAS reporting for Right of use finance costs and depreciation. The Net trading loss £4.6m includes the enforced reliance on wet lease £3.2m, along with the higher costs for new routes, and increased maintenance spend.

In 2025, the company's net liabilities increased from £4.3m in 2024 to £11.2m, which included the implementation of the IPSAS leases standard. This created an additional net liability of £0.4m in the year, for Right of Use assets of premises at La Planque Lane and the leased aircraft.

Looking ahead, Aurigny recognises the challenges for 2026 and beyond, particularly the potential impact on passenger numbers from the launch of a subsidised British Airways Heathrow service in April. The objective remains to deliver core lifeline routes, sustainable financial performance, reduce the real-terms cost of air travel, and continue supporting the local economy through local supply-chain spend and improved connectivity. Operationally, the focus is on safe, resilient, and reliable services for residents and visitors.

Guernsey Post Limited

	2025	2024	Movement	Movement
	£m	£m	£m	%
Income	40.4	38.6	1.7	4.5%
Pay Expenditure	(16.4)	(15.7)	(0.6)	(4.0%)
Non-Pay Expenditure	(23.6)	(22.9)	(0.7)	(3.0%)
Operating Surplus / (Deficit)	0.4	0.0	0.4	>100%
Depreciation & Finance	(3.0)	(1.2)	(1.8)	<(100%)
Investment Valuation	(0.1)	0.1	(0.2)	<(100%)
Net Surplus / (Deficit)	(2.6)	(1.1)	(1.5)	<(100%)
Total Assets	27.3	27.7	(0.3)	(1.2%)
Total Liabilities	7.5	5.2	2.3	44.5%
Net Assets / (Deficit)	19.8	22.5	(2.6)	(11.8%)

Guernsey Post reported an operating surplus of £0.4m in 2025, representing a material improvement in the underlying performance of the business.

During the year, following a competitive appointment process, Steve Sheridan was appointed Chief Executive Officer. In response to the increasing breadth and complexity of the challenges facing the organisation, the Board was also strengthened through the appointment of senior executives, enhancing its collective capability and governance oversight. In parallel, the Board refreshed the three year strategy, providing a clear framework to guide decision making with a focus on strengthening financial discipline, maintaining operational reliability, and evolving services to continue meeting the needs of customers and the wider Bailiwick.

The increase in turnover during the year primarily reflected growth in parcel delivery volumes and increased value derived from Bulk Mail partnerships. Encouraging growth was also recorded in the myUKaddress service, which addresses longstanding challenges faced by islanders purchasing from UK retailers that do not deliver to the Bailiwick. Throughout 2025, Guernsey Post remained focused on improving customer experience while adapting its services, a commitment recognised through the independent Island Global Brand Reputation Index, in which Guernsey Post was ranked the number one brand in Guernsey.

Increases in expenditure primarily reflected higher costs associated with exporting mail off island. These cost pressures were mitigated through a continued focus on operational efficiency, including the integration of HR Air Guernsey's operations into Guernsey Post during the year. As the benefits of the acquisition became fully embedded, the goodwill recognised on acquisition was written off in full. This write off reflects the completion of the integration phase rather than any deterioration in the underlying performance or strategic importance of the business. HR Air Guernsey remains an integral component of the Group's logistics and transport capability, supporting services across the Bailiwick.

Collectively, these developments reflect the Board's continued focus on long term sustainability, financial responsibility, and the delivery of essential services, while positioning Guernsey Post to respond effectively to ongoing market change and to progress towards sustainable financial performance over the medium to long term.

Guernsey Housing Association LBG

	2025 £m	2024 £m	Movement £m	Movement %
Income	12.8	12.8	0.0	0.2%
Pay Expenditure	(2.1)	(1.9)	(0.3)	(14.5%)
Non-Pay Expenditure	(5.2)	(5.3)	0.1	1.2%
Operating Surplus / (Deficit)	5.4	5.6	(0.2)	(3.3%)
Depreciation & Finance	(6.6)	(6.7)	0.0	0.3%
Investment Valuation	0.4	0.7	(0.3)	(39.8%)
Net Surplus / (Deficit)	(0.8)	(0.4)	(0.4)	<(100%)
Total Assets	219.0	209.9	9.1	4.3%
Total Liabilities	107.3	98.3	9.1	9.2%
Net Assets	111.7	111.6	0.0	0.0%

In 2025 the Guernsey Housing Association (GHA) generated a deficit of £0.8m (2024: deficit of £0.4m). The GHA has charitable aims and objectives and is registered as a not-for-profit company with the Guernsey Registry. As a housing association, the operating framework requires that any surplus generated by the GHA is invested back into the business in normal circumstances, assisting with property maintenance, repairs and developing new homes.

2025 rental income for the GHA was £12.8m (2024 £12.2 million) an overall 5% increase. The States of Guernsey and the GHA use the Guernsey June Retail Price Index (RPIX) as a guide for the following year rent increase. The Guernsey June 2024 RPIX was 4.5% and the GHA Board approved a 4.5% increase in rent for 2025.

Operating expenditure excluding property depreciation and interest on development loans was £7.3m (2024 £7.2m) the increase reflecting greater essential repairs and maintenance to an ageing property portfolio impacted by higher than RPIX repairs and maintenance inflation.

Guernsey Ports

	2025	2024	Movement	Movement
	£m	Restated £m	£m	%
Income	31.4	27.5	4.0	14.4%
Pay Expenditure	(20.0)	(18.7)	(1.3)	(6.7%)
Non-Pay Expenditure	(20.8)	(10.2)	(10.6)	<(100%)
Operating Surplus / (Deficit)	(9.4)	(1.5)	(7.9)	<(100%)
Depreciation & Finance	(6.1)	(6.3)	0.3	4.2%
Investment Valuation	0.9	2.0	(1.1)	(57.2%)
Net Surplus / (Deficit)	(14.6)	(5.8)	(8.8)	<(100%)
Total Assets	237.4	237.1	0.3	0.1%
Total Liabilities	25.8	13.5	12.3	91.0%
Net Assets / (Deficit)	211.6	233.6	(12.0)	(5.4%)

Guernsey Ports continued to deliver a key strategic objective to return the business to a financially, sustainable operating model with a clear expectation to be self-funding for all but the largest critical Island infrastructure investments by January 2029.

The 2025 results include an exceptional environmental provision of £10.4m associated with the removal and treatment of historically PFAS contaminated soil at Guernsey Airport, a legacy issue for which Guernsey Ports has no practical alternative but to address. Excluding this item, non-pay expenditure remained fairly flat year on year at £10.4m demonstrating effective cost containment despite wider inflationary pressures.

Significant progress was made in 2025 through a combination of increases in revenue and the implementation of significant cost efficiencies and savings, particularly at Guernsey Airport, and disciplined cost control. This led to a £3.9 million (14%) increase in revenue for the year to £31.4m (2024: £27.5m) giving rise to improved operating result before exceptional items of £639k (2024: loss of £1.5m).

Strategic connectivity across Guernsey Ports remains another key priority driving revenue and ensuring sustainable and reliable services. In 2025, passenger numbers increased by 1% to 693,578 at Guernsey Airport, still 19% lower than pre-covid pandemic levels (2019: 858,242), and an increase by 10% to 300,556 at Guernsey Harbours, an improved position of 3.5% when compared to pre-covid pandemic levels (2019: 290,280).

Pay expenditure increased by 6.7%, primarily driven by agreed pay awards and additional overtime linked to extended airport and harbour operational activities.

After depreciation, revaluations and interest charges, Guernsey Ports recorded a £14.6m operating deficit; however, adjusted for exceptional PFAS costs, the underlying deficit reduced to £4.2m, a marked improvement on the £5.8m deficit reported in 2024. Net assets stood at £211.6m at year end, reflecting continued investment in critical infrastructure.

Guernsey Water

	2025 £m	2024 £m	Movement £m	Movement %
Income	22.7	20.4	2.3	11.3%
Pay Expenditure	(5.2)	(4.4)	(0.8)	(18.1%)
Non-Pay Expenditure	(11.0)	(10.3)	(0.6)	(5.8%)
Operating Surplus / (Deficit)	6.6	5.7	0.9	15.9%
Depreciation & Finance	(6.1)	(5.8)	(0.3)	(4.8%)
Investment Valuation	0.1	0.1	(0.0)	(23.0%)
Net Surplus / (Deficit)	0.5	(0.1)	0.6	678.7%
Total Assets	161.5	159.3	2.2	1.4%
Total Liabilities	19.6	17.9	1.7	9.6%
Net Assets	141.9	141.4	0.5	0.4%

Guernsey Water's financial performance continued to improve, and it is on schedule to meet its aim of being financially self-sustainable by 2027. The positive impact of insourcing of wastewater services towards the end of 2024 was felt in 2025 with costs flat year-on-year despite inflationary pressures.

Following a period of below inflationary price increases and a challenging financial year in 2023, prices were increased by above inflation in 2024 and 2025 (albeit average bills remain competitive when compared to England and other island jurisdictions). As a result of above inflation increases, revenues increased 11.3% year-on-year, despite reduced usage conservation campaigns over what was a relatively dry summer.

Total pay costs increased by 18.1% year-on-year due to a combination of being able to fill vacancies that had been hard to recruit to in 2024 and insourcing of wastewater services (previously shown under non-pay), plus annual pay reviews and reduced internal capitalisation of payroll costs on projects.

The business experienced well above inflation pressures in several areas including power, materials and chemicals but constraint and efficiencies in operations resulted in overall expenditure being limited to a 5.8% year-on-year increase.

Continued focus on cost control and increased income has reversed the sharp deterioration in operating margin seen in 2023 and the business is moving in the right direction to be able to invest in essential water and wastewater infrastructure.

During 2025 Guernsey Water invested £6.7m in assets, up from £6.3m in 2024. The two largest capital projects in 2025 were the next phase of the ring main replacement programme which will manage demand and prepare for planned growth in the north of the island, and replacement of the roof lining on one of the service reservoirs at Forest Road to protect drinking water quality and water supply resilience.

Investment in replacing ageing assets increased in 2025 but was still insufficient for maintaining service levels for customers in the future. In 2025 it also became clear that funding would be needed for investment to meet new drinking water standards, and a decision was made by the States' Assembly to develop Les Vardes reservoir to protect the island from future droughts. The improvement in surplus from 2024 to 2025 will need to continue if these important investments are to be delivered in a commercially sustainable way.

States Works

	2025 £m	2024 £m	Movement £m	Movement %
Income	18.5	17.6	0.9	4.9%
Pay Expenditure	(10.7)	(10.4)	(0.2)	(2.4%)
Non-Pay Expenditure	(5.8)	(5.6)	(0.1)	(2.1%)
Operating Surplus / (Deficit)	2.0	1.5	0.5	32.5%
Depreciation & Finance	(1.3)	(1.1)	(0.2)	(14.2%)
Investment Valuation	0.3	0.3	0.0	17.8%
Net Surplus / (Deficit)	1.0	0.7	0.4	58.3%
Total Assets	14.8	15.9	(1.0)	(6.6%)
Total Liabilities	1.4	2.5	(1.1)	(43.4%)
Net Assets	13.4	13.4	0.0	0.3%

States Works revenue grew from £17.6m to £18.5m despite resourcing challenges in the Signs & Lines and Fleet Maintenance parts of the business, and reduced Engineering income of c.£0.3m following the insourcing by Guernsey Water of wastewater services towards the end of 2024.

Given the recruitment challenges mentioned above pay expenditure was £10.7m – just 2.4% above 2024. Non-pay expenditure for 2025, excluding depreciation and interest also experienced below inflation level increases, in part due to efficiency savings that were found to allow contracts to be serviced within the affordability envelope of certain other States operations.

After depreciation, asset disposals and investment returns, States Works achieved a surplus of £1.0m, up from prior year by £0.4m.

At the end of 2025, total assets stood at £14.8m reflecting reduced cash reserves of £2.9m (down from £5.4m at the end of 2024) following the payment of a £1.0m dividend and further asset investments primarily replacing ageing specialist vehicles.

Guernsey Waste

	2025 £m	2024 £m	Movement £m	Movement %
Income	13.4	12.5	0.9	7.2%
Pay Expenditure	(0.5)	(0.5)	(0.0)	(1.5%)
Non-Pay Expenditure	(11.9)	(11.1)	(0.8)	(7.1%)
Operating Surplus / (Deficit)	1.0	0.8	0.1	12.6%
Depreciation & Finance	(1.9)	(2.3)	0.4	17.6%
Investment Valuation	0.2	0.1	0.2	197.4%
Net Surplus / (Deficit)	(0.7)	(1.4)	0.7	48.1%
Total Assets	24.4	24.3	0.2	0.7%
Total Liabilities	2.8	1.9	0.9	47.1%
Net Assets / (Deficit)	21.7	22.4	(0.7)	(3.2%)

Guernsey Waste revenue grew from £12.5m to £13.4m with underlying charges increased by RPIX plus 5% with the exception of household charges which were kept to general inflation. Volume increases were seen within the general waste stream with an increase around 700 tonnes (+6%) from 2024.

Total expenditure for 2025 excluding depreciation and interest was £12.4m versus £11.6m in 2024, a 6.9% increase. Other than general contract inflation, the primary driver was the need to provide for a full year's double handling costs for inert waste due to stockpiling (which commenced in October 2024).

Given a positive operating result, no support from General Revenue was required in either 2025 or the previous year. This is due to net inert waste income being retained when it had been expected to be used to fund the development of a new inert waste site by this stage. Part of the gate fee charged for Inert Waste is collected to fund a future inert waste disposal site and another part of the gate fee is to provide for the future cost of double handling of the inert waste, which is currently stockpiled awaiting a permanent solution. A provision for the double handling costs amounting to £657k has been recognised in creditors. To date £3,193k has been collected towards the cost of the future inert waste site. This has all been recorded as income and no provision has been recognised for these future costs.

After depreciation, revaluations and interest charges, Guernsey Waste recorded an improved position – a £0.7m deficit versus a £1.4m deficit in 2024. The 2024 deficit included a loss on impairment (£0.3m) in relation to the flooring at the Waste Transfer Station.

Net assets at the end of 2025 stood at £21.7m including £3.6m in cash reserves – most of which is derived from the delays in building a new inert waste site.

Guernsey Dairy

	2025 £m	2024 £m	Movement £m	Movement %
Income	11.1	10.5	0.6	5.8%
Pay Expenditure	(2.1)	(1.9)	(0.2)	(8.4%)
Non-Pay Expenditure	(8.8)	(8.5)	(0.3)	(3.3%)
Operating Surplus / (Deficit)	0.3	0.2	0.2	109.7%
Depreciation & Finance	(0.3)	(0.3)	(0.0)	(0.9%)
Investment Valuation	0.1	0.0	0.0	191.7%
Net Surplus / (Deficit)	0.1	(0.2)	0.2	136.5%
Total Assets	4.9	5.0	(0.0)	(0.9%)
Total Liabilities	1.8	1.9	(0.1)	(5.4%)
Net Assets	3.1	3.1	0.1	1.9%

In 2025 the Dairy returned a modest improvement in its operating results with a £0.1m surplus.

Despite a 1% reduction in milk sales, overall income was up in 2024 by 0.6m, partly from general inflation price rises on products and partly due to increased butter sales which were up by almost 9%.

Pay costs rose year-on-year due to an increase in FTE of 1.9 plus general inflation pay rises.

Overall expenditure for 2025 (excluding depreciation & interest) was up on the previous year by £0.5m (4.8%). Primarily relating to the cost of raw milk with other operational costs managed broadly to within general inflation increases only.

Capital spend in the year was £151k compared to £125k in 2024. Projects to replace ageing milk packaging equipment, tankers and water storage systems progressed well during 2025 but the majority of the spend will be incurred in 2026/27.

SECTION 2

GROUP GOVERNANCE STATEMENT



Governance Statement

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

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

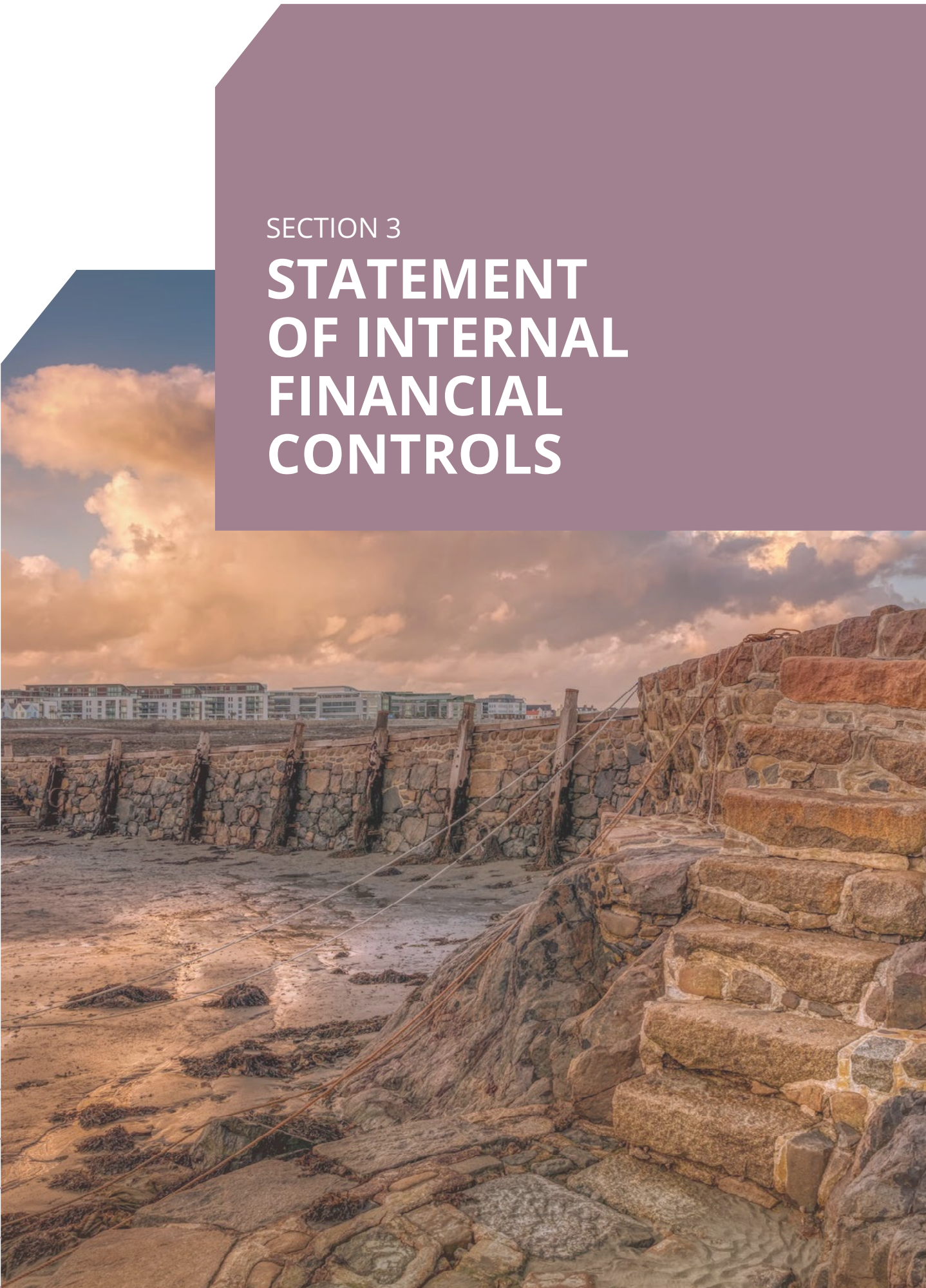
Included within the group, and these consolidated financial statements, are three incorporated entities owned by the States of Guernsey and one which is controlled by the States of Guernsey. These entities have a separate legal form and their own governance frameworks (including the degree to which each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

See Note 34 for details of these Incorporated Entities and the Controlled Entities.



SECTION 3

STATEMENT OF INTERNAL FINANCIAL CONTROLS



Statement of Internal Financial Controls

Core Government

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

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

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

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

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

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

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

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

Unincorporated Trading Entities

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

Controlled Incorporated Entities

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

The Public Servants Pension Scheme

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

Internal Controls: Reporting in accordance with IPSAS

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



SECTION 4

INDEPENDENT AUDITOR'S REPORT TO THE POLICY & RESOURCES COMMITTEE



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

1. Opinion

We have audited the consolidated financial statements of the States of Guernsey and its Controlled Entities (the 'Group') for the year ended 31 December 2025 which comprise the Consolidated Statement of Financial Performance, the Consolidated Statement of Movement in Reserves, the Consolidated Statement of Financial Position, the Consolidated Cashflow Statement, notes to the Consolidated Financial Statements, Group Accounting Policies and additional disclosures supporting the Consolidated Financial Statements.

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended; and
- are in accordance with International Public Sector Accounting Standards ('IPSAS').

2. Basis for opinion

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

3. Other information

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

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

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

We have nothing to report in this regard.

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

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

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

5. Responsibilities of the Committee for the financial statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Groups' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Groups' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

7. Use of our report

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

Grant Thornton Limited

Grant Thornton Limited
Chartered Accountants
St Peter Port, Guernsey

Date: 02 June 2026

SECTION 5

PRIMARY CONSOLIDATED FINANCIAL STATEMENTS



Consolidated Statement of Financial Performance

For the year ended 31 December 2025

	Note	2025	2024
		£'000s	Restated £'000s
Revenue			
Income Tax	2a	527,635	417,610
Social Security Contributions	2b	237,150	223,668
Other Taxes and Duties	2c	116,160	105,911
Fines and Penalties	2d	2,031	1,011
Grants and Donations	2e	94	140
		883,070	748,340
Sale of Goods	3a	300,223	279,990
Rendering of Services	3b	38,726	38,537
Fees, Licenses and Permits	3c	12,710	12,751
Finance Income	4	1,597	2,542
Other Income	5	13,277	11,047
Total Revenue		1,249,603	1,093,207
Expenditure			
Pay Costs	6	415,422	395,606
Operating Costs	9	418,383	392,528
Third-Party Payments - Benefits Payments	7	309,054	291,614
Depreciation and Amortisation	12	67,276	61,066
Finance Costs and Similar Charges	10	17,209	30,140
Third-Party Payments - Grants and Subsidies	8	30,689	29,727
Impairment Losses of Non-Financial Assets	11	1,769	1,105
Impairment Losses of Financial Assets	41.4	1,292	33
		1,261,094	1,201,819
Other Gains	13	117,017	128,810
Net Surplus from Equity Accounted Investments	17	547	289
Surplus for the year		106,073	20,487

Consolidated Statement of Movement in Reserves

For the year ended 31 December 2025

	General Reserve	Bond Reserve	Core Investment Reserve	Guernsey Insurance Fund	Long-Term Care Insurance Fund	Accounting Adjustments	Total Reserves
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Opening Balance at 1 January 2025	1,309,562	1,182	182,029	763,874	178,128	1,489,568	3,924,343
Surplus for the Year	106,073	-	-	-	-	-	106,073
Transfers to/(from) General Reserve	(74,132)	874	14,361	33,112	25,785	-	-
Remeasurement of the Net Defined Benefit (Liability)/ Asset	46,993	-	-	-	-	-	46,993
Gain arising on Financial Instruments held at FV through Net Assets/Equity	966	-	-	-	-	-	966
Increase in the Year	79,900	874	14,361	33,112	25,785	-	154,032
Closing Balance at 31 December 2025	1,389,462	2,056	196,390	796,986	203,913	1,489,568	4,078,375

Consolidated Statement of Movement in Reserves

For the year ended 31 December 2024

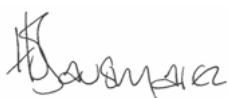
	General Reserve	Bond Reserve	Core Investment Reserve	Guernsey Insurance Fund	Long-Term Care Insurance Fund	Accounting Adjustments	Total Reserves
	Restated £'000s	£'000s	£'000s	£'000s	£'000s	Restated £'000s	Restated £'000s
Restated opening balance at 1 January 2024	1,028,028	(71)	168,620	736,847	151,093	1,446,030	3,530,547
Surplus for the Year	20,487	-	-	-	-	-	20,487
Transfers to/ from General Reserve	(68,724)	1,253	13,409	27,027	27,035	-	-
Remeasurement of the Net Defined Benefit (Liability)/Asset	329,590	-	-	-	-	-	329,590
Gain/(Loss) arising on Financial Instruments held at FV through Net Assets/Equity	181	-	-	-	-	-	181
Initial Recognition Heritage Assets	-	-	-	-	-	43,538	43,538
Increase in the Year	281,534	1,253	13,409	27,027	27,035	43,538	393,796
Closing Balance at 31 December 2024	1,309,562	1,182	182,029	763,874	178,128	1,489,568	3,924,343

Consolidated Statement of Financial Position

as at 31 December 2025

	Note	2025	2024
		£'000s	Restated £'000s
Non-Current Assets			
Property, Plant and Equipment	18	2,456,475	2,431,777
Investment Properties	19	92,308	102,138
Intangible Assets	20	9,411	5,531
Defined Benefit Pension Asset	42.2	6,105	-
Heritage Assets	21	43,609	43,538
Right of Use Assets	24	24,965	-
Investments accounted for using Equity Method	17	3,700	3,153
Receivables from Non-Exchange Transactions	23	39,000	-
Receivables from Exchange Transactions	22b	12,893	8,448
Other Financial Assets and Investments	25	1,803,003	1,787,873
		4,491,469	4,382,458
Current Assets			
Inventories	26	20,865	22,478
Receivables from Exchange Transactions	22a	95,441	88,751
Receivables from Non-Exchange Transactions	23	161,992	108,883
Other Financial Assets and Investments	25	3,660	7,649
Cash and Cash Equivalents	32b	11,302	8,758
		293,260	236,519
Current Liabilities			
Bank Overdrafts	32b	15,661	3,869
Trade and Other Payables	27	128,940	118,454
Right of Use Liabilities	24	5,702	-
Short Term Borrowing	28a	21,652	20,597
Provisions	29	5,533	3,536
Other Financial Liabilities	31	36,863	46,188
Currency in Circulation	30	51,477	52,590
		265,828	245,234
Non-Current Liabilities			
Long Term Borrowing	28b	381,878	383,674
Trade and Other Payables	27d	5,968	5,632
Right of Use Liabilities	24	19,685	-
Provisions	29	32,995	16,106
Defined Benefit Pension Obligation	43	-	43,988
		440,526	449,400
Net Assets		4,078,375	3,924,343
Reserves			
General Reserve	33a	1,389,462	1,309,562
Other Reserves	33b-f	2,688,913	2,614,781
Total Reserves		4,078,375	3,924,343

These financial statements were approved by the Policy & Resources Committee on 2 June 2026.



Deputy Lindsay de Sausmarez
President of the Policy & Resources Committee



Bethan Haines
States Treasurer

Cashflow Statement

For the year ended 31 December 2025

	Note	2025 £'000s	2024 Restated £'000s
Net Surplus on the Provision of Services		106,073	20,487
Adjustment for Non-Cash and Other Working Capital Movements	32a	(135,317)	(25,595)
Adjustment for Investing and Financing Activities	32a	15,709	14,705
Net Cash Flows from Operating Activities	32c	(13,535)	9,597
Net Cash Flows from Investing Activities	32d	24,902	8,319
Net Cash Flows from Financing Activities	32e	(20,615)	(32,250)
Net (Decrease) in Cash and Cash Equivalents		(9,248)	(14,334)
Cash and Cash Equivalents at the Beginning of the Year	32b	4,889	19,223
Cash and Cash Equivalents at the End of the Year	32b	(4,359)	4,889



Comparison of Budget and Actual Amounts

For the year ended 31 December 2025

	Budget			Actual	Difference
	Original	Adjustments	Auth- orised		
	£'000s	£'000s	£'000s		
General Revenue and Central Activities					
Central Activities Income*	659,548	-	659,548	723,133	63,585
Net Revenue Expenditure					
Committee for Health and Social Care	(245,196)	(4,821)	(250,017)	(253,379)	(3,362)
Committee for Education, Sport & Culture	(92,868)	(1,728)	(94,596)	(94,323)	273
Corporate Services	(84,668)	(2,174)	(86,842)	(89,585)	(2,743)
Committee for Employment & Social Security	(92,236)	9,062	(83,174)	(82,112)	1,062
Committee for Home Affairs	(41,272)	(1,827)	(43,099)	(43,075)	24
Policy & Resources Committee	(17,225)	(3,173)	(20,398)	(21,190)	(792)
Committee for the Environment & Infrastructure	(15,001)	(1,031)	(16,032)	(15,973)	59
Committee for Economic Development	(12,202)	(543)	(12,745)	(12,563)	182
Committee for Housing	-	(9,640)	(9,640)	(9,110)	530
Other Committees	(20,645)	(1,119)	(21,764)	(20,329)	1,435
Government Work Plan Service Developments	(8,352)	2,759	(5,593)	-	5,593
Budget Reserve	(20,335)	15,571	(4,764)	-	4,764
Total Net Revenue Expenditure	(650,000)	1,337	(648,664)	(641,639)	7,025
Revenue Surplus / Deficit	9,548	1,337	10,885	81,495	70,610
Notes and Coins Operational	-	-	-	(505)	(505)
Provision for Controlled Entity Losses*	(4,400)	-	(4,400)	(10,666)	(6,266)
Non-Capitalised Project Costs *	(35,096)	(2,059)	(37,155)	(25,654)	11,501
Operating Surplus/(Deficit)*	(29,948)	(722)	(30,670)	44,670	75,340
Depreciation & Amortisation*	(30,200)	-	(30,200)	(29,998)	202
Capital Income/(Losses) - Sale of Property*	-	-	-	(2,272)	(2,272)
Net Interest (Paid)/Received*	(6,300)	-	(6,300)	(5,716)	584
Net Surplus/(Deficit) before Investment Returns	(66,448)	(722)	(67,170)	6,684	73,854
Notes and Coins Income	-	-	-	3,834	3,834
Investment Returns*	22,400	-	22,400	30,229	7,829
Net Surplus / Deficit	(44,048)	(722)	(44,770)	40,747	85,517
Social Security Contributory Funds	43,687	-	43,687	58,898	15,211
Core Government Net Results	(361)	(722)	(1,083)	99,645	100,728
States Unincorporated Trading Entities:					
Net Revenue Expenditure					
Guernsey Airports	(4,339)	-	(4,339)	(15,683)	(11,344)
Guernsey Harbours	2,769	-	2,769	4,236	1,467
Guernsey Water	307	-	307	700	393
Guernsey Dairy	(315)	-	(315)	58	373
States Works	1,009	-	1,009	1,040	31
Guernsey Waste	(2,562)	-	(2,562)	(720)	1,842
Total Trading Entities	(3,131)	-	(3,131)	(10,369)	(7,238)

*See Table 1 in Appendix VIII.

Comparison of Budget and Actual Amounts (continued)

For the year ended 31 December 2025

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

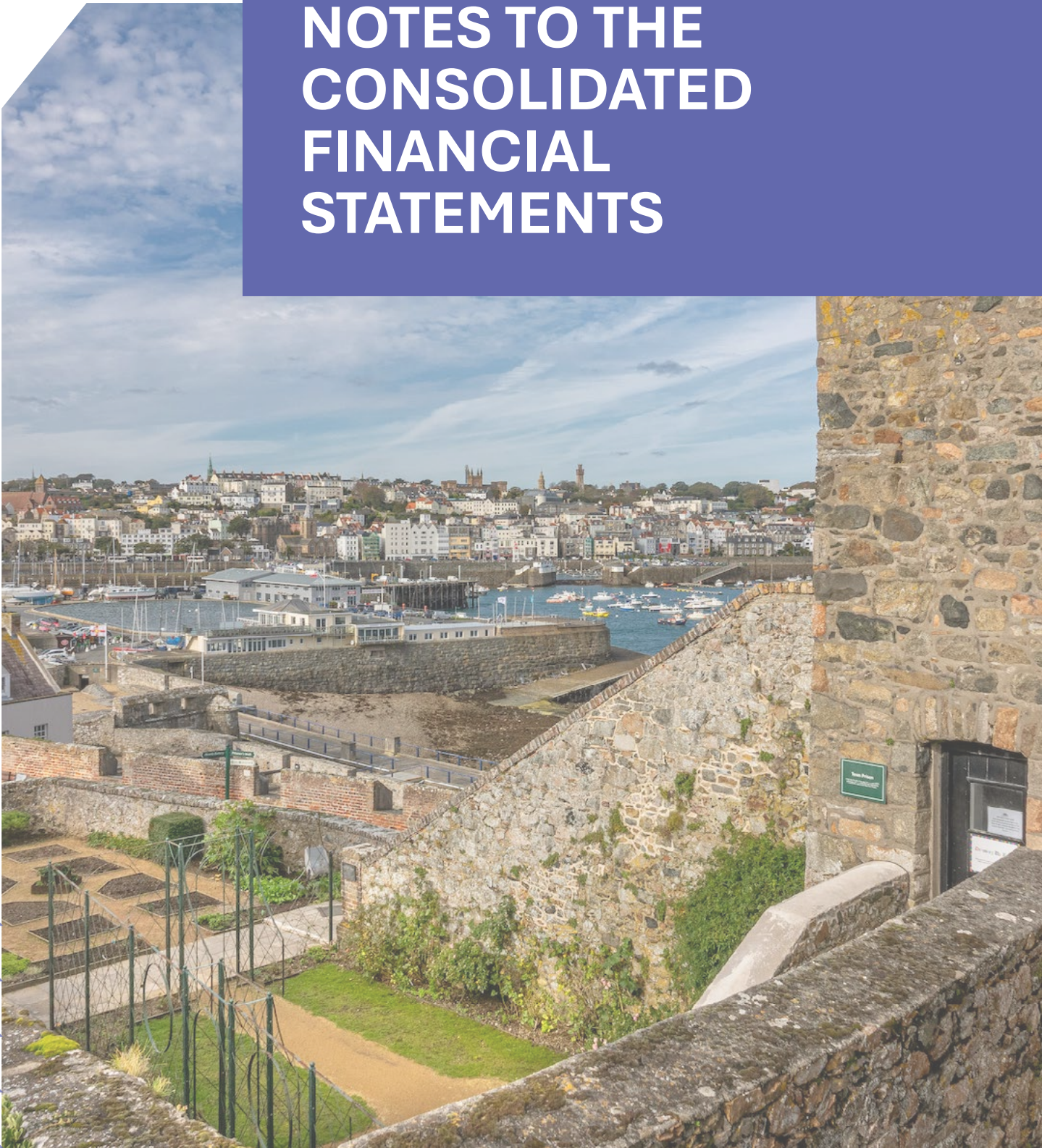
The original budget is the budget approved each year in the States of Deliberation. Adjustments to the original budget can be approved during the course of the financial year. Other adjustments represent transfers between committees when responsibility transfers between them.

The budgets were prepared and approved in 2024 for the 2025 financial year and were not prepared on a fully IPSAS compliant basis and therefore there are adjustments that have to be made to present the actual on a comparable basis to the budget. Further detailed analysis of this summary statement is presented in Appendix VIII to these financial statements.



SECTION 6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



1. Statement of Compliance and Basis of Preparation

The reporting entity is the States of Guernsey Group and all of its material-controlled entities, within the States of Guernsey group boundary (the 'accounting boundary'), hereafter known as "The Group". The entities that fall within the group are detailed in note 35 Group Accounting Boundary.

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

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

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

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

The significant accounting policies applied in the preparation of these consolidated financial statements are set out in Section 7 (Note 37). These policies have been consistently applied to all years presented.

Restatement of Comparatives	£'000s
Published Financial Statements for the year ended 31 December 2024	3,877,205
Investment Property Recognition at Fair Value on 1 January 2024	3,125
Investment Property Revaluation as at 31 December 2024	475
Heritage Assets Retrospective Recognition IPSAS 45	43,538
Total Adjusted Reserves as at 1 January 2025	3,924,343

An error was made within the independent valuation carried out as at 31 December 2024, this was identified during a review of the properties in 2025. Heritage Assets retrospective recognition has been recognised in accordance with IPSAS45. As a result of these restatements, reserves as at 31 December 2024 have increased by 47.1 million. Further information can be found within Note 33a on page 101 and Note 33f on page 104

2. Revenue from Non-Exchange Transactions

2a. Income Tax	2025	2024
	£'000s	£'000s
Individuals	363,437	353,135
Companies (Including banks)	109,760	48,077
OECD Pillar 2 GloBE taxation	39,000	-
Distributions	15,438	16,398
	527,635	417,610

Income tax represents revenue for the year based on the revenue recognition criteria detailed in the accounting policy Note 37vii.

Revenue (excluding OECD's Pillar 2) is received during the same financial year these financial statements. Included within the tax receivables on Note 23 is £144m (2024: £65m).

The OECD's Pillar 2 Global Minimum Tax Model Rules (GloBE) Rules aim to ensure that the profits of large multinational enterprises (MNEs) are taxed at a minimum effective tax rate of 15% in each of the jurisdictions in which they operate. The rules apply, broadly, to MNE groups with annual revenue of €750m or more in the consolidated financial statements of the Ultimate Parent Entity. The regulations implemented in Guernsey have resulted in an estimate of £39m of revenue for the year ended 31 December 2025.

Companies (including banks and OECD Pillar 2 GloBE) taxation has been recognised in accordance with the accounting policy Note 37vii.

2b. Social Security Contributions	2025	2024
	£'000s	£'000s
Employer and Employee Contributions	219,600	192,007
Self-Employed Contributions	9,289	18,680
Non-Employed Contributions	7,918	10,670
Other Contributions	343	2,311
	237,150	223,668

Social Security Contribution Revenue is received as follows:

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

Whilst most of the contributions are received during the same financial year these financial statements include contributions receivable of £54.41m (2024: £41.61m) reported in Note 23.

2c. Other Taxes and Duties	2025 £'000s	2024 £'000s
Customs & Immigration - Excise and Import Duties		
Motor Fuel	21,809	21,413
Tobacco	12,087	6,182
Wine	6,573	6,809
Beer	4,490	4,546
Spirits	3,810	4,212
Cider	822	793
Import Duties	568	494
	50,159	44,449
Other		
Tax on Real Property	37,105	36,614
Document Duty	26,725	22,903
Vehicle First Registration Duty	2,171	1,945
	116,160	105,911
	2025 £'000s	2024 £'000s
2d. Fines and Penalties		
Fines and Penalties	2,031	1,011
	2,031	1,011
	2025 £'000s	2024 £'000s
2e. Grants and Donations		
Gifts and Donations	94	140
	94	140
Total Revenue from Non-Exchange Transactions	883,070	748,340

3. Income from Operating Activities

3a. Sales of Goods	2025	2024
	£'000s	£'000s
Sales of Electricity	67,939	61,278
Air Fares and Other Passenger Revenue	58,420	56,336
Government Fees and Charges	62,701	46,405
Postal Services	39,586	37,909
Water and Waste Water Charges	20,072	17,926
Harbour and Airport Fees	18,381	16,334
Health & Social Care Fees	13,915	14,153
Municipal and Maintenance Services	14,977	13,302
Milk and Dairy Supplies	10,992	10,368
Retail sales and Hire Purchase	3,851	3,169
Other Sales Income	3,300	2,810
	300,223	279,990
3b. Rendering of Services	2025	2024
	£'000s	£'000s
Housing Rental Income		
Rental Income	37,528	37,029
Service Charges	761	631
	38,289	37,660
Other Income	437	877
	38,726	38,537
3c. Fees, Licences and Permits	2025	2024
	£'000s	£'000s
Company Fees	11,830	11,917
Licenses and Permits	880	834
	12,710	12,751
Total Sale of Goods and Services	351,659	331,278

4. Finance Income

	2025 £'000s	2024 £'000s
Interest Income using the Effective Interest Method		
Loans to Related Parties	1,198	1,785
Bank Accounts	399	757
Total Finance Income	1,597	2,542

5. Other Income

	2025 £'000s	2024 £'000s
Rental Income		
Investment Property Net Rental Income	4,789	5,297
Other Rental Income	5,194	3,360
	9,983	8,657
Royalties	1,347	1,563
Other	1,947	827
Total Other Income	13,277	11,047



6. Pay Costs

6a. Summary of Pay Costs	2025	2024
	£'000s	£'000s
Pay Costs		
Salaries and Wages	393,896	366,979
Pension Costs	21,930	29,428
Social Security Contributions	26,566	23,954
	442,392	420,361
Other Pay Costs		
Holiday Pay Accruals	156	325
Medical Cover	96	277
Income Protection and Life Insurance	182	228
Redundancy and other Costs	757	18
	1,191	848
Pay Costs Capitalised	(1,835)	(1,649)
Elimination of Social Security Contributions	(26,326)	(23,954)
Total Pay Costs	415,422	395,606

Pension Costs include current service costs of £19.6m (2024: £27.35m) in connection with the States of Guernsey Public Servants' Pension Scheme. For further details on the scheme refer to Note 43.

6b. Pay Cost by Group	2025	2024
	£'000s	£'000s
Established Staff**	120,971	112,163
Medical Staff	104,477	100,721
Controlled Entities Personnel	84,906	80,065
Educational Staff	55,219	53,841
Uniformed Services	25,541	25,804
Public Service Employees	18,609	18,166
Other Pay Groups	3,482	2,621
Crown Officers and Judges	2,217	2,225
	415,422	395,606

**Established staff roles operate across the public service in terms of organisational structure and service delivery, covering many areas of specialist and technical expertise, together with corporate functions and enabling services. Examples of specialist or technical roles include: social workers; psychologists; environmental health officers; safeguarding roles; regulatory & statutory roles; population management roles; justice and probation roles; education roles and children's services roles among many others.

6c. Staff Information by Pay Group - Full Time Equivalents	2025 Average FTE	2024 Average FTE
Established Staff	1,854	1,750
Medical Staff	1,596	1,571
Controlled Entities Personnel	1,477	1,432
Educational Staff	934	932
Uniformed Services	416	402
Public Service Employees	457	460
Other Pay Groups	32	30
Crown Officers and Judges	9	9
	6,775	6,586

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

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

6d. Senior Employees' Remuneration	2025 Employees Number	2024 Employees Number
£115,000 to £139,999	156	125
£140,000 to £159,999	42	53
£160,000 to £184,999	41	38
£185,000 to £204,999	21	22
£205,000 to £229,999	18	17
£230,000 to £254,999	11	5
£255,000 to £279,999	5	5
£280,000 to £299,999	1	1
£300,000 to £324,999	2	3
£325,000 to £344,999	1	1
£345,000 and above	1	1
	299	271

Senior Employees' Remuneration represents 4.4% of 6,775 Full Time Equivalent Staff (2024 4.1% of 6,586)

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

Banding increments have been updated for inflation from prior year disclosures which creates non standard increments.

7. Third-Party Payments - Social and Targeted Benefits

	2025 £'000s	2024 £'000s
Social Benefits		
States' Pension	177,203	169,669
Income Support	52,011	50,505
Incapacity Benefit	13,344	12,068
Family Allowance	6,950	7,118
Severe Disability Benefit	7,645	6,861
Sickness Benefit	6,297	5,763
Carer's Allowance	4,216	3,738
Parental Benefit	2,799	2,576
Bereavement Benefit	1,550	1,456
Unemployment Benefit	919	877
Industrial Disablement Benefit	547	567
Industrial Injury Benefit	247	322
Other	178	-
	273,906	261,520
Targeted Benefits		
Residential Home Care	16,269	13,814
Nursing Home Care	13,385	11,779
Medical	3,964	3,368
Death	591	590
Back to Work	155	153
Other	784	390
	35,148	30,094
Total Benefit Payments	309,054	291,614

8. Third-Party Payments - Grants and Subsidies

	2025 £'000s	2024 £'000s
Higher Education Grants	4,037	4,325
Overseas Aid Grants	4,536	3,991
Guernsey Finance LBG	2,500	2,500
Guille-Alles Library	2,020	2,020
Pre School Grants	1,838	1,800
Elizabeth College	1,449	1,564
The Ladies' College	961	1,162
Dairy Farm Management Payments	1,800	1,025
Health Improvement Commission	1,383	1,097
Social Investment Fund	752	1,219
H E Lieutenant Governor	814	773
Student Nurses' Bursary	639	678
Youth Commission	783	725
Guernsey Training Agency	628	534
Guernsey Employment Trust *	-	624
Guernsey Sports Commission	956	785
Emergency Department Fees (income support)*	-	635
Blanchelande College	620	561
The Guernsey Development Agency Limited	1,700	525
Guernsey Competition and Regulatory Authority	400	156
Priaulx Library	394	383
Action for Children *	-	328
Channel Islands Brussels Office	330	330
Alderney Island Medical Centre *	-	259
Grow Limited *	-	256
Apprenticeship Grants	285	225
School Uniform Clothing & Educational Maintenance Grants *	-	182
Choices LBG *	-	170
Guernsey Arts Commission	131	126
COVID-19 Grant Payments	65	110
Guernsey Nature Commission **	140	-
Manche iles Express ***	127	-
Islands Unlimited ***	150	-
Tourism Development fund **	130	-
Friends of St James Association **	215	-
Guernsey Citizens advice **	110	-
Guernsey Caring for Ex Offenders **	110	-
Other Grant Payments less than £100k in both years	686	659
Total Grants and Subsidies	30,689	29,727

* As part of a review of grants and subsidies carried out during the year, including implementation of new agreements and a review of existing agreements these items were recategorised as contracted out works or targeted benefits.

**Previously included in Other Grants under £100k in both years.

***New grant in 2025

9. Operating Costs

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

9a. Support Services	2025	2024
	£'000s	£'000s
Contracted Out Work	93,298	86,384
Consultants' Fees	16,359	18,345
Communications and IT	21,680	16,086
Risk Management and Insurance	12,001	8,491
Advertising, Marketing, and Public Relations	4,149	3,304
Bank Charges	2,832	2,546
States Members Remuneration	2,210	2,090
Postage, Stationery, and Printing	1,634	1,497
Audit Fees	1,118	1,375
Incidental and Other Costs	472	1,228
	155,753	141,346

9b. Supplies and Services	2025	2024
	£'000s	£'000s
Supplies	84,929	90,909
Services	99,483	87,182
	184,412	178,091

9c. Premises Cost	2025	2024
	£'000s	£'000s
Repairs, Maintenance, and Servicing	38,456	25,399
Rents and Leasing	2,308	6,533
Utilities	5,013	3,874
Equipment, Fixtures and Fittings	1,884	1,766
	47,661	37,572

9d. Transport Cost	2025	2024
	£'000s	£'000s
Repairs, Maintenance & Servicing	6,259	7,435
Fuel Costs	6,548	7,324
Lease Rental Costs	3,135	6,681
Insurance, Damage and Excess	494	815
Other	948	348
	17,384	22,603

Lease rental costs of £2.8m (2024: £6.59m) relate to leasing of fully crewed aircraft by Aurigny Air Services Limited to cover scheduled services due to the lack of availability of owned aircraft. The remaining £0.8m (2024: £0.09m) relates to other vehicle leasing arrangements in the group.

9e. Staff Related Non-Pay Costs	2025	2024
	£'000s	£'000s
Rent Allowance	4,287	4,159
Recruitment & Relocation	4,295	4,083
Training	2,349	2,593
Other Staff Costs	2,242	2,081
	13,173	12,916
Total Operating Costs	418,383	392,528

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

9f. Payment to States Members	2025	2024
	£	£
Name		
S E Aldwell	20,319	40,626
C P Blin	48,682	47,147
A H Brouard	31,106	60,854
Y Burford	57,405	54,885
T L Bury	55,697	47,147
A Cameron	48,682	47,147
H L Camp	24,575	-
G M Collins	24,575	-
R P Curgenvén	24,575	-
D de G de Lisle	23,025	45,045
H L de Sausmarez	73,682	63,695
D F Dorrity	24,575	-

9f. Payment to States Members (continued)

	2025	2024
	£	£
A C Dudley-Owen	32,568	63,695
J F Dyke	19,407	38,815
S Fairclough	24,107	47,147
S J Falla	55,697	47,147
P T R Ferbrache	23,025	45,045
A Gabriel	55,697	47,147
J A B Gollop	57,143	63,695
M T Goy	24,575	-
S T Hansmann Rouxel	28,083	-
S P Haskins	24,107	47,147
M A J Helyar	55,697	47,147
E R J Hill	14,916	-
R M Humphreys	24,575	-
N R Inder	58,501	63,695
B R Kay-Mouat	24,575	-
A Kazantseva-Miller	55,697	47,147
M S Laine	24,575	-
C J Le Tissier	23,025	45,045
J P Le Tocq	60,651	63,695
M P Leadbeater	55,697	47,147
D J Mahoney	24,107	47,147
M Malik	24,575	-
A D S Matthews	48,682	47,147
L J McKenna	48,682	47,147
C P Meerveld	32,568	63,695
P S N Montague	31,591	-
N G Moakes	24,107	47,147
R C Murray	31,106	60,854
A J Niles	25,853	-
V S Oliver	24,107	47,147
G A Oswald	31,422	-
J M Ozanne OBE	24,575	-
C N K Parkinson	53,168	45,045
R G Prow	31,106	60,854
L C Queripel	23,025	45,045
S Roberts	-	24,862
S J Rochester	24,575	-
P J Roffey	31,106	60,854
T M Rylatt	24,575	-
A S Sloan	28,083	-
E A J Snowdon	26,212	26,023
H J R Soulsby MBE	32,568	63,695

9f. Payment to States Members (continued)	2025	2024
	£	£
G A St. Pier	55,697	47,147
J D Strachan	24,575	-
A W Taylor	24,107	47,147
L S Trott OBE	42,386	82,898
L Van Katwyk	24,575	-
S P J Vermeulen	48,682	47,147
S Williams	31,591	-
	2,096,622	2,031,261

Members of the States of Deliberation are considered to have self-employed status for social security purposes. As a result of the election held in June 2025 some of the Members of the States of Deliberation served for only part of the year. The total cost reported above differs from the amount disclosed within Note 9a as the following amounts have been excluded: pension payments which have to be made in respect of the now closed pension scheme, Non-States Members attendance allowances, IT equipment expenditure and expenses incurred in respect of travel expenses of Alderney Representatives.

10. Finance Cost and Similar Charges

Interest Expense on Financial Liabilities measured at Amortised Cost:	2025	2024
	£'000s	£'000s
Interest Chargeable on Bond Loan	11,497	11,485
Interest on Bank Overdrafts and Loans	2,634	2,898
Revolving Credit Facility Interest Charges	295	553
Finance Charge on liabilities in respect of Right of Use Assets	1,503	-
Other	136	112
	16,065	15,048
Net Interest on the Net Defined Pension Benefit Liability / Asset	1,144	15,092
Total Finance Costs (Net of Amounts Capitalised)	17,209	30,140

11. Impairment Losses - Non-Financial Assets

	2025 £'000s	2024 £'000s
Property, Plant & Equipment Impairments	1,769	1,105
Total Impairment Losses	1,769	1,105

12. Depreciation and Amortisation

	2025 £'000s	2024 £'000s
Property, Plant & Equipment Depreciation	61,506	60,157
Right of Use Asset Depreciation	4,707	-
Intangible Asset Amortisation	1,063	909
Total Depreciation & Amortisation Charges	67,276	61,066

13. Other Gains and Losses

	Note	2025 £'000s	2024 Restated £'000s
Amounts Recognised in Surplus or Deficit			
Loss on disposal of Non-Current Assets	15a	(1,855)	(3,834)
Loss on disposal of Intangible Assets	15b	-	(8)
Fair Value changes in Investment Properties	19	1,516	2,848
Movement in Derivative Financial Instruments	42.2	(1,643)	(144)
Net Gain on Financial Assets mandatorily measured as at Fair Value through Surplus or Deficit	42.2	121,160	132,454
Depositor Returns		(2,161)	(2,506)
Total		117,017	128,810

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

	2025 £'000s	2024 £'000s
Amounts recognised in Net Assets/Equity		
Effective Gains on hedging instruments in a cash flow hedge	966	181
Total	966	181

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

15a. (Deficit) on Disposal and Derecognition of Property, Plant & Equipment	2025 £'000s	2024 £'000s
Proceeds from Sale	4,240	8,311
Carrying amount of Non-Current Assets Disposals (excluding Investment Properties)	(6,095)	(12,145)
	(1,855)	(3,834)
15b. (Deficit) on Derecognition of Intangible Assets	2025 £'000s	2024 £'000s
Carrying amount of Intangible Assets Derecognised	-	(8)
	-	(8)

16. Surplus/Deficit on Disposal of Investment Property

	2025 £'000s	2024 £'000s
Proceeds from Sale	-	-
Carrying amount of Investment Properties Sold	-	-
	-	-

17. Investments Accounted for using the Equity Method

Joint Ventures

The Group has a 50% (2024: 50%) interest in the joint venture, Condor VesselCo Limited, a separate structured vehicle incorporated and operating in Guernsey. The primary activity of Condor VesselCo Limited is the ownership of a vessel which is leased to Brittany Ferries) as Condor VesselCo Limited is a private limited company there is no quoted market price for the investment.

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

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

	2025 £'000s	2024 £'000s
Assets		
Non-Current Assets	35,415	34,340
Total Assets	35,415	34,340
Liabilities		
Current Liabilities	5,349	4,701
Non-Current Liabilities	22,667	23,333
Total Liabilities	28,016	28,034
Net Assets (100%)	7,399	6,306
States' Share of Net Assets (50%)	3,699	3,153
Included in the above amounts are:		
Current Financial Liabilities (excluding taxes and transfers payable, payables under exchange transactions and provisions)	5,349	4,701
Non-Current Financial Liabilities (excluding taxes and transfers payable, payables under exchange transactions and provisions)	22,667	23,333
Revenue	369	350
Interest Revenue	1,546	1,589
Interest Expense	(822)	(1,362)
Surplus/(Deficit) for the year (100%)	1,093	577
States' Share of Surplus/(Deficit) for the year (50%)	546	289
Dividends received by the States during the year	-	-

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

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

18. Property, Plant and Equipment

18a. Movement and position for the year ended 31st December 2025

	Land	Buildings	Infrastructure Assets	Vehicles, Vessels & Aircraft	Plant & Equipment	Information & Technology	PP&E Under Construction	Total PP&E
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Cost								
At 1 January 2025	678,472	954,970	938,123	99,169	184,808	28,223	95,309	2,979,074
Additions	-	5,182	5	3,257	1,246	496	72,268	82,454
Derecognition - Disposals	-	(3,127)	(1,917)	(3,758)	(668)	(5,381)	(46)	(14,897)
Reclassifications and Transfers	7,008	20,671	13,109	7,553	6,573	1,106	(48,549)	7,471
At 31 December 2025	685,480	977,696	949,320	106,221	191,959	24,446	118,977	3,054,104
Depreciation and Impairment	(905)	(160,367)	(212,982)	(43,462)	(110,222)	(19,359)	-	(547,297)
At 1 January 2025	(33)	(22,419)	(19,881)	(7,255)	(9,453)	(2,465)	-	(61,506)
Depreciation Charge	-	-	-	-	-	-	-	-
Impairment Losses/Reversals to Surplus or Deficit	-	266	806	2,453	380	4,897	-	8,802
Derecognition - Disposals	-	-	-	1,015	202	-	-	1,217
Reclassifications and Transfers	-	267	-	58	830	-	-	1,155
At 31 December 2025	(938)	(182,253)	(232,057)	(47,191)	(118,263)	(16,927)	-	(597,629)
Net Book Value at 31 December 2025	684,542	795,443	717,263	59,030	73,696	7,518	118,978	2,456,475
Net Book Value at 1 January 2025	684,547	798,203	725,141	55,707	74,586	8,864	95,309	2,442,377

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

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

Contractual Commitments

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

- Contractual commitments via the Guernsey Housing Association in respect of properties under development at La Vielle Plage, the cliff face at The Tyre Yard and Oberlands. The Group is currently committed to spend a further £2.76m on these developments (2024: £6.72.m on La Vielle Plage and Oberlands).
- Contractual commitments in respect of the Les Ozouets Campus Redevelopment of £47.8m (2024: £1.2m).

There were no significant changes in estimates during 2025 and 2024.

Refer to Note 11 for information on PP&E impairments.

19. Investment Properties

	Note	2025 £'000s	2024 Restated £'000s
19a. Income from Investment Properties			
Rental Income from Investment Property		4,789	5,297
Rental Income	(i)	4,789	5,297



	2025	2024
	£'000s	Restated £'000s
19b. Movement in Fair Value of Investment Properties		
Balance at the start of the year	102,138	95,776
Additions		
Purchases	-	389
Net gains/(losses) from fair value adjustments	1,515	2,848
Transfers		
To Property, Plant and Equipment (ii)	(11,345)	-
Balance at 31 December	92,308	102,138

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

(ii) Investment properties of £10.6m have been reclassified as PP&E during the year ended 31 December 2025.

In 2025 investment properties were reclassified as these are now being utilised for operational purposes within the group and are PP&E.

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

The last valuation of the Investment Properties was carried out as at 31 December 2025 by an independent valuer.

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

- The valuation was prepared in accordance with the RICS Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2025 together, where applicable, with the UK National Supplement effective 1 May 2024, (together the “Red Book”)
- The determination of the Group's investment property fair value was supported by market evidence and market conditions either directly or indirectly depending on the data sources needed.

20. Intangible Assets

20a. Movement and position for the year ended 31st December 2025

	Internally Generated Software	Goodwill	Other	Under Development	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
Gross Carrying Amount					
At 1 January 2025	3,756	3,425	1,482	344	9,007
Additions	148	-	-	-	148
Internally Developed	-	-	-	4,342	4,342
Transfers from Assets under Construction	420	-	1,878	(420)	1,878
Disposals	-	(3,425)	-	-	(3,425)
Reclassifications and Transfers	486	-	-	-	486
At 31 December 2025	4,810	-	3,360	4,266	12,436
Amortisation and Impairment					
At 1 January 2025	(1,341)	(1,313)	(822)	-	(3,476)
Amortisation for the period	(497)	(343)	(223)	-	(1,063)
Impairment Losses/Reversals to Surplus or Deficit	-	1,656	-	-	1,656
Reclassifications and Transfers	(142)	-	-	-	(142)
At 31 December 2025	(1,980)	-	(1,045)	-	(3,025)
Net carrying amount at the end of the year					
At 31 December 2025	2,830	-	2,315	4,266	9,411
At 31 December 2024	2,415	2,112	660	344	5,531

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

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

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

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

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

21. Heritage Assets

	Recognition at Deemed Cost or Acquisition Cost	Donated Assets at Deemed Cost	Total
	£'000s	£'000s	£'000s
At 1 January 2024 – Initial Recognition	43,538	-	43,538
Additions	-	-	-
Disposals	-	-	-
At 31 December 2024	43,538	-	43,538
At 1 January 2025	43,538	-	43,538
Additions	71	-	71
Disposals	-	-	-
At 31 December 2025	43,609	-	43,609
	2024	Additions	2025
	£'000s		£'000s
Artworks	3,160	71	3,231
Monuments and Historic Buildings	34,900	-	34,900
Documents and Artifacts	5,478	-	5,478
Total	43,538	71	43,609

2025 is the first year of application of IPSAS 45 Property, Plant & Equipment, with the comparative figures for 2024 restated. Where details of the original cost is not available the insurance value of the asset at 1 January 2024 will be treated as the deemed cost.

The group acquires heritage assets via purchases and donations. Where possible donated assets valued at the time of donation, is the value used as the deemed cost.

Nature and Scale of the Group's Heritage Assets

The Group's collection of heritage assets are remarkably broad, including holdings of art, documents, artifacts, monuments and historic buildings. These assets offer a valuable insight and a detailed historical understanding of the history of the Bailiwick of Guernsey as well as being attractions for tourists.

Obstacles to Meaningful Valuation of Some Items

The Group holds a vast and diverse collection of heritage assets spanning many centuries and categories, many are unique and irreplaceable as they are unique to Guernsey. Given the nature and diversity of the items held it would require a large range of external specialists to attempt to place a monetary value on these items. The cost involved in such an exercise would be prohibitive and far outweigh the benefits of obtaining the valuations, as the heritage assets are held for the public rather than for sale.

Where it is not possible to obtain a deemed cost or value an item they are not recognised in these financial statements. Any subsequent restoration or preservation work on these unrecognised assets is capitalised.

22. Receivables from Exchange Transactions

	2025 £'000s	2024 £'000s
22a. Receivables - Current		
Trade Receivables	70,884	64,788
Other Short-Term Receivables	3,203	4,932
Insurance Claim Recoveries	3,951	2,489
Loss Allowance	(7,215)	(6,520)
	70,823	65,689
Prepayments		
Prepayments	24,618	23,062
	24,618	23,062
Total Receivables - Current	95,441	88,751
22b. Receivables - Non-Current		
Insurance Claim Recoveries	11,006	6,608
Other	1,887	1,840
Total Receivables - Non-Current	12,893	8,448

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

23. Receivables from Non-Exchange Transactions

	2025 £'000s	2024 £'000s
Current Receivables		
Income Tax	105,341	65,087
Other Taxes	2,242	2,185
Social Security Contributions Receivable	54,409	41,611
Total	161,992	108,883
Non Current Receivables		
Pillar II	39,000	-
Total	200,992	108,883

The OECD's Pillar 2 Global Minimum Tax Model Rules (GloBE) Rules aim to ensure that the profits of large multinational enterprises (MNEs) are taxed at a minimum effective tax rate of 15% in each of the jurisdictions in which they operate. The rules apply, broadly, to MNE groups with annual revenue of €750m or more in the consolidated financial statements of the Ultimate Parent Entity. The regulations implemented in Guernsey have resulted in an estimate of £39m for the year ended 31 December 2025.

Tax receivables, excluding Pillar 2 which are non current assets, are due to be settled in the following financial year and are therefore considered to be short term, so their carrying value represents a reasonable approximation of their fair value.



24. Right of Use Assets and Leases

The Group has leases for land, buildings, aircraft and IT equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected in the Consolidated Statement of Financial Position as a right-of-use asset and a corresponding lease liability in respect of those right of use assets.

The Group as Lessee

The Group leases property and equipment for the following purposes:

- Providing accommodation to employees such as healthcare workers.
- Provision of aircraft to operate airline routes.
- IT Equipment for use by staff.

Right of Use Asset table reflecting the impact of the adoption of IPSAS 43.

Initial recognition represents the change in reporting from the former operating leases to right of use assets, in accordance with the new standard.

	Land £'000s	Buildings £'000s	Vehicles, Vessels & Aircraft £'000s	Information & Technology £'000s	Total £'000s
Cost					
At 1 January 2025 – Initial Recognition	657	4,995	5,121	-	10,773
Additions	-	4,911	8,146	5,842	18,899
Disposals	-	-	-	-	-
At 31 December 2025	657	9,906	13,267	5,842	29,672
Depreciation & Impairment	-	-	-	-	-
Charge in year	(34)	(1,840)	(1,684)	(1,149)	(4,707)
Disposals	-	-	-	-	-
At 31 December 2025	(34)	(1,840)	(1,684)	(1,149)	(4,707)
Net Book Value at 31 December 2025	623	8,066	11,583	4,693	24,965

The Statement of Financial Position shows the following amounts relating to Right of Use assets & Right of Use Lease Liabilities.

	2025 £'000s	2024 £'000s
Right of Use Liabilities		
Current	5,702	-
Non-current	19,685	-
Total	25,387	-

The Lease liability movements in respect of right of use assets are presented below.

	Lease Liability £'000s
Reconciliation of Lease Liabilities	
Initial Recognition	
At 1 January 2025 - Initial Recognition	10,774
Movement	
Finance Costs	1,503
Lease Payments	(5,790)
Lease Liability Additions	18,899
Lease Liability as at 31 December 2025	25,386

Other IPSAS 43 Disclosures required in respect of amounts recognised within the Statement of Financial Performance:

	2025 £'000s	2024 £'000s
Interest Expense	1,503	-
Expense relating to short term leases	5,443	13,214
Expense relating to leases of low-value assets that are not shown above	-	-
Total	6,946	13,214

The total cash outflow for leases in 2025 was £13m.

The future minimum lease payments due under non-cancellable leases in future years are:

	2025 £'000s	2024 £'000s
Within 1 Year	5,702	6,522
Within 2-5 Years	19,685	22,442
Later than 5 Years	-	1,302
Total	25,387	30,266

There have not been any sale and leaseback transactions during 2025 or 2024.



The following items are treated in the same way as they were treated in the prior year as they are short term in nature.

	2025		2024	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
	£'000s	£'000s	£'000s	£'000s
Group as Lessee				
24a The future minimum lease payments due under non-cancellable operating leases				
Minimum lease rentals payable				
No later than 1 year	5,702	-	5,116	1,406
Later than 1 year and no later than 5 years	-	-	18,749	3,693
Later than 5 years	-	-	1,302	-
	5,702	-	25,167	5,099
24b Expenditure charged to the Statement of Financial Performance during the year				
Minimum lease payments	2,308	3,135	5,245	-
	2,308	3,135	5,245	-
	2025		2024	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
	£'000s	£'000s	£'000s	£'000s
Group as Lessor				
24c Rental income from non-cancellable operating leases				
Minimum lease rentals receivable				
No later than 1 year	9,411	-	4,399	-
Later than 1 year and no later than 5 years	33,347	-	14,364	-
Later than 5 years	-	-	284	-
	42,758	-	19,047	-

25. Other Financial Assets and Investments

Other Financial Assets comprise the following:

	Note	2025			2024		
		Non-Current £'000s	Current £'000s	Total £'000s	Non Current £'000s	Current £'000s	Total £'000s
Financial assets at fair value through surplus or deficit (FVTSD)	25a	1,770,936	2,673	1,773,609	1,757,599	3,359	1,760,958
Financial assets at amortised cost	25b	32,042	987	33,029	30,250	4,290	34,540
Investments at cost less impairment	25c	24	-	24	24	-	24
Total		1,803,002	3,660	1,806,662	1,787,873	7,649	1,795,522

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

25a.	2025		2024	
	Non-Current £'000s	Current £'000s	Non Current £'000s	Current £'000s
Alternatives	203,055	-	198,185	-
Bonds and Fixed Interest Securities	453,584	-	476,289	-
Property	91,824	-	58,954	-
Equities and Derivatives	693,066	-	751,732	-
Private Market Investments	232,496	-	212,156	-
Cash	96,911	-	60,283	-
General Investment Portfolio	1,770,937		1,757,599	-
Derivative Financial Instruments		2,673		3,360
Total	1,770,937	2,673	1,757,599	3,360

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

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

25b. Financial Assets at Amortised Cost

	2025			2024		
	Current £'000s	Non-Current £'000s	Total £'000s	Current £'000s	Non-Current £'000s	Total £'000s
(i) Loans and Advances issued from Bond Reserves						
JamesCo Limited	837	5,101	5,938	810	5,936	6,746
Golf Course Management	36	704	740	34	740	774
Condor VesselCo Limited	-	22,667	22,667	3,333	20,000	23,333
Alderney Housing Association	82	2,366	2,448	77	2,448	2,525
Other Loans:						
Home Loans Scheme	31	353	384	38	392	430
Higher Education Loans Fund	49	15	64	49	16	65
Office of the Data Protection Authority	-	799	799	-	799	799
BSJA Loan	3	117	120	-	-	-
Total Financial Assets at Amortised Cost						
Loss allowance for financial assets measured at amortised cost	(51)	(80)	(131)	(51)	(81)	(132)
Total	987	32,042	33,029	4,290	30,250	34,540
(ii) Other Financial Instruments at Amortised Cost						
Money Market Deposits	-	-	-	-	-	-
Total	-	-	-	-	-	-
Total Financial Assets at Amortised Cost	987	32,042	33,029	4,290	30,250	34,540

25c. Investment in Other Entities

(i) Investment in Incorporated Trading Entities

		2025	2024
		Current £'000s	Current £'000s
JamesCo750 Limited	100%	16	16
Alderney Electricity Limited	17.1%	3	3
Channel Islands Electricity Grid Limited	50%	5	5
Total		24	24

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



26. Inventories

	2025 £'000s	2024 £'000s
Consumable Stores	19,509	14,344
Maintenance and Materials	3,473	3,784
Equipment Parts (spares)	156	5,960
Stocks of Unissued Currency	401	520
Work-in-Progress	353	552
Purchased Goods for Resale	380	715
Other	-	154
Provision for Impairment	(3,407)	(3,551)
Total	20,865	22,478

The amount of inventories recognised as an expense during the year was £1.6m (2024: £4.8m). These were recognised as operating costs in the Statement of Financial Performance.

Inventories have been reduced by £3.4m (2024: £3.6m). The write-down was recognised as an expense in the Statement of Financial Performance.

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

27. Trade and Other Payables

27a Trade Payables - Amounts falling due within 1 year	2025 £'000s	2024 £'000s
Trade Payables	101,063	91,110
Receipts in Advance (Electricity & Air Travel)	20,171	20,074
Deferred Income	3,433	3,099
Airline Voucher Liability	226	280
Total	124,893	114,563
27b Other Payables - Amounts falling due within 1 year	2025 £'000s	2024 £'000s
Holiday Pay Accrual	4,047	3,891
Total Trade and Other Payables	128,940	118,454

27c Trade Payables - Amounts falling due after more than 1 year	2025 £'000s	2024 £'000s
Deferred Income	5,702	5,278
Other	-	228
Total	5,702	5,506

27d Other Payables - Amounts falling due after more than 1 year	2025 £'000s	2024 £'000s
Deferred Notional Rental Income	267	126
Total	267	126

Total Trade and Other Payables	5,968	5,632
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28. Borrowings

28a Short Term Borrowings	2025 £'000s	2024 £'000s
Bank Loans	4,152	4,097
Revolving Credit Facility	17,500	16,500
	21,652	20,597

28b Long Term Borrowings	2025 £'000s	2024 £'000s
Bank Loans	33,083	37,234
Revolving Credit Facility	29,500	27,500
Public Bond Issued	319,295	318,940
	381,878	383,674

The Revolving Credit Facilities are made up of:

- i. A short term facility for Guernsey Housing Association LBG which as at 31 December 2025 was £17.5m (2024: £6.5m)
- ii. A short term facility for the States of Guernsey, which as at 31 December 2025 was NIL (2024: £10m). The maximum limit on the facility is £100m.
- iii. Guernsey Electricity has two long term revolving credit facilities. A revolving credit facility with HSBC for £35m, on which £29.5m (2024: £27.5m) has been drawn down as at December 2025. An additional revolving credit facility for £15m was entered into with RBSI in September 2025 unutilised as at December 2025.

The Public Bond

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

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

29. Provisions

Current Year 2025	At 1 Jan 2025	Increase/ (Decrease) during the year	Utilised during the year	At 31 Dec 2025
	£'000s	£'000s	£'000s	£'000s
Insurance – Outstanding Claims	12,921	10,017	(1,969)	20,969
PFAS Provision	6,175	10,363	-	16,538
Landfill Capping	250	-	-	250
Other Provisions	296	475	-	771
	19,642	20,855	(1,969)	38,528
Current Provisions	3,536	3,932	(1,938)	5,533
Long Term Provisions	16,106	16,923	(31)	32,995
	19,642	20,855	(1,969)	38,528
Comparative Year 2024	At 1 Jan 2024	Increase/ (Decrease) during the year	Utilised during the year	At 31 Dec 2024
	£'000s	£'000s	£'000s	£'000s
Insurance – Outstanding Claims	15,024	2,125	(4,228)	12,921
PFAS Provision	6,000	175	-	6,175
Landfill Capping	250	-	-	250
Other Provisions	256	40	-	296
	21,530	2,340	(4,228)	19,642
Current Provisions	2,814	2,398	(1,676)	3,536
Long Term Provisions	18,716	(58)	(2,552)	16,106
	21,530	2,340	(4,228)	19,642

Insurance Provision

The insurance provision has been made to meet known and anticipated liabilities on claims under the Group insurance arrangements. In common with many other groups an element of self-insurance is included in the insurance programme after which the insurer settles claims. A corresponding asset for the element that will be settled by the insurer has been included in Note 22 Receivables from Exchange Transactions.

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

PFAS Provision

Guernsey Airport has a quantity of PFAS contaminated soil stored in protective bunds at the airport. This contaminated soil arose from a firefighting foam used both at the site of an aircraft crash in 1999 and more generally around the airport for training until the early 2000s when it was found that PFAS chemicals are a particularly persistent environmental pollutant, and at sufficiently high concentrations could pose risks to health.

The contaminated soil was excavated and placed into two engineered protective bunds located at Guernsey Airport. This approach reflected accepted practice at the time, as no viable disposal or treatment solutions were then available. While the bunds are designed to mitigate the risk of PFAS migration to the surrounding environment and groundwater, they have a finite operational life and do not represent a permanent solution. Permanent remediation is therefore unavoidable.

During 2022, specialist technical advice confirmed that commercially viable remediation and disposal solutions had become available and that the associated costs could be estimated with sufficient reliability. On this basis, Guernsey Ports recognised a provision reflecting its present legal and constructive obligation to remediate the contaminated soil in accordance with applicable environmental requirements.

In January 2026, a Full Business Case was completed which provided materially improved cost certainty in respect of the preferred remediation solution. This incorporated market-tested pricing from a preferred bidder, quantified project and contractual risk allowances, specialist technical advisor costs, and internal project management and governance requirements. As a result, the best estimate of the expenditure required to settle the obligation increased significantly.

The amount provided remains subject to estimation uncertainty and is dependent on the finalisation of procurement processes, contractual arrangements, regulatory approvals and the selected remediation approach. Actual costs may, therefore, differ from current estimates as the project progresses

The provision is classified as non-current, as the timing of remediation works is dependent on procurement and project scheduling and is not expected to be settled within the next twelve months. The provision will be reviewed at each reporting date and remeasured as further information becomes available and contractual commitments are finalised.

Landfill Capping Provision

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

Other Provisions

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

30. Currency in Circulation

	2025 £'000s	2024 £'000s
In circulation at 1 January	63,574	62,068
Issued during the year	39,636	48,332
Withdrawn during the year	(40,560)	(46,826)
In circulation at 31 December	62,650	63,574
Notes and coin which are considered unlikely to be either redeemed or exchanged at 31 December (nominal value)		
Commemorative coin - reduction in liability	(9,073)	(8,884)
General notes and coin - reduction in liability	(2,100)	(2,100)
Estimated Value of Liability as 31 December	51,477	52,590
Notes and Coin in Circulation analysed as:		
Notes	46,477	47,590
Coin	5,000	5,000
	51,477	52,590

Although the nominal value of the notes and coin in circulation amounted to £62.6m as at 31 December 2025 (2024: £63.6m), it has been estimated that a certain proportion of this total would not be redeemed at any point in the future. Consequently, it has been assumed that the liability would reduce accordingly. An estimate has been calculated using a formula, which considers the type of note or coin, as well as the levels of redemption in past years. The cumulative nominal value of the commemorative coins in issue as at 31 December 2025 was £9.7m (2024: £9.5m).

The liability has been reduced by £9.1m (2024: £8.9m), due to the negligible levels of redemption in previous years. The commemorative coin may have a market value that exceeds their nominal value, due to either the value of the metals contained within the coin, and/or their demand within the marketplace.

31. Other Financial Liabilities

	Note	2025 £'000s	2024 £'000s
At Fair Value through Net Assets/ Equity			
Amounts Invested by Depositors		36,542	45,269
Derivative Financial Instruments	41.5	94	95
Net Fair Value through Surplus or Deficit			
Derivative Financial Instruments	41.5	227	824
Total Financial Liabilities		36,863	46,188



32. Cashflow Statements Notes

	2025 £'000s	2024 Restated £'000s
32a. Analysis of Adjustments to the Surplus for the Year		
Adjustments to the Surplus for Non-Cash and Working Capital Movements:		
Depreciation and Amortisation	67,276	61,066
Impairment	1,769	1,105
(Increase)/Decrease in Inventories	1,613	(935)
(Increase)/Decrease in Debtors	(103,939)	12,354
Increase/(Decrease) in Impairment Provision for Receivables	694	(33)
Increase in Creditors	9,951	8,910
Increase/(Decrease) in Depositors	(8,727)	11,498
Adjustments for Pension Actuarial Amounts	(3,100)	12,758
Loss on disposal of Non-current Assets Sold or Derecognised	1,801	3,842
Contributions to Other Provisions	18,411	(1,888)
Change in Fair Value of Investments	(121,159)	(132,454)
Adjustment for Depositor Returns	-	-
Increase in Carrying Value of Long Term Loans (EIR)	355	344
Gain on fair value of investment properties	(1,516)	(2,848)
Losses on Fair Value Change in Derivatives	1,801	975
Adjustment for Joint Venture Value	(547)	(289)
Total	(135,317)	(25,595)
Adjustments for items included in the Surplus that are Investing and Financing Activities:		
Finance Costs	15,709	14,705
Total	(119,608)	(10,890)

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

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

	2025 £'000s	2024 £'000s
32b Cash and Cash Equivalents		
Cash and Bank balances	11,302	8,758
Bank Overdraft	(15,661)	(3,869)
Total	(4,359)	4,889
	2025 £'000s	2024 £'000s
32c Included in Cash Flows from Operating Activities is:		
Interest Received	1,597	2,542
	2025 £'000s	2024 £'000s
32d Cash Flows from Investing Activities		
Purchase of PP&E, Investment Property and Intangible Assets	(87,096)	(73,969)
Other Payments for Investing Activities – Heritage Assets	(71)	-
Proceeds from the Sale of PP&E, Investment Property and Intangible Assets	3,079	8,311
Net Proceeds from Purchase and Sale of Investments	107,478	71,032
Issue of New Loans to Third Parties	(120)	-
Repayment of Loans to Third Parties	1,632	2,946
Total	24,902	8,319
	2025 £'000s	2024 £'000s
32e Cash Flows from Financing Activities		
Repayment of Borrowings and Leasing Liabilities	(17,906)	(17,545)
Proceeds from Borrowings	13,000	-
Interest Paid	(15,709)	(14,705)
Net Cash Flow from Financing Activities	(20,615)	(32,250)

32f. Reconciliation of Liabilities arising from Financing Activities

	As at 1 Jan 2025	Financing Cash Flows	Changes which are not Financing Cash Flows		At 31 Dec 2025
	Restated £'000s	£'000s	Other Cash Flows £'000s	Other Non-Cash Flows £'000s	£'000s
Long-Term Borrowings	387,771	(2,096)	-	355	386,030
Short-Term Borrowings	16,500	1,000	-	-	17,500
Lease Liabilities	10,298	(3,810)	-	18,999	25,487
Total Liabilities from Financing Activities	414,569	(4,906)	-	19,254	429,017

33. Reserves

	2025 £'000s	2024 Restated £'000s
33a General Reserve		
Balance at 1 January	1,309,562	1,024,903
Prior Year Adjustment Investment Property	-	3,125
Restated opening balance	1,309,562	1,028,028
Surplus for the year	106,073	20,487
Transfers to Other Reserves:		
Bond Reserve	(874)	(1,253)
Core Investment Reserve	(14,361)	(13,409)
Guernsey Insurance Fund	(33,112)	(27,027)
Long-Term Care Insurance Fund	(25,785)	(27,035)
	(74,132)	(68,724)
Other Surplus/(Deficit):		
Remeasurements of the Net Defined Benefit Liability	46,993	329,590
Gain/Loss arising on Financial Instruments held at Fair Value through Net Assets/Equity	966	181
	47,959	329,771
Balance at 31 December	1,389,462	1,309,562

	2025 £'000s	2024 £'000s
33b Bond Reserve		
Balance at 1 January	1,182	(71)
Transfer from General Reserve:		
Investment return	1,068	991
Interest received from loans	1,190	1,767
Appropriations	10,168	10,034
	12,426	12,792
Transfer to General Reserve:		
Interest charge	(11,497)	(11,485)
Other expenses	(55)	(54)
	(11,552)	(11,539)
Balance at 31 December	2,056	1,182
	2025 £'000s	2024 £'000s
33c Core Investment Reserves		
Balance at 1 January	182,029	168,620
Transfer from General Reserve in respect of Capital Spend in the year:		
Allocation of Investment Returns	14,361	13,409
	14,361	13,409
Balance at 31 December	196,390	182,029

	2025 £'000s	2024 £'000s
33d Guernsey Insurance Fund		
Balance at 1 January	763,874	736,847
Transfer from General Reserve:		
Net Expenditure during the year	33,216	28,010
	33,216	28,010
Transfers to General Reserve:		
Appropriations	(104)	(983)
	(104)	(983)
Balance at 31 December	796,986	763,874
32e. Guernsey Long-Term Care Insurance Fund	2025	2024
	£'000s	£'000s
33e Guernsey Long-Term Care Insurance Fund		
Balance at 1 January	178,128	151,093
Transfer from General Reserve		
Net Expenditure during the year	25,785	27,035
	25,785	27,035
Balance at 31 December	203,913	178,128



	2025 £'000s	2024 Restated £'000s
33f Accounting Adjustment Reserve		
Balance at 1 December	1,489,568	1,446,030
Initial Recognition of Heritage Assets as at 1 January 2024	-	43,538
Balance at 31 December	1,489,568	1,489,568

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

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

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

Guernsey Insurance Fund (GIF) - is a contributory social security scheme providing a range of benefits including State's Pension, sickness, and unemployment benefits. The Fund is financed broadly on the pay-as-you-go principle under the 'Social Insurance (Guernsey) Law (1978)' . Under this approach, contribution income in a year is intended to cover expenditure in the year, and no significant fund of assets would be built up out of which to finance future expenditure. This means contribution rates may change significantly over time owing to changes in the benefits provided, the profile of the population or the economic environment.

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

Guernsey Long-Term Care Insurance Fund (LTCIF): The Long-term Care Insurance Fund provides weekly benefits towards the cost of private nursing or residential care on either a permanent or respite basis. The Fund is financed broadly on the pay-as-you-go principle under 'The Long Term Care Insurance (Guernsey) Law 2002'. Under this approach, contribution income in a year is intended to cover expenditure in the year, and no significant fund of assets would be built up out of which to finance future expenditure. This means contribution rates may change significantly over time owing to changes in the benefits provided, the profile of the population or the economic environment.

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

Accounting Adjustment Reserve was created for accounting presentation adjustments and changes resulting from accounting policy amendments, and the implementation of IPSAS. These arise out of the different measurement or first time inclusion of assets and liabilities that were not included under the previous accounting framework. In addition when a new IPSAS standard becomes effective any adjustments required to reserves are adjusted through this reserve.



34. Contingent Assets and Liabilities

Contingent Assets

There were no material contingent assets at 31 December 2025 (2024: None).

Contingent Liabilities

The Group has the following Contingent Liabilities:

Guernsey Housing Association LBG has a contractual obligation under the terms of leasehold agreements to repurchase the sold percentage of partial ownership properties in the event of a surrender or default by the leaseholder of the terms of the lease or on the death of a leaseholder. The repurchase value is determined by current market values and has been estimated to be £57.28m at 31 December 2025 (2024: £59.73m).

Details of guarantees given to third parties on behalf of entities outside of the group accounting boundary are detailed in note 36.

35. Group Accounting Boundary

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

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

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

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

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

List of Committees of the States with effect from July 2025 and as at 31 December 2025.

Senior Committee of the States of Guernsey:

- Policy & Resources Committee

Principal Committees of the States of Guernsey:

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

Other Committees or Functions of the States of Guernsey:

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

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

Unincorporated Trading Operations:

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

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

States Controlled Entities:

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

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

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

Controlled Minor Entities:

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

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

On 31 July 2025 the States of Guernsey acquired Agilisys Guernsey (Transfer) Limited which subsequently change changed its name to Technology Support Group Limited on 18 September 2025.

36. Related Party Transactions

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

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

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

Entities within the Group Accounting Boundary

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

Committees of the States of Guernsey

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

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

Controlled Incorporated Entities

The States of Guernsey controls the following reporting entities:

	Place of Incorporation	States of Guernsey % Controlling Interest	
		2025	2024
Aurigny Air Services Limited, formerly Cabernet Limited (and its subsidiaries)	Guernsey	100%	100%
Guernsey Electricity Limited	Guernsey	100%	100%
Guernsey Post Limited (and its subsidiary)	Guernsey	100%	100%
Guernsey Housing Association LBG	Guernsey	100%	100%

States' Unincorporated Trading Entities

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

Related Parties outside of the Group Accounting Boundary

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

Controlled Minor Entities

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

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

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

Other Entities

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

*No material transactions



Current Year - 2025

	Income	Expenditure	Balances due to the SOG	Balances due by the SOG	Notes
	£'000s	£'000s	£'000s	£'000s	
Controlled Minor Entities					
Guernsey Training Agency	-	628	-	-	- The Guernsey Training Agency receives a grant from the States of Guernsey.
JamesCo 750 Limited	251	-	5,938	-	- The capital repayments on the loan from the States of Guernsey during the year were £806k, and interest of £251k was paid during the year.
Social Investment Fund LBG	-	752	-	-	- The Social Investment Fund LBG received a grant from the States of Guernsey.
The Guernsey Development Agency Limited	-	1,700	-	-	- The Agency receives a grant from the States of Guernsey.
Joint Venture					
Condor VesselCo Limited	941	-	22,793	-	- Loan interest is received from Condor VesselCo Limited on the loan provided to the joint venture to finance the purchase and refurbishment of the vessel. Further details in Note 17.
Other Related Parties					
Guernsey Farm Produce Limited	1,800	1,000	-	100	Mr D Cowley is the Guernsey Farmers Association Representative on the Dairy Management Board. Mr Cowley is also a director of Guernsey Farm Produce Limited which both supplies milk to and purchases processed milk from Guernsey Dairy. The company also receives a farming subsidy.

Current Year - 2025

	Income	Expenditure	Balances due to the SOG	Balances due by the SOG	Notes
	£'000s	£'000s	£'000s	£'000s	
Dorey Financial Modelling	-	64	-	-	- Deputy Adrian Gabriel's wife is a director of Dorey Financial Modelling. Dorey Financial Modelling provide advisory services to the States of Guernsey.
Elizabeth College	-	1,449	-	-	- Deputy Mark Helyar is a director of Elizabeth College which receives a grant from the States of Guernsey.
Guernsey Competition and Regulatory Authority	-	400	-	-	- Funding is provided to the GCRA to administer and enforce the competition law.
Guernsey Finance LBG	-	2,500	-	-	- Former Deputy Lyndon Trott, Former Deputy Nicholas Moakes and Deputy Stephen Falla were politically appointed Directors of Guernsey Finance LBG for part of 2025. Deputy Rhona Humpreys was appointed as a director during 2025. Guernsey Finance LBG receives a grant from the States of Guernsey.
Guille-Allès Library	-	2,020	-	-	- The former President of the Committee for Education, Sport & Culture, former Deputy Andrea Dudley-Owen sat on the management board of the library. Deputy Steve Williams is a Trustee of the Library. The library receives a grant from the States of Guernsey.
The Ladies' College	-	961	-	-	- Former Deputy Heidi Soulsby is a Governor of the Ladies College which receives a grant from the States of Guernsey. Deputy Jennifer Strachan was appointed as a Governor during the year.
Guernsey Sports Commission	-	956	-	-	- Former Deputy Heidi Soulsby was a trustee of the Guernsey Sports Commission for part of the year. Deputy Andrew Cameron is a Director of the Guernsey Sports Commission

Current Year - 2025

	Income	Expenditure	Balances due	Balances due	Notes
	£'000s	£'000s	to the SOG	by the SOG	
			£'000s	£'000s	
Office of the Public Trustee	-	-	6,947	-	- The Office of the Public Trustee received funding to cover expenditure and liabilities which is recoverable from the trust structures within the responsibility of the Public Trustee.
Priaulx Library	-	394	-	-	- The Priaulx Library receives a grant from the States of Guernsey. Former Deputy Sam Haskins was a council member of the Priaulx Library Council.
Guernsey Youth Commission	-	783	-	-	- The Guernsey Youth Commission received a grant from the States of Guernsey.
Channel Seaways Limited	560	56	33	2	Deputy Bruno Kay-Mouat is a director of Channel Seaways Limited.
Allied Coasters	921	1	114	-	- Deputy Bruno Kay-Mouat is a director of Allied Coasters Limited.
Alderney Shipping	44	80	6	1	Deputy Bruno Kay-Mouat is a director of Alderney Shipping Limited.
Wastenot Limited	-	41	3	-	- Deputy Bruno Kay-Mouat is a director of Wastenot Limited.
Hill Trident	-	53	-	-	- Deputy Bruno Kay-Mouat is a director of Hill Trident.
Isles of Scilly Skybus Limited	44	559	240	329	Kevin George is Chairman of Aurigny Air Services Limited and a Non Executive Director of Isles of Scilly Steamship Group, the Parent company of Isles of Scilly Skybus Limited. Isles of Scilly Skybus Limited. Aurigny Air Services Limited contracted Skybus to provide air services for the Guernsey - Alderney and Southampton - Alderney routes, which are supported by Public Service Obligation funding from the States of Guernsey.

Current Year - 2025

	Income	Expenditure	Balances due to the SOG	Balances due by the SOG	Notes
	£'000s	£'000s	£'000s	£'000s	
Guarantees Non-Group Members					
The Ladies' College	-	-	-	-	- The States of Guernsey has undertaken to assume The Ladies' College's obligations to Royal Bank of Scotland International Limited under the loan agreement should there be an event of default under a loan agreement for £3 million that is repayable over 20 years from January 2017 and interest is payable at 1.45% above the Bank of England Base Rate.

Comparative Year - 2024

	Income	Expenditure	Balances due to the SOG	Balances due by the SOG	Notes
	£'000s	£'000s	£'000s	£'000s	
Controlled Minor Entities					
Guernsey Training Agency	-	534	-	-	- The Guernsey Training Agency receives a grant from the States of Guernsey.
JamesCo 750 Limited	311	295	6,745	-	- The capital repayments on the loan from the States of Guernsey during the year were £775k, and interest of £311k was paid during the year. The States of Guernsey are funding certain capital works which cost £295k.
Social Investment Fund LBG	-	1,131	-	-	- The Social Investment Fund LBG received a grant from the States of Guernsey.
The Guernsey Development Agency Limited	-	565	-	-	- The Agency receives a grant from the States of Guernsey.

Comparative Year - 2024

	Income £'000s	Expenditure £'000s	Balances due to the SOG £'000s	Balances due by the SOG £'000s	Notes
Joint Venture					
Condor VesselCo Limited	1,362	-	25,460	-	- Loan interest is received from Condor VesselCo Limited on the loan provided to the joint venture to finance the purchase and refurbishment of the vessel. Further details in Note 17.
Other Related Parties					
Charter Consulting Limited	-	24	-	-	- Andrew Niles is a Non-States Member of the Committee for Economic Development. He is also a director of Charter Consulting Limited which provides advisory services to the States of Guernsey.
Colimochon Limited	-	18	-	-	- Justin Bellinger is a director of Guernsey Electricity Limited and Colimochon Limited. Colimochon Limited provides advisory services to the States of Guernsey.
Guernsey Farm Produce Limited	1,547	657	157	56	Mr D Cowley is the Guernsey Farmers Association Representative on the Dairy Management Board. Mr Cowley is also a director of Guernsey Farm Produce Limited which both supplies milk to and purchases processed milk from Guernsey Dairy.
Dorey Financial Modelling	-	48	-	-	- Deputy Adrian Gabriel's wife is a director of Dorey Financial Modelling. Dorey Financial Modelling provide advisory services to the States of Guernsey.
Elizabeth College	-	1,564	-	-	- Deputy Mark Helyar is a director of Elizabeth College which receives a grant from the States of Guernsey.

Comparative Year - 2024

	Income	Expenditure	Balances due to the SOG	Balances due by the SOG	Notes
	£'000s	£'000s	£'000s	£'000s	
Guernsey Competition and Regulatory Authority	-	326	-	-	- Funding is provided to the GCRA to administer and enforce the competition law.
Guernsey Finance LBG	-	2,500	-	-	- Deputies Lyndon Trott, Nicholas Moakes and Stephen Falla are politically appointed Directors of Guernsey Finance LBG. Guernsey Finance LBG receives a grant from the States of Guernsey.
Guille-Allès Library	-	1,930	-	-	- The President of the Committee for Education, Sport & Culture, Deputy Andrea Dudley-Owen sits on the management board of the library. The library receives a grant from the States of Guernsey.
The Ladies' College	-	1,166	-	-	- Deputy Heidi Soulsby is a Governor of the Ladies' College which receives a grant from the States of Guernsey.
Guernsey Sports Commission	-	810	-	-	- Deputy Heidi Soulsby and Deputy Marc Leadbeater are Trustees of the Sports Commission.
Office of the Public Trustee	-	-	6,046	-	- The Office of the Public Trustee received funding to cover expenditure and liabilities which is recoverable from the trust structures within the responsibility of the Public Trustee.
Priaulx Library	-	383	-	-	- The Priaulx Library receives a grant from the States of Guernsey. Deputy Sam Haskins is a council member of the Priaulx Library Council.

Comparative Year - 2024

	Income	Expenditure	Balances due to the SOG	Balances due by the SOG	Notes
	£'000s	£'000s	£'000s	£'000s	
Guernsey Youth Commission	-	813	-	-	- The Guernsey Youth Commission received a grant from the States of Guernsey.

Guarantees Non-Group Members

The Ladies' College	-	-	-	-	- The States of Guernsey has undertaken to assume The Ladies' College's obligations to the Royal Bank of Scotland International Limited under the loan agreement should there be an event of default under a loan agreement for £3 million that is repayable over 20 years from January 2017 and interest is payable at 1.45% above the Bank of England Base Rate.
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All transactions with related parties have been on an arm's length basis as if conducted with an unrelated party.

Key Management Personnel Remuneration

Key management personnel remuneration includes the remuneration of close family members of key management personnel where those close family members are employed by the group. Total key management personnel remuneration across the group totalled £6,448,234 (2024: £6,886,764).

A large, leafy tree stands in a green field. In the background, there is a lake and a forested hillside under a cloudy sky. A small bird is visible in the sky. The image is framed by a green geometric shape in the top right and a white geometric shape in the bottom left.

SECTION 7

GROUP ACCOUNTING POLICIES

37. Group Accounting Policies

i. Going Concern

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

ii. Basis of Consolidation

These consolidated financial statements combine those of the States of Guernsey and all of its material controlled entities, within the States of Guernsey group boundary (the 'accounting boundary'), hereafter known as "The Group". Entities that fall within the accounting boundary but are immaterial to the financial statements, as a whole, have not been consolidated. These entities are listed as Minor Entities in the Group Accounting Policies section, Note 35.

Controlled Entities

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

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

Loss of Control of a Subsidiary

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

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

Transactions eliminated on Consolidation and alignment of Accounting Policies

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

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

iii. Joint Arrangements

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

Recognition

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

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

iv. Investments in Joint Ventures

Investments in Joint Ventures

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

The Group

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

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

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

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

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

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

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

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

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

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

v. Foreign Currency Transactions and Balances

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

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

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

vi. Segment Reporting

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

The States of Guernsey group has three operating service segments:

- **Core Government:** which includes the senior, principal and other committees of the States, which are responsible for policymaking, regulatory and public service functions and are accountable to the States of Deliberation. This segment is predominantly funded by tax and social security contributions.
- **Trading Unincorporated Entities:** including Guernsey Ports; Guernsey Waste; Guernsey Water; Guernsey Dairy and States Works, which were established to undertake specific activities on behalf of the States to achieve service delivery objectives for the local community. This segment is funded by trading activities and partially supported by tax revenues.
- **Controlled Incorporated Entities:** representing entities that undertake commercial activity and includes Aurigny Air Services Limited; Guernsey Post Limited and Guernsey Electricity Limited. Also included is the Guernsey Housing Association LBG - a not-for-profit company limited by guarantee that offers rented or partial ownership accommodation to local people whose needs are not met by the private housing market. This segment is predominantly funded by trading activities.

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

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

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

vii. Revenue from Non-Exchange Transactions

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

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

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

ETI and Social Security Contribution Revenue is received as follows:

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

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

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

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

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

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

The OECD's Pillar 2 Global Minimum Tax Model Rules (GloBE) Rules aim to ensure that the profits of large multinational enterprises (MNEs) are taxed at a minimum effective tax rate of 15% in each of the jurisdictions in which they operate. The rules apply, broadly, to MNE groups with annual revenue of €750m or more in the consolidated financial statements of the Ultimate Parent Entity. The regulations implemented in Guernsey have resulted in an estimate of £39m for the year ended 31 December 2025.

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

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

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

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

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

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

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

viii. Revenue from Exchange Transactions

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

Rendering of Services

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

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

- Housing Rental Income - rental income from the provision of housing is recognised as the income is earned in accordance with the terms of the tenancy agreement.
- Membership Fees - are recognised as revenue when no significant uncertainty as to their collectability exists.
- Planning Application Fees and Company Registration Fees are recognised as revenue in the period when the fee is due.
- Passenger Ticket Sales - passenger ticket sales, and sales ancillary thereto, are recorded as current liabilities in the “bookings paid in advance” account until recognised as revenue when the transportation service is provided.
- Sales of Electricity are accounted for on an accruals basis and include the estimated value of unbilled units at the year-end associated with the movement in unbilled units from the beginning of the year to the end of the year. Billable units are the units dispatched, adjusted for estimated network losses (5.2% based on management judgement when comparing units billed, units generated and imported, works power and units dispatched to the network over the past 8 years) and works power consumed within the company. The unbilled units are valued at current tariff rates. Customer payments received in advance for electricity sales are included within trade and other payables.
- Sales of Stamps - are accounted for on a receipt of funds basis. No provision is made for postal services expected to be provided for stamps in circulation, as they are deemed to be immaterial.
- Other Services - for other services rendered by the Group, revenue is measured over the term of the contract as the services are provided using the following methods:
 - a. Surveys of work performed;
 - b. Services performed to date as a percentage of total services to be performed; or
 - c. The proportion that the costs incurred to date bear on the estimated total costs of the transaction.

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

Sale of Goods

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

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

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

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

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

Revenue is recognised as follows:

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

ix. Social Benefits

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

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

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

Recognition

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

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

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

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

Initial Measurement of the Liability

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

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

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

Subsequent Measurement of the Liability

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

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

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

x. Targeted Benefits

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

xi. Grants Payable

Grants and Subsidies Expenditure

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

xii. Borrowing Costs

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

xiii. Intangible Assets

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

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

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

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

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

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

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

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

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

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

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

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

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

xiv. Investment Property

Recognition

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

Measurement

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

Derecognition

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

xv. Property, Plant and Equipment

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

Recognition

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

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

Measurement

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

Cost includes the purchase price, costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and costs required to dismantle and remove the item and restore the site on which it is located.

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

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

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

Depreciation

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

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

Asset Category	Life
Rental Income from Investment Property	5,297
Freehold Land	Not depreciated
Operational Buildings	Up to 100 years
Social Housing (excludes land)	Up to 80 years
Infrastructure (includes roads, coastal defences, Water and sewage systems & Electrical Generation & Distribution Assets)	Up to 75 years
Plant & Equipment	Up to 35 years
Vehicles, Vessels & Aircraft	Up to 20 years
Information Technology	Up to 5 years

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

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

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

Derecognition

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

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

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

Impairment

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

For PP&E assets, which are primarily held for service delivery purposes, value in use represents the present value of the asset's remaining service potential. The Group used the Depreciated Replacement Cost approach during 2024 to determine the asset's remaining service potential. Following IPSAS 46 Measurement becoming effective on 1 January 2025 the Current Operational Value approach is used when assessing impairment.

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

Non-Current Asset Purchases Funded from Insurance Claims

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

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

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

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

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

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

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

xvi. Heritage Assets

Heritage assets held by the Group consist of a broad range of assets including historic properties, monuments, artifacts, documents, books and works of art. Heritage assets are held due to their rarity and significance in relation, but not limited, to their archaeological, architectural, agricultural, artistic, cultural, environmental, historical, natural, scientific, or technological features. The Group intends to hold heritage assets for long periods and preserve them for the benefit of present and future generations.

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

Initial Application

IPSAS 45 Property, Plant and Equipment became effective for year ends beginning on or after 1 January 2025 replacing IPSAS 17 Property, Plant and Equipment. IPSAS 45 removed the scope exclusion for heritage assets and is retrospective. As a result, the opening balances as at 1 January 2024 are restated. Where details of the original cost is not available the value of the asset at 1 January 2024 will be treated as the deemed cost.

Purchased Heritage Assets

All heritage assets purchased by the Group since 1 January 2024, with a cost above £10,000, are capitalised in the Statement of Financial Position, in line with their purchased cost. Heritage assets purchased by the Group with a cost of under £10,000 are expensed in the Statement of Financial Performance.

Donated Heritage Assets

Donated heritage assets are assigned a deemed cost using a value assessed by in-house curators as set out in note 21, and are regarded as having a deemed costs of greater than £10,000. These assets are recognised within the Statement of Financial Position at their valued amount as the deemed cost of acquisition.

Depreciation and Impairment

Heritage assets that are not used for the Group's operational purposes are not depreciated as they have indefinite lives. Heritage assets are reviewed for impairment on an annual basis and impaired when there is evidence of impairment.

Heritage Assets not in the Statement of Financial Position

It has not been possible to obtain a reliable cost for a large amount of the heritage assets due to the passage of time since they were acquired, in many cases hundreds of years. The Group considers that the cost of obtaining valuation for the collection of assets held, which is the majority of the Group's historic properties, monuments, artifacts, documents, books and works of art, is significant, and is not commensurate with the benefit obtained by including additional capitalised value in the financial statements.

If information subsequently becomes available as to the cost or value of a previously unrecognised heritage asset, the Group will assess and where applicable capitalise the asset at the current value.

Subsequent expenditure on unrecognised heritage assets, such as restoration work, is capitalised when the restoration work takes place.

The significance of the unrecognized heritage property, plant, and equipment in relation to delivery of the Group's objectives is disclosed in respect of each category of unrecognized asset.

xvii. Non-Current Assets held for Sale and Discontinued Operations

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Surplus or Deficit from Discontinued Operations

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale. A discontinued operation represents a separate major operation or geographical area of operations. Surplus or deficit from discontinued operations comprises the surplus or deficit of discontinued operations and gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal groups constituting the discontinued operation.

Any surplus or deficit arising from the sale of a discontinued operation or its remeasurement to fair value less costs to sell is presented as part of a single line item, surplus or deficit from discontinued operations in the Statement of Financial Performance.

xviii. Leases

Group as Lessee

IPSAS 43, Leases became effective from 1 January 2025 and replaced IPSAS 13, Leases. The impact of the implementation of IPSAS 43 is that for lessees it removes the distinction between operating and finance leases and introduces a single accounting model for in scope leases on the Statement of Financial Position of right of use assets and corresponding lease liabilities. Leases with a non-cancellable term of more than one year are treated as right of use assets.

For leases with a term of one year or less and leases of low value items the Group has elected to take the exemption from them being treated as a right of use asset. The Group's policy for classifying items as low value is any asset or group of assets under a single lease with a value under £10,000 at the point of commencement of the lease.

For leases that are short term or for low value items the lease payments are charged to the Statement of Financial Performance as an expense on a straight line basis over the duration of the lease term.

On commencement of a lease, a liability is recognised for the obligation to make future payments (discounted to their present value using the interest rate implicit in the lease) or where not readily determinable the incremental borrowing rate. The right of use acquired under the lease is recognised as an asset, measured at cost on the commencement date based on the lease liability plus any lease payments made at or before the commencement date, plus any initial direct costs incurred by the Group less any lease incentives. Where the Group as lessee is required to incur costs for dismantling, or restoring the underlying asset that liability is recognised as part of the cost of the right of use asset at the commencement of the lease.

Subsequent Measurement

Where there are changes to a lease and it is treated as a modification rather than a separate lease liabilities are recalculated. This can arise as a result of a change in rent, a change in an index or a change in rate used to determine future payments. Adjustments to liabilities are matched with any adjustments to the cost of the right of use asset. If the carrying amount of the right of use asset is reduced to zero and there is a further reduction in lease liability, a lessee shall recognise any remaining amount of the remeasurement in the Statement of Financial Performance.

Lease payments are apportioned between:

- a charge for the acquisition of the right to use the asset which is applied to write down the lease liability over the lease term, and
- a finance charge which is debited to the Financing and Investment Income and Expenditure line in the Statement of Financial Performance.

Right-of-use assets recognised under leases are accounted for using the policies applied generally to PP&E assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life. Where assets are leased under a concessionary lease agreement, which have minimal or below market payment, the lease liability is not deemed to be market rate. Its cost shall be measured at the present value of payments for the lease at market rates based on the current use of the underlying asset as at the commencement date.

Where leases are for items of low value, or the lease term is less than 12 months from commencement, amounts paid under the lease are charged to the Statement of Financial Performance as an expense of the services benefiting from use of the leased item. Charges are made on a straight-line basis over the life of the lease, even if this does not match the patterns of payment (e.g. if there is a rent-free period at the start of the lease).

The comparatives are not restated at the point of implementation of this standard. Instead, the cumulative effect of initially applying this standard as an adjustment to the opening balance of the accumulated general reserve at the date of initial application being 1 January 2025. The lease liability for items previously accounted for as operating leases under IPSAS 13 have been recognised at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application, 1 January 2025. None of the practical expedients available under IPSAS 43 s114 have been applied at initial application.

The group did not have any leases previously classified as finance leases at the date of initial application of IPSAS 43.

As a result of the implementation of IPSAS 43 the value of assets and liabilities in respect of leases have increased.

Group as Lessor

The application of IPSAS 43, Leases does not give rise to any adjustments upon initial application in respect of leases where the Group is lessor. The accounting treatment in accordance with IPSAS 43 has not significantly changed, with the exception of some additional disclosures, from the treatment under the previous standard IPSAS 13, Leases.

Where the Group acts as lessor leases are classified as either finance leases or operating leases. Finance leases are where the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

Finance Lease

Where the Group grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Statement of Financial Performance as a disposal and replaced by a long-term receivable in the Statement of Financial Position valued on the future income due under the finance lease. This value then reduces over time as principal repayments are made.

Operating Lease

Where the Group grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Statement of Financial Position. Rental income is recognised in the Statement of Financial Performance on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease).

xix. Financial Instruments

Recognition and Initial Measurement

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

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

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

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

Financial Asset Classification

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

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

The classification depends on both:

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

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

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

General Investment Portfolio:

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

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

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

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

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

Quoted/Actively Traded Investments:

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

Unquoted/Not Actively Traded Investments:

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

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

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

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

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

Financial Asset Subsequent Measurement - Amortised Cost

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

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

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

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

Impairment of Financial Assets

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

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

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

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

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

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

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

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

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

Assessing Significant Increases in Credit Risk

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

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

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

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

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



Credit Impaired Financial Assets

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

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

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

Measurement of Expected Credit Losses

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

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

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

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

Write-off Policy

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

Derecognition of Financial Assets

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

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

Financial Liabilities - Classification

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

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

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

Financial Liabilities - Measurement

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

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

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

Amortised Cost

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

Fair Value through Surplus or Deficit (FVTSD)

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

Derivative Financial Instruments

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

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

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

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

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

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

Derivative Financial Instruments and Hedge Accounting

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

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

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

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

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

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

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

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

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

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

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

xx. Inventories

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

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

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

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

xxi. Cash and Cash Equivalents

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

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

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

xxii. Employee Benefits

Short-Term Employee Benefits

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

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

Holiday Pay Accrual

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

Post Employee Benefits

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

Defined Benefit Pension Scheme

The States of Guernsey Defined Benefit Pension Scheme is funded by contributions from both the employer and employees.

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

The defined benefit obligation is calculated by discounting expected future benefit payments back to the reporting date using a discount rate based on high quality corporate bonds as required by IPSAS. The expected future benefit payments are calculated by an independent

actuary using the projected unit credit method, to estimate the future pension benefits that employees have earned for services performed in the current and prior periods.

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

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

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

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

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

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

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

Defined Contribution Schemes

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

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

Other Long-Term Employee Benefits

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

Termination Benefits

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

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

xxiii. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

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

Contingent Liabilities

Any possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are disclosed as contingent liabilities. Contingent liabilities are also disclosed where present obligations that arise from past events cannot be recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligations, or the amount of the obligations cannot be reliably measured.

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

Contingent Assets

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

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

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

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

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

xxiv. Currency in Circulation

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

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

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

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

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

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

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

A number of new standards are effective for annual periods beginning on or after 1 January 2026, on or after 1 January 2027, or on or after 1 January 2028 with earlier application permitted. The Group has not yet early adopted these new or amended standards in preparing the consolidated financial statements. Those which may be relevant to the Group are set out below.

37.1. IPSAS 47 Revenue

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

37.2. IPSAS 48 Transfer Expenses

IPSAS 48 outlines the accounting requirements for transfer expenses where an entity provides resources (such as goods or services*) to another entity without receiving anything directly in return. Prior to the issue of the standard there was no explicit guidance dealing with transfer expenses. This standard is mandatory for financial periods that begin on or after 1 January 2026. There is unlikely to be any significant impact of this standard on the 31 December 2026 Group financial statements.

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

37.3. IPSAS 49 Retirement Benefit Plans

IPSAS 49 is only applicable to the presentation of financial statements for Retirement Benefit Plans and is therefore not applicable to the group financial statements. This standard is mandatory for financial periods that commence on or after 1 January 2026.

37.4. IPSAS 50 Exploration for Evaluation of Mineral Resources

IPSAS 50 provides guidance on accounting for exploration and evaluation expenditures for entities engaged in the exploration for and evaluation of mineral resources. As the group does not engage in this activity this standard is not applicable to the group financial statements. This standard is mandatory for financial periods that commence on or after 1 January 2027.

37.5. IPSAS 51 Tangible Natural Resources Held for Conservation

IPSAS 51 introduces guidance on accounting for ‘tangible natural resource held for conservation’ which are naturally occurring tangible assets that are managed to prevent its degradation. As an example conserving a tangible natural resource that is perceived to provide cultural or ecological value to the population for current and future generations. The impact of this standard is still being assessed. This standard is mandatory for financial periods that begin on or after 1 January 2028.

37.6. IPSAS SRS 1 Climate-Related Disclosures

IPSAS SRS 1 requires disclosure material information about climate-related risks and opportunities. It requires disclosures about the governance processes, controls and procedures an entity uses to monitor, manage and oversee Climate-related risks and opportunities. The impact of this standard is still being assessed This standard is mandatory for financial periods that begin on or after 1 January 2028.

38. Critical Judgements and Assumptions Made in Applying Accounting Policies

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

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

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

38.1. Critical Judgements in Applying Accounting Policies

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

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

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

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

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

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

Independent Bodies

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

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

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

In view of this and based on the independent status delivered through their respective legal frameworks, the States does not consider that these bodies form a part of the States' group accounting boundary. They are therefore excluded from these Consolidated Financial Statements.

The independent bodies are:

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

Controlled Minor Entities

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

The Minor Entities are:

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

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

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

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

Income Tax

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

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

The OECD’s Pillar 2 Global Minimum Tax Model Rules (GloBE) Rules aim to ensure that the profits of large multinational enterprises (MNEs) are taxed at a minimum effective tax rate of 15% in each of the jurisdictions in which they operate. The rules apply, broadly, to MNE groups with annual revenue of €750m or more in the consolidated financial statements of the Ultimate Parent Entity. The implementation of Guernsey’s legislative framework for OECD GloBE top-up taxes has resulted in an estimated £39 million charge for the year ended 31 December 2025, based on the most reliable and up-to-date information currently available in respect of in-scope multinational enterprises.

In contrast estimates in respect of individuals in employment are more certain as returns under the Employees Tax Instalment Scheme (ETI) are filed quarterly. These returns capture the tax deducted at source by employers. The final quarter return for the year ended 31 December 2025 filed in January 2026 can be used to support the estimate of income included as a receivable under the scheme.

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

Fair Value Measurement of Financial Instruments

- Valuation of Level 3 Other Financial Instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The investment managers use their judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

For details of the key assumptions used and the impact of changes to these assumptions see Note 42.3.2. Valuation of level 3 investments also impacts the calculation of the pensions scheme fair value of scheme assets in Note 43.

Useful Lives of Property, Plant and Equipment

The useful lives of buildings, social housing, vehicles, vessels, aircraft and infrastructure are estimated by professionals with relevant experience working for the Group or external professional valuers.

The residual values and useful lives of property, plant and equipment are reviewed and, if appropriate, adjusted at the end of each reporting period.

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

Investment Properties

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

The Group's portfolio of investment properties is valued at the end of each year by locally based professional valuers in accordance with the Market Value methodology as defined by the Royal Institution of Chartered Surveyors Valuation – Global Standards effective 31 January 2025.

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

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

Sales of Goods and Services

- Sales of Electricity

Included within sales of goods and services are sales of electricity. This includes an estimate for the value of unbilled units at the end of each financial period which represents the estimated units consumed by customers since the last billing date. The estimate is calculated as the units produced, less works power and an estimate of losses on the distribution network to determine the units delivered to customers. Billed units are deducted from this amount to derive the unbilled units. These unbilled units are valued at current tariff rates. See Note 6a for the value of unbilled units included in sales of electricity.

- Sales of Water, Wastewater and Cesspit emptying

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

Currency in Circulation

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

Defined Benefit Pension Scheme

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

The Group employs an independent actuary to estimate these factors in determining the pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends. The actuary provides the Group with expert advice about the assumptions to be applied. See note 43.5 for further information. The defined contribution scheme is not impacted by the above as liability ceases when the contributions are paid across.

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

Expected Credit Losses

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

Provisions

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

- Insurance Provisions

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

- PFAS Provision

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

- Partial Ownership Provision

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

More details of these provisions can be found in note 29

Consideration of a Provision for Decommissioning

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

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

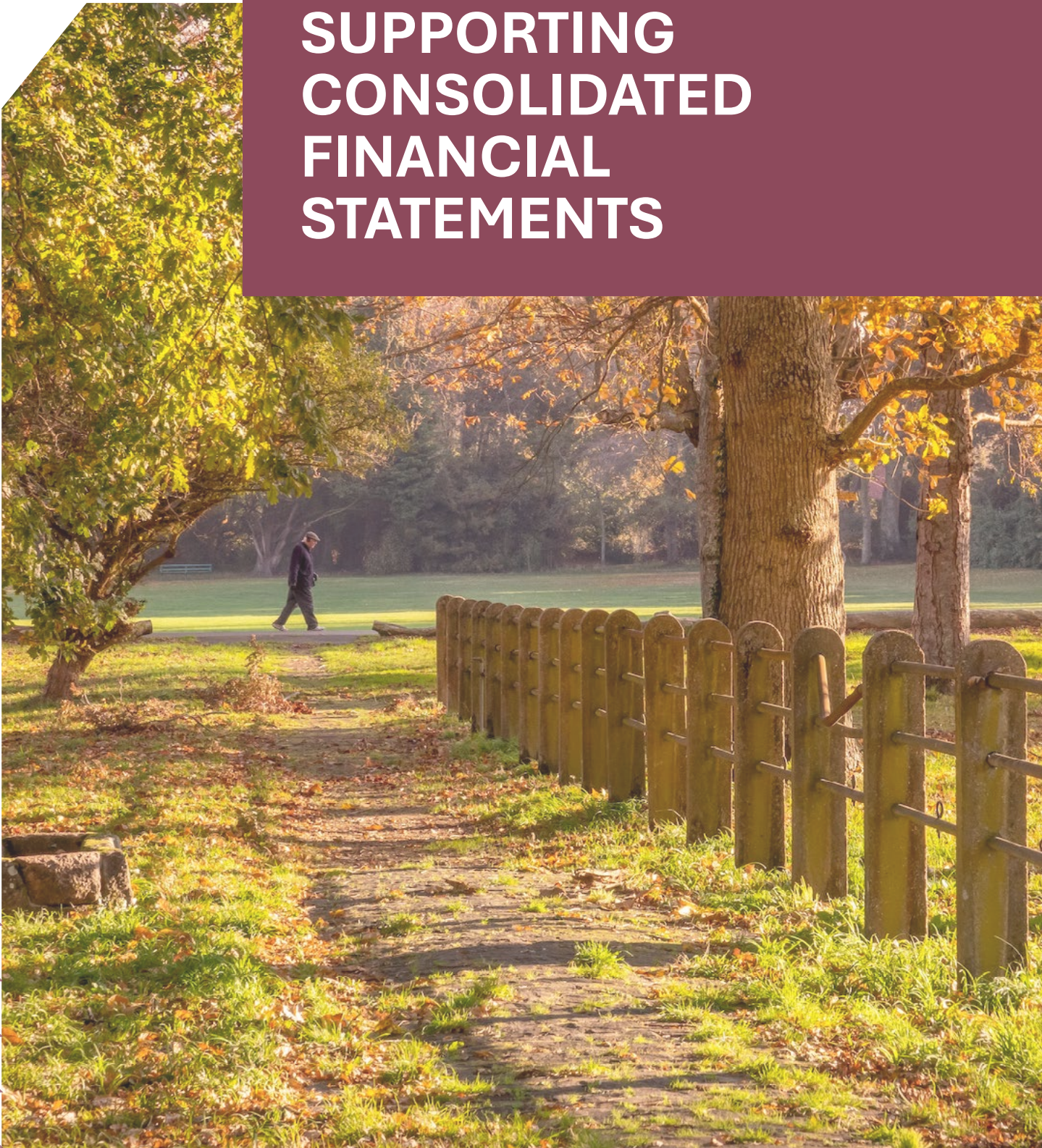
Heritage Assets

IPSAS 45 Property, Plant and Equipment became effective for year ends beginning on or after 1 January 2025 replacing IPSAS 17 Property, Plant and Equipment. IPSAS 45 removed the scope exclusion for heritage assets and is retrospective. As a result, the opening balances as at 1 January 2024 are restated. Where details of the original cost was not available the value of the asset at 1 January 2024, assessed by the in-house curators, has been treated as the deemed cost.



SECTION 8

**ADDITIONAL
DISCLOSURES
SUPPORTING
CONSOLIDATED
FINANCIAL
STATEMENTS**



39. Group Segmental Analysis

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

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

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

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

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

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

The financial performance of **Segment 1, 2 and 3** is set out in the Primary Segmental Analysis in Note 40.1 for the current and comparative year. Intra-entity balances and transactions that have occurred amongst entities within these segments have been eliminated. This Primary Segmental Analysis reconciles the results for each of these segments with the aggregated information in the consolidated financial statements.

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

The accounting arrangements for the States of Guernsey Public Servants' Pension Scheme are set out in Note 43.

The consolidation adjustments required to eliminate inter-segment transactions and balances arising from, for example, the sale of goods; provision of services or inter-entity loans (i.e. in addition to those eliminated within each segment) are also noted within this analysis.

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

To enable further evaluation of the results within each segment, these overall results are analysed across their constituent parts in a Secondary Segmental reporting structure in Notes 40.3 – 40.4. For Core Government, the out-turn result is analysed over the key activities of the States of Guernsey government in Note 40.2. The individual results of each component entity within **Segment 2** and 3 is provided in Notes 40.5 & 40.6.

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



39.1 Segmental Analysis Current Year

Current Year 2025	Core Government Committees £'000s Note 40.3	Unincorporated Trading Entities £'000s Note 40.5	States Controlled Incorporated Entities £'000s Note 40.6	Pension Accounting Adjustments £'000s	Consolidated Adjustments £'000s	Total £'000s
Revenue						
Income Tax	527,635	-	-	-	-	527,635
Social Security Contributions	242,436	-	-	-	(5,286)	237,150
Other Taxes and Duties	118,976	-	-	-	(2,816)	116,160
Fines and Penalties	2,031	-	-	-	-	2,031
Gifts, Donations & Grants	94	-	2,870	-	(2,870)	94
Sales of Goods and Services	110,252	82,154	196,563	-	(37,310)	351,659
Other Revenue	8,944	3,837	764	-	(268)	13,277
Interest & Investment Income	5,921	-	390	-	(4,714)	1,597
Total Operating Revenue	1,016,289	85,991	200,587	-	(53,264)	1,249,603
Expenses						
Pay Costs	333,798	38,467	52,687	(4,244)	(5,286)	415,422
Benefit Payments	309,054	-	-	-	-	309,054
Grant Payments	30,689	-	-	-	-	30,689
Depreciation and Amortisation Expense	33,429	14,670	19,400	-	(223)	67,276
Impairment of Property, Plant and Equipment	-	-	-	-	-	-
Operating Costs	288,396	47,043	125,940	-	(42,996)	418,383
Finance Costs	12,504	735	7,615	1,144	(4,789)	17,209
Impairment Losses on Financial Assets	12,409	317	25	-	(11,459)	1,292
Impairment Losses on Non Financial Assets	-	-	1,769	-	-	1,769
Total Operating Expenses	1,020,279	101,232	207,436	(3,100)	(64,753)	1,261,094
Other Gains and Losses						
Surplus/(Deficit) on disposal of non-current assets	(2,252)	73	324	-	-	(1,855)
Gains/(Losses) on financial assets	118,544	452	(1,640)	-	-	117,356
Other Gains/(Losses)	603	1,003	(90)	-	-	1,516
Total Other Gains and Losses	116,895	1,528	(1,406)	-	-	117,017

Current Year 2025	Core Government Committees £'000s Note 40.3	Unincorporated Trading Entities £'000s Note 40.5	States Controlled Incorporated Entities £'000s Note 40.6	Pension Accounting Adjustments £'000s	Consolidated Adjustments £'000s	Total £'000s
Net surplus/(deficit) from equity accounted investments	547	-	-	-	-	547
Net surplus/(deficit) for the period	113,452	(13,713)	(8,255)	3,100	11,489	106,073
Assets and liabilities						
Non-Current Assets:						
Loans to third parties	149,610	-	-	-	(117,568)	32,042
Investment in controlled Entities	609,382	-	-	-	(609,363)	19
Other non-current assets	3,591,973	415,730	446,936	6,105	(1,336)	4,459,408
	4,350,965	415,730	446,936	6,105	(728,267)	4,491,469
Current Assets	244,155	25,314	57,039	-	(33,248)	293,260
Total Assets	4,595,120	441,044	503,975	6,105	(761,515)	4,784,729
Liabilities:						
Non-Current Liabilities	344,196	35,250	179,813	-	(118,733)	440,526
Current Liabilities	197,118	14,002	88,160	-	(33,452)	265,828
Total Liabilities	541,314	49,252	267,973	-	(152,185)	706,354
Net Assets	4,053,806	391,792	236,002	6,105	(609,330)	4,078,375

39.2 Segmental Analysis Comparative Year

Comparative Year 2024	Core Government Committees	Unincorporated Trading Entities	States Controlled Incorporated Entities	Pension Accounting Adjustments	Consolidated Adjustments	Total
	£'000s Note 40.3	£'000s Note 40.5	£'000s Note 40.6	£'000s	£'000s	£'000s
Revenue						
Income Tax	417,610	-	-	-	-	417,610
Social Security Contributions	228,787	-	-	-	(5,119)	223,668
Other Taxes and Duties	108,103	-	-	-	(2,192)	105,911
Fines and Penalties	1,011	-	-	-	-	1,011
Gifts, Donations & Grants	140	-	2,887	-	(2,887)	140
Sales of Goods and Services	106,222	74,074	183,452	-	(32,470)	331,278
Other Revenue	7,366	3,371	929	-	(619)	11,047
Interest & Investment Income	6,769	-	731	-	(4,958)	2,542
Total Operating Revenue	876,008	77,445	187,999	-	(48,245)	1,093,207
Expenses						
Pay Costs	317,558	35,996	49,505	(2,334)	(5,119)	395,606
Benefit Payments	291,614	-	-	-	-	291,614
Grant Payments	32,614	-	-	-	(2,887)	29,727
Depreciation and Amortisation Expense	29,868	13,958	17,240	-	-	61,066
Impairment of Property, Plant and Equipment	-	1,105	-	-	-	1,105
Operating Costs	271,002	34,706	122,101	-	(35,281)	392,528
Finance Costs	12,020	721	7,265	15,092	(4,958)	30,140
Impairment Losses of Financial Assets	13,084	168	(162)	-	(13,057)	33
Total Operating Expenses	967,760	86,654	195,949	12,758	(61,302)	1,201,819
Other Gains and Losses						
Surplus/(Deficit) on disposal of non-current assets	(4,543)	2	699	-	-	(3,842)
Gains and Losses financial assets	129,666	236	(98)	-	-	129,804
Other Gains/Losses	671	2,192	(15)	-	-	2,824
Total Other Gains and Losses	125,794	2,430	586	-	-	128,810

Comparative Year 2024	Core Government Committees £'000s Note 40.3	Unincorporated Trading Entities £'000s Note 40.5	States Controlled Incorporated Entities £'000s Note 40.6	Pension Accounting Adjustments £'000s	Consolidated Adjustments £'000s	Total £'000s
Net surplus/(deficit) from equity accounted investments	289	-	-	-	-	289
Net surplus/(deficit) for the period	34,331	(6,779)	(7,364)	(12,758)	13,057	20,487
Assets and liabilities						
Non-Current Assets:						
Loans to third parties	150,445	-	-	-	(120,195)	30,250
Investment in controlled Entities	618,389	-	-	-	(618,370)	19
Other non-current assets	3,508,309	417,667	426,213	-	-	4,352,189
	4,277,143	417,667	426,213	-	(738,565)	4,382,458
Current Assets	185,197	23,178	53,462	-	(25,318)	236,519
Total Assets	4,418,802	437,245	479,675	-	(763,883)	4,618,977
Liabilities:						
Non-Current Liabilities	328,686	23,649	173,272	43,988	(120,195)	449,400
Current Liabilities	193,300	13,283	63,969	-	(25,318)	245,234
Total Liabilities	521,986	36,932	237,241	43,988	(145,513)	694,634
Net Assets	3,940,354	403,913	242,434	(43,988)	(618,370)	3,924,343

39.3 Core Government Committees

Current Year 2025	Central Activities	Corporate Services	P&R	Cf ED	Cf ES&C	Cf ESS	Cf E&I	Cf HSC	Cf HA	Cf H	Other Committees	Social Security Contr. Fund	Specific Funds	Eliminations	Total
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Revenue															
Income Tax	527,635	-	-	-	-	-	-	-	-	-	-	-	-	-	527,635
Social Security Contributions	34,566	-	-	-	-	-	-	-	-	-	-	-	228,910	(21,040)	242,436
Other Taxes and Duties	118,989	-	-	-	-	-	-	-	-	-	-	-	-	(13)	118,976
Fines and Penalties	116	2	-	-	-	-	-	-	584	-	-	1,329	-	-	2,031
Gifts, Donations & Grants	-	14	-	-	80	-	-	-	-	-	-	-	-	-	94
Sales of Goods and Services	39,294	11,393	1,486	1,644	6,727	163	4,400	27,984	2,983	222	6,473	13,728	-	(6,209)	110,288
Other Income	5,112	931	-	3	206	-	32	2,761	-	7	33	-	-	(141)	8,944
Interest & Investment Income	5,907	-	-	-	-	-	-	-	-	-	-	-	14	-	5,921
Total Operating Revenue	731,619	12,340	1,486	1,647	7,013	163	4,432	30,709	3,567	229	6,506	15,057	228,924	(27,403)	1,016,289
Expenses															
Pay Costs	2,386	43,950	11,074	5,025	77,517	2,030	4,006	147,124	39,084	2,220	19,047	91	1,284	(21,040)	333,798
Benefit Payments	-	-	-	-	-	75,603	-	93	76	-	-	-	233,308	(26)	309,054
Grant Payments	50	-	2,421	3,768	14,598	812	1,940	2,092	82	-	4,599	1,029	284	(986)	30,689
Depreciation and Amortisation Expense	7	3,730	149	107	7,076	2,161	10,361	7,755	1,985	-	32	-	66	-	33,429
Impairment Losses of Financial Assets	11,711	(46)	63	101	59	140	2	160	13	129	77	-	-	-	12,409
Operating Costs	26,261	54,243	9,119	5,167	9,864	3,690	14,456	133,615	7,433	6,990	3,078	15,799	4,032	(5,351)	288,396
Finance Costs	11,756	440	-	46	-	-	-	254	8	-	-	-	-	-	12,504
Total Operating Expenses	52,171	102,317	22,826	14,214	109,114	84,436	30,765	291,093	48,681	9,339	26,833	16,919	238,974	(27,403)	1,020,279
Other Gains and Losses															
Surplus/(Deficit) on disposal of Non-Current Assets	-	(231)	-	(6)	(395)	(448)	(1,111)	48	(109)	-	-	-	-	-	(2,252)
Gains on Financial Assets	48,771	-	-	-	-	-	-	-	-	-	-	721	69,052	-	118,544
Other Gains/(Losses)	-	603	-	-	-	-	-	-	-	-	-	-	-	-	603

Current Year 2025	Central Activities	Corporate Services	P&R	Cf ED	Cf ES&C	Cf ESS	Cf E&I	Cf HSC	Cf HA	Cf H	Other Committees	Social Security Contr. Fund	Specific Funds	Eliminations	Total
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Net Surplus/(Deficit) from Equity Accounted Investments	547	-	-	-	-	-	-	-	-	-	-	-	-	-	547
Net Surplus/(Deficit)	728,766	(89,605)	(21,340)	(12,573)	(102,496)	(84,721)	(27,444)	(260,336)	(45,223)	(9,110)	(20,327)	59,001	(1,140)	-	113,452
Assets and Liabilities															
Assets:															
Non-Current Assets	4,350,965														4,350,965
Current Assets	244,155														244,155
Total Assets	4,595,120														4,595,120
Liabilities:															
Non-Current Assets	344,196														344,196
Current Assets	197,118														197,118
Total Assets	541,314														541,314
Net Assets	4,053,806														4,053,806

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

Current Year 2024	Central Activities	Corporate Services	P&R	Cf ED	Cf ES&C	Cf ESS	Cf E&I	Cf HSC	Cf HA	Other Committees	Social Security Contr. Fund	Specific Funds	Eliminations	Total
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Net Surplus/(Deficit) from Equity Accounted Investments	289	-	-	-	-	-	-	-	-	-	-	-	-	289
Net Surplus/(Deficit)	620,948	(77,779)	(22,131)	(10,950)	(103,783)	(89,593)	(26,192)	(248,863)	(43,177)	(20,082)	55,045	888	-	34,331
Assets and Liabilities														
Assets:														
Non-Current Assets	4,277,143													4,277,143
Current Assets	185,197													185,197
Total Assets	4,462,340													4,462,340
Liabilities:														
Non-Current Assets	328,686													328,686
Current Assets	193,300													193,300
Total Assets	521,986													521,986
Net Assets	3,940,354													3,940,354

39.4 Specific Funds

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

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

	2025					2024				
	Seized Asset Fund	Insurance Deductible Fund	Channel Islands (Guernsey) Lottery Fund	Guernsey Health Reserve	Total	Seized Asset Fund	Insurance Deductible Fund Restated	Channel Islands (Guernsey) Lottery Fund	Guernsey Health Reserve	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Revenue	1,331	-	13,726	-	15,057	459	-	14,322	-	14,781
Expenses	(366)	(3,526)	(13,026)	-	(16,918)	(163)	(1,295)	(13,622)	-	(15,080)
Other Gains/ (Losses)	721	-	-	-	721	803	-	-	-	803
Net Surplus/(Deficit)	1,686	(3,526)	700	-	(1,140)	1,099	(1,295)	700	-	504
Movement:										
Brought Forward	9,201	15,764	-	98,387	123,352	11,448	14,803	-	105,217	131,468
Net Surplus/(Deficit)	1,686	(3,526)	700	-	(1,140)	1,099	(1,295)	700	-	504
General Reserve Transfers	(411)	1,417	(700)	(7,500)	(7,194)	(3,346)	1,263	(700)	(6,830)	(9,613)
Net Surplus/(Deficit)	10,476	13,655	-	90,887	115,018	9,201	15,764	-	98,387	123,359

39.5 Unincorporated Trading Entities

Current Year 2025	Guernsey Ports £'000s	Guernsey Water £'000s	Guernsey Dairy £'000s	States Works £'000s	Guernsey Waste £'000s	Inter-Segment Eliminations £'000s	Total £'000s
Revenue							
Sales of Goods and Services	27,899	22,446	11,128	18,428	13,397	(11,144)	82,154
Other Income	3,518	271	-	48	-	-	3,837
Total Operating Revenue	31,417	22,717	11,128	18,476	13,397	(11,144)	85,991
Expenses							
Pay Costs	19,994	5,187	2,053	10,694	539	-	38,467
Depreciation and Amortisation Expense	5,660	5,442	313	1,297	1,958	-	14,670
Impairment of Property Plant and Equipment	-	-	-	-	-	-	-
Impairment Losses of Financial Assets	333	39	-	-	(55)	-	317
Operating Costs	20,813	10,953	8,751	5,765	11,905	(11,144)	47,043
Finance costs	69	643	23	-	-	-	735
Total Operating Expenses	46,869	22,264	11,140	17,756	14,347	(11,144)	101,232
Other Surplus/(Deficit)							
Surplus/(Deficit) on disposal of non-current assets	(46)	13	(2)	108	-	-	73
Gains and losses financial assets	(117)	59	72	209	229	-	452
Other gains/losses	1,013	(10)	-	-	-	-	1,003
Total Other Surplus/(Deficit)	850	62	70	317	229	-	1,528
Net Surplus/(Deficit) for the period	(14,602)	515	58	1,037	(721)	-	(13,713)
Assets and liabilities							
Assets:							
Non-current assets	231,302	154,271	2,774	8,441	18,942	-	415,730
Current assets	6,091	7,248	2,126	6,394	5,502	(2,047)	25,314
Total Assets	237,393	161,519	4,900	14,835	24,444	(2,047)	441,044

Current Year 2025	Guernsey Ports £'000s	Guernsey Water £'000s	Guernsey Dairy £'000s	States Works £'000s	Guernsey Waste £'000s	Inter-Segment Eliminations £'000s	Total £'000s
Liabilities							
Non-current liabilities	18,275	16,369	606	-	-	-	35,250
Current liabilities	7,503	3,207	1,184	1,403	2,752	(2,047)	14,002
Total Liabilities(Liabilities)	25,778	19,576	1,790	1,403	2,752	(2,047)	49,252
Net Assets	211,615	141,943	3,110	13,432	21,692	-	391,792
Comparative Year 2024							
	Guernsey Ports £'000s	Guernsey Water £'000s	Guernsey Dairy £'000s	States Works £'000s	Guernsey Waste £'000s	Inter-Segment Eliminations £'000s	Total £'000s
Revenue							
Sales of goods and services	24,272	20,234	10,520	17,616	12,493	(11,061)	74,074
Other Income	3,183	188	-	-	-	-	3,371
Total Operating Revenue	27,455	20,422	10,520	17,616	12,493	(11,061)	77,445
Expenses							
Staff Cost	18,735	4,392	1,893	10,445	531	-	35,996
Depreciation and Amortisation Expense	5,411	5,177	311	1,113	1,946	-	13,958
Impairment of Property Plant and Equipment	776	-	-	-	329	-	1,105
Impairment Losses of Financial Assets	67	43	-	23	35	-	168
Operating Costs	10,181	10,349	8,472	5,650	11,115	(11,061)	34,706
Finance costs	73	624	24	-	-	-	721
Total Operating Expenses	35,243	20,585	10,700	17,231	13,956	(11,061)	86,654
Other Surplus/(Deficit)							
Surplus/(Deficit) on disposal of non-current assets	2	(36)	-	36	-	-	2
Gains and losses financial assets	(208)	110	24	233	77	-	236
Other gains/losses	2,192	-	-	-	-	-	2,192
Total Other Surplus/(Deficit)	1,986	74	24	269	77	-	2,430

Comparative Year 2024	Guernsey Ports £'000s	Guernsey Water £'000s	Guernsey Dairy £'000s	States Works £'000s	Guernsey Waste £'000s	Inter-Segment Eliminations £'000s	Total £'000s
Net Surplus/(Deficit) for the period	(6,277)	(89)	(156)	654	(1,386)	-	(7,254)
Assets and liabilities							
Assets:							
Non-current assets	232,946	152,983	2,940	8,195	20,603	-	417,667
Current assets	4,181	6,303	2,028	7,667	3,681	(682)	23,178
Total Assets	237,127	159,286	4,968	15,862	24,284	(682)	440,845
Liabilities							
Non-current liabilities	8,027	14,995	627	-	-	-	23,649
Current liabilities	5,470	2,864	1,289	2,467	1,875	(682)	13,283
Total Liabilities	13,497	17,859	1,916	2,467	1,875	(682)	36,932
Net Assets	223,630	141,427	3,052	13,395	22,409	-	403,913

39.6 States' Controlled Incorporated Entities

Current Year 2025	Aurigny Air Services Limited	Guernsey Electricity Limited	Guernsey Post Limited	Guernsey Housing Association	Inter-Segment Eliminations	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Revenue						
Grants	2,870	-	-	-	-	2,870
Sales of Goods and Services	64,509	79,739	40,281	12,801	(767)	196,563
Other Income	296	376	92	-	-	764
Interest & Investment Income	3	306	55	26	-	390
Total Operating Revenue	67,678	80,421	40,428	12,827	(767)	200,587
Expenses						
Staff Cost	16,478	17,705	16,366	2,138	-	52,687
Depreciation and Amortisation Expense	6,883	7,570	1,397	3,550	-	19,400
Impairment of Property, Plant and Equipment	-	-	-	-	-	-
Impairment Losses of Financial Assets	24	1	-	-	-	25
Impairment of Losses of Non-Financial Assets	-	-	1,769	-	-	1,769
Operating Costs	47,502	50,791	23,374	5,040	(767)	125,940
Finance Costs	1,866	2,373	72	3,304	-	7,615
Total Operating Expenses	72,753	78,440	42,978	14,032	(767)	207,436
Other Surplus/(Deficit)						
Surplus/(Deficit) on disposal of non-current assets	-	(60)	(8)	392	-	324
Gains/ (Losses) of Financial Assets	(1,261)	(381)	2	-	-	(1,640)
Other Gains/ (Losses)	-	-	(90)	-	-	(90)
Total Other Surplus/(Deficit)	(1,261)	(441)	(96)	392	-	(1,406)
Net Surplus/(Deficit) for the period	(6,336)	1,540	(2,646)	(813)	-	(8,255)

Current Year 2025	Aurigny Air Services Limited	Guernsey Electricity Limited	Guernsey Post Limited	Guernsey Housing Association	Inter-Segment Eliminations	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Assets and liabilities						
Assets:						
Non-Current Assets	54,715	162,817	14,681	214,723	-	446,936
Current Assets	11,676	28,638	12,644	4,283	(202)	57,039
Total Assets	66,391	191,455	27,325	219,006	(202)	503,975
Liabilities:						
Non-Current Liabilities	43,325	52,521	1,324	82,643	-	179,813
Current Liabilities	34,240	23,250	6,177	24,695	(202)	88,160
Total Liabilities	77,565	75,771	7,501	107,338	(202)	267,973
Net Assets	(11,174)	115,683	19,824	111,668	-	236,002
Comparative Year 2024						
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Revenue						
Grants	2,887	-	-	-	-	2,887
Sales of Goods and Services	60,446	72,372	38,564	12,781	(711)	183,452
Other Income	504	356	69	-	-	929
Interest & Investment Income	179	415	85	52	-	731
Total Operating Revenue	64,016	73,143	38,718	12,833	(711)	187,999
Expenses						
Staff Costs	14,921	16,984	15,732	1,868	-	49,505
Depreciation and Amortisation Expense	5,054	7,524	1,311	3,351	-	17,240

Comparative Year 2024	Aurigny Air Services Limited	Guernsey Electricity Limited	Guernsey Post Limited	Guernsey Housing Association	Inter-Segment Eliminations	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Impairment of Property, Plant and Equipment	-	-	-	-	-	-
Impairment Losses of Financial Assets	(67)	(101)	6	-	-	(162)
Operating Costs	50,478	44,162	22,879	5,293	(711)	122,101
Finance Costs	1,225	2,679	-	3,361	-	7,265
Total Operating Expenses	71,611	71,248	39,928	13,873	(711)	195,949
Other Surplus/(Deficit)						
Surplus/(Deficit) on Disposal of Non-Current Assets	-	(13)	61	651	-	699
Gains/ (Losses) of Financial Assets	(31)	(113)	46	-	-	(98)
Other Gains/(Losses)	-	-	(15)	-	-	(15)
Total Other Surplus/(Deficit)	(31)	(126)	92	651	-	586
Net Surplus/(Deficit) for the period	(7,626)	1,769	(1,118)	(389)	-	(7,364)
Assets and liabilities						
Assets:						
Non-Current Assets	44,257	159,945	16,854	205,157	-	426,213
Current Assets	10,698	27,312	10,811	4,737	(96)	53,462
Total Assets	54,955	187,257	27,665	209,894	(96)	479,675
Liabilities:						
Non-current Liabilities	35,980	51,839	-	85,453	-	173,272
Current Liabilities	23,812	22,240	5,191	12,822	(96)	63,969
Total Liabilities	59,792	74,079	5,191	98,275	(96)	237,241
Net Assets	(4,837)	113,178	22,474	111,619	-	242,434

40. Notes Relating to Social Benefits and Targeted Benefits

40.1 ESS Contributory Funds

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

	2025			2024		
	Total £'000s	GIF £'000s	LTCIF £'000s	Total £'000s	GIF £'000s	LTCIF £'000s
Income						
Contributions	228,910	186,888	42,023	213,123	172,182	40,941
Expenditure						
Social Benefits	(202,921)	(202,921)	-	(193,299)	(193,299)	-
Targeted Benefits	(30,499)	(819)	(29,680)	(26,175)	(582)	(25,593)
Grants	(173)	(173)	-	(280)	(280)	-
Administration	(5,317)	(5,020)	(297)	(5,374)	(5,085)	(289)
	(238,910)	(208,932)	(29,977)	(225,128)	(199,246)	(25,882)
Operating (Deficit)/Surplus before Depreciation Charge	(10,000)	(22,044)	12,046	(12,005)	(27,064)	15,059
Depreciation charge	(66)	(66)	-	(70)	(70)	-
Operating (Deficit)/Surplus	(10,066)	(22,110)	12,046	(12,175)	(27,134)	15,059
Investment Returns	69,066	55,326	13,740	67,120	55,144	11,976
Transfer to General Revenue	(104)	(104)	-	(983)	(983)	-
Net Surplus	58,896	33,112	25,786	54,062	27,027	27,035
Opening Balance of Reserves	942,002	763,874	178,128	887,940	736,847	151,093
Net Surplus for the year	58,896	33,112	25,786	54,062	27,027	27,035
Closing Balance of Reserves	1,000,900	796,986	203,914	942,002	763,874	178,128

40.2 Funding of Benefits

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

	2025				2024			
	Total	GIF	LTCIF	GR	Total	GIF	LTCIF	GR
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Social Benefits								
States Pension	177,203	177,203	-	-	169,669	169,669	-	-
Sickness Benefit	6,297	6,297	-	-	5,763	5,763	-	-
Incapacity Benefit	13,344	13,344	-	-	12,068	12,068	-	-
Bereavement Benefit	1,550	1,550	-	-	1,456	1,456	-	-
Unemployment Benefit	919	919	-	-	877	877	-	-
Parental Benefit	2,799	2,799	-	-	2,576	2,576	-	-
Industrial Injury Benefit	247	247	-	-	322	322	-	-
Industrial Disablement Benefit	547	547	-	-	567	567	-	-
Income Support	52,011	-	-	52,011	50,505	-	-	50,505
Family Allowance	6,950	-	-	6,950	7,118	-	-	7,118
Severe Disability Benefit	7,645	-	-	7,645	6,861	-	-	6,861
Carer's Allowance	4,216	-	-	4,216	3,738	-	-	3,738
Other	178	15	-	163	-	-	-	-
Total	273,906	202,921	-	70,985	261,520	193,298	-	68,222
Targeted Benefits								
Death	591	484	-	107	590	488	-	102
Back to Work	155	155	-	-	153	153	-	-
Medical	3,964	68	-	3,896	3,368	71	-	3,297
Other	784	-	-	784	390	(130)	-	619
Residential Home Care	16,269	-	16,269	-	13,814	-	13,814	-
Nursing Home Care	13,385	-	13,385	-	11,779	-	11,779	-
Total Targeted Benefits	35,148	707	29,654	4,787	30,094	582	25,593	4,018
Total Benefits Paid	309,054	203,628	29,654	75,772	291,614	193,880	25,593	72,240

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

The Nursing Home Care benefit is the equivalent benefit for eligible residents of private nursing homes.

40.3. Characteristics of the Social Benefit Schemes

40.3.1. General

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

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

40.3.2. States Pension

The scheme provides a States Pension to those that have achieved States Pension age in accordance with “The Social Insurance (Guernsey) Law, 1978”. Pensions are payable when a person reaches pension age. Pension age is set depending on date of birth and is currently increasing gradually from sixty-five years to seventy years. The increase started in 2020 and will be complete in 2049.

To be entitled to receive a full States Pension a person must have paid, or had credited, an average of at least fifty social insurance contributions per year over a forty-five-year period. If this test is not met, then a reduced pension may be payable. If the yearly average of reckonable contributions paid or credited is less than ten, no Pension will be payable unless contributions paid to another country (with which Guernsey has a reciprocal arrangement) can be used to raise the average. A woman who was married or divorced as of 31 December 2003 may be able to use their husband’s or ex-husband’s contribution record instead of their own up to that date to count towards their pension entitlement.

States Pension is funded from GIF.

40.3.3. Sickness Benefit

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

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

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

This benefit is funded from the GIF.

40.3.4. Incapacity Benefit

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

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

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

This benefit is funded from GIF.

40.3.5. Bereavement Benefits

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

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

Bereavement Payment is a single lump sum payment for widows and widowers.

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

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

These benefits are funded from GIF.

40.3.6. Unemployment Benefit

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

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

This benefit is funded from GIF.

40.3.7. Parental Benefit

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

- The Maternity Grant is a one-off payment made to pregnant women or new mothers to help with the cost of having a baby. To receive the grant a person must be registered with Social Security and ordinarily resident in the Bailiwick of Guernsey. They do not need to satisfy any contribution conditions to claim the maternity grant.
- The Adoption Grant is a one-off payment made to parents who are adopting a child. To receive the grant a person must be registered with Social Security and ordinarily resident in the Bailiwick of Guernsey. They do not need to satisfy any contribution conditions to claim the adoption grant.
- Maternal Health Allowance can only be claimed by the birth mother while she is off work in the pre-birth or initial post-birth period.
- Two weeks after the birth, Maternal Health Allowance switches automatically to Newborn Care Allowance. This allowance can be claimed by whichever parent is taking time off work to care for their baby and can be transferred between parents if caring responsibilities change.
- Parental Allowance is payable for up to 26 weeks to a parent who takes time off work to care for a child they have adopted. This allowance can be transferred between adoptive parents if caring responsibilities change.

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

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

This benefit is funded from GIF.

40.3.8. Industrial Injury Benefit

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

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

This benefit is funded from GIF.

40.3.9. Industrial Disablement Benefit

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

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

This benefit is funded from the GIF.

40.3.10. Income Support

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

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

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

In order to receive income support the person must:

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

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

Household	Capital Limit £'000
Single person	15
Couple	18
Family, one child	20
Family, two children	25
Family, three children or more	27

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

40.3.11. Family Allowance

Family Allowance can be claimed by anyone responsible for bringing up a child who is, under eighteen and still in full-time education, provided that their gross household income is less than £125,000 per annum. Family allowance is paid in accordance with ‘The Family Allowance (Guernsey) Law, 1950’.

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

40.3.12. Severe Disability Benefit

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

Severe Disability Benefit is not payable if a person’s annual household income exceeds £126,500.

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

40.3.13. Carer’s Allowance

A person over 18 who is assisting someone in receipt of Severe Disability Benefit with their bodily functions or providing continual supervision for at least 35 hours per week may qualify for Carer’s Allowance. Carer’s allowance is not payable if a person’s annual household income exceeds £126,500.

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

40.3.14. Other Social Benefits

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

40.4. Characteristics of the Targeted Benefit Schemes

40.4.1. General

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

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

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

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

40.4.2. Death Grant

Death Grant provides a single lump sum payment to assist with funeral expenses upon the death of a person. There are a number of ways to calculate the rate of Death Grant paid and the method used depends on individual circumstances and whichever calculation is most advantageous for the claimant. To be paid at the full rate, one option is that the deceased must have paid or had credited an average of between 45 and 52 social insurance contributions per year, between the age of twenty and their date of death (or pension age). Otherwise, regard can be given to contributions paid or credited during the full calendar year prior to the date of death or the date on which the deceased reached pension age. In other cases, a spouse or parent's contribution record can be used instead, depending on the claimant's circumstances and the circumstances of the deceased.

If the maximum Death Grant is not payable, a reduced benefit may be payable instead

Death Grant is funded from GIF.

40.4.3. Back to Work Benefits

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

- Back to work bonus - a lump sum paid to a person who has started a new job after being sick or unemployed for six months or longer. It is available once a person starts a new job and demonstrates that they have successfully re-entered the workplace by working for at least 15 hours per week for four weeks.
- Grants towards the cost of interview attire, work-related equipment, etc.
- Funding for work-related skills training.
- Recruitment grant for employers – available to employers that recruit someone who has been claiming an incapacity or job seeking benefit for more than six months. The grant recognises additional costs and training which may be incurred by employers during the early stages of employing a new person who has been out of the workplace for a long period of time.

These benefits are funded from the GIF.

40.4.4. Medical

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

These benefits are funded from General Revenue.

40.4.5. Residential Home Care & Nursing Home Care

A person is eligible for the residential rate of long-term care benefit, the EMI rate of long-term care benefit or the nursing rate of long-term care benefit if they meet the criteria below:

- At any time in your life, they must have lived in Guernsey or Alderney for a continuous period of five years;
- They must have lived in Guernsey or Alderney for at least the last twelve months before making their claim;
- They must have been assessed as needing care in a residential home, dementia home or nursing home setting;
- They must have a valid care certificate issued by the Needs Assessment Panel which is operated by the Committee for Health & Social Care; and
- They have a room in a private residential or nursing home.

A co-payment must also be made towards living and accommodation costs associated with residential long-term care. Making this co-payment is a condition of receiving care benefit. If a person cannot afford their co-payment, they may be able to receive assistance from income support.

These benefits are funded from LTCIF.

40.5. Significant Amendments to Benefits during the reporting period.

40.5.1. Inflation

RPIX for the year ending June in the prior year is used as a core measure for increasing the majority of benefits. RPIX in June 2024, used for 2025 changes was 4.5% (2024: 6.8%). Figures in the tables below are for 31st December each year with the change representing the increase in benefits rates during 2025.

40.5.2. Income Support

	Frequency	2025 £	2024 £	Change (%)
Income Support				
Couple householder short term	Weekly	270.98	259.31	4.5
Couple householder long term	Weekly	385.59	368.99	4.5
Single householder short term	Weekly	162.45	155.45	4.5
Single householder long term	Weekly	231.92	221.93	4.5
Single non-householder 18 years or over short term	Weekly	123.98	118.64	4.5
Single non-householder 18 years or over long term	Weekly	176.58	168.98	4.5
Member of household				
Aged 11 and over short term	Weekly	118.94	113.82	4.5
Aged 11 and over long term	Weekly	135.46	129.63	4.5
Aged 5 - 10 years short term	Weekly	93.09	89.08	4.5
Aged 5 - 10 years long term	Weekly	103.06	98.62	4.5
Under five years short term	Weekly	76.33	73.04	4.5
Under five years long term	Weekly	89.96	86.09	4.5
Rent addition for a non-householder	Weekly	96.00	<92.00	4.35

In response to the high-rent climate, income support maximum rent allowances were increased by 10% to support income support recipients residing in the private rental sector.

40.5.3. Other non contributory Social Benefits

Non-contributory benefits

The rates of most of the other non-contributory benefits were increased in 2025 in line with the cost-of-living for the year ending 30 June 2024 (4.5%).

The annual household income limit for recipients of family allowance was increased from £120,000 to £125,000 in 2025.

Contributory benefits

The rates of all contributory benefits funded from the Guernsey Insurance Fund (including the States pension) increased by 4.9%, this being in line with the guideline 'double lock and look back' uprating policy.

The rates of benefits funded from the Long-term Care Insurance Fund were increased by 4.5%, this being in line with RPIX as at 30 June 2024.

40.6. Key Demographic, Economic and Other External Factors that Influence the Level of Expenditure under the Social Benefit Schemes.

40.6.1. Demographic Factors

The ability to finance the social benefits funded through social security is affected by both the level of contribution incomes, the number of contributors and the volume of claims, which is related to the size and makeup of the population.

Guernsey's published population projections (available at www.gov.gg/population) show the potential for a downward pressure on the number of working people, who make the largest financial contributions, as the largest age cohorts move into retirement and are replaced by a smaller generation of younger people as a result of the reduction in fertility rates to below the replacement rate.

This is balanced by inward net migration, which tends to be focused among economically active individuals. Higher levels of net inward migration (as experienced in the last four years) could increase the revenues associated with the provision of Social Benefit Schemes under the Social Security contributions system; lower levels of net inward migration could reduce the funding available. Migration levels tend to be closely linked to economic conditions.

Increases in earnings by more than inflation could also reduce spend on social benefits. If earnings growth were to lag inflation or employment reduce, spending could increase.

The movement of these larger cohorts into older age groups, combined with increased life expectancy is placing a sustained upward pressure on multiple Social Benefits, including, but not limited to the States pension, income support, severe disability benefits, carers allowance and bereavement benefits. Projected costs could be affected by changes in life expectancy from the expected trends, or an increase in net inward migration of older people.

The current low fertility rates exert a downward impact on the cost of providing parental benefits and family allowance. Higher or lower fertility rates could impact the cost of these.

40.6.2. Public Health Factors

The cost of social benefit schemes was significantly impacted by the Covid-19 pandemic during 2020 and 2021, with shorter term impacts on benefits such as Income Support and Sickness Benefits. There has been an upward movement in long-term incapacity benefits since 2020 and while this cannot be definitively linked to longer term health impacts resulting from Covid-19, the operational teams are experiencing a larger proportion of diagnosis attributed to mental health. These cases are arguably slower and more challenging to resolve but there are active interventions in place to help islanders manage their health conditions.

Another widespread public health crisis could result in similar short and long-term increases.

Other health factors such as levels of obesity and related conditions such as type 2 diabetes, the mental health of the community and long waiting lists for medical treatment may also have an impact on the cost of health and incapacity related social benefits. They may also impact the cost of providing income support benefits.

40.6.3. Fiscal Policy

Means tested benefits, and Income Support in particular, are calculated on household income after tax. This means that changes in direct taxes and contributions can impact benefit costs.

The phased increase in social security contributions which has been underway since 2022 will exert upward pressure on Income Support costs; tax reform proposals which could reduce the social security contributions and income Tax liability for claimants could reduce income support costs.

40.6.4. Economic Factors

The cost of social benefits is impacted by a number of economic factors including:

The Rate of Inflation (as measured by RPIX)

RPIX is used to determine the increase in the rates of the non-contributory social benefits and is one of the metrics used in the determination of the annual uprating of the States Pension and other contributory social benefits. High levels of price inflation therefore directly increase costs.

In exceptional circumstances, this may also trigger an increase in the benefit rates outside the normal budgeting cycle, as was the case in 2023 in respect of income support. It is also expected that higher levels of inflation would increase earnings (albeit at a lag) resulting in higher contribution revenues.

Current geopolitical stressors in the Middle East and the impact that this is exerting on the prices of oil, gas and other raw materials presents a significant upside risk to inflation. The direct impact of items like motor fuels and heating oil has been apparent since March 2026, and the indirect flow of these price pressures can be expected to flow through the supply chain over a number of months. Upward pressure is likely to persist for some time even if the active conflict itself is resolved relatively quickly. This means that the risk of upward pressure on social benefits costs as a result of inflation is high.

The application of indirect taxes could also increase inflation.

Median Earnings Growth

This is one of the metrics used in the determination of the annual uprating of the States pension and other contributory benefits. Therefore, earnings growth in excess of inflation increases costs. Earnings growth in the community may also reduce the need for income support and increase contribution revenues.

Rates of Employment and Unemployment

This directly impacts the number of unemployment benefit claims but may also influence the number and value of individual claims for income support and contribution revenues.

The Cost and Availability of Housing

Housing costs form a part of the income support assessment process. Changes in housing costs may impact demand for income support and the value of individual claims.

Other External Factors

There are currently no other known factors that would impact the level of social benefits payable.

41. Notes Relating to Financial Instruments and Financial Risk Management

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

41.1. Categories of Financial Instruments

The following table shows the categories of financial assets and liabilities held by the Group; the financial instruments being shown at their carrying amount as reported in the Statement of Financial Position.

Financial assets and liabilities are classified at either amortised cost or fair value through surplus or deficit (FVTSD). Classification of financial assets depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

	Note	2025		2024	
		Non-Current £'000s	Current £'000s	Non-Current £'000s	Current £'000s
Financial Assets					
Financial Assets at Fair Value through Surplus or Deficit:					
General Investment Portfolio	25a	1,770,937		1,757,599	-
Derivative Financial Instruments	25a		1,928	-	3,360
Financial Assets at Amortised Cost:					
Exchange Receivables	22a	-	70,823	-	65,689
Cash and Cash Equivalents	32b	-	11,302	-	8,758
Loans and Advances	25b	32,066	987	30,250	4,290
Other Financial Assets at Amortised Cost	25b	6	-	-	-
Other Financial Assets:					
Investment in Unlisted Companies	25c	24	-	24	-
Total Financial Assets		1,803,033	84,991	1,787,873	82,097

41.1. Categories of Financial Instruments (continued)

	Note	2025		2024	
		Non-Current £'000s	Current £'000s	Non-Current £'000s	Current £'000s
Financial Liability					
Financial Liabilities at Fair Value through Surplus or Deficit:					
Depositor Investments	31	-	36,542	-	45,269
Derivative Financial Instrument	31	-	94	-	95
Financial Liabilities at Fair Value through net Assets/ Equity:					
Derivative Financial Instruments	31	-	227	-	824
Financial Liabilities at Amortised Cost:					
Trade Payables	27	5,968	124,898	5,506	114,563
Bank Overdraft	32b	-	15,661	-	3,869
Bank Loans	28a	62,583	21,652	64,734	20,597
Bond Loan	28b	319,295	-	318,940	-
Total Financial Liabilities		387,846	199,074	389,180	185,217

41.2. Financial Instruments: Income, Expense, Gains and Losses

Current Year 2025

	Note	Financial Asset		Financial Liabilities	
		Surplus or Deficit	Net Assets/Equity	Surplus or Deficit	Net Assets/Equity
		£'000s	£'000s	£'000s	£'000s
Net Gains/(Losses) on:					
Financial assets measured at fair value through surplus or deficit	13	121,160	-	-	-
Financial assets measured at fair value through net assets/equity	14	-	966	-	-
Financial liabilities measured at fair value through surplus or deficit		-	-	(2,160)	-
Total net Gains/(Losses)		121,160	966	(2,160)	-
Interest Revenue:					
Financial assets measured at amortised cost	4	1,597	-	-	-
Total net Gains/(Losses)		1,597	-	-	-
Interest Expense:					
Financial liabilities measured at amortised cost	10	-	-	(16,065)	-
Total Income, Expense, Gains and (Losses)		122,757	966	(18,225)	-

41.2. Financial Instruments: Income, Expense, Gains and Losses (continued)

Comparative Year 2024

	Note	Financial Asset		Financial Liabilities	
		Surplus or Deficit	Net Assets/ Equity	Surplus or Deficit	Net Assets/ Equity
		£'000s	£'000s	£'000s	£'000s
Net Gains/(Losses) on:					
Financial assets measured at fair value through surplus or deficit	13	132,310	-	-	-
Financial assets measured at fair value through net assets/equity	14	-	181	-	-
Financial liabilities measured at fair value through surplus or deficit		-	-	(2,506)	-
Total net Gains/(Losses)		132,310	181	(2,506)	-
Interest Revenue:					
Financial assets measured at amortised cost	4	2,542	-	-	-
Total net Gains/(Losses)		2,542	-	-	-
Interest Expense:					
Financial liabilities measured at amortised cost	10	-	-	(15,048)	-
		-	-	(15,048)	-
Total Income, Expense, Gains and (Losses)		134,852	181	(17,554)	-

41.3. Fair Value of Financial Assets and Financial Liabilities

41.3.1. Classes and Categories of Financial Instruments and their Fair Values

Table below combines information about:

- Classes of financial instruments held by the Group based on their nature and characteristics
- The carrying amounts of financial instruments
- Fair values of financial instruments (except for financial instruments whose carrying amount approximates their fair value)
- Fair value hierarchy levels of financial assets and financial liabilities for which fair value is disclosed, reflecting the significance of the inputs used in making the fair value measurements.

Fair Value* Hierarchy

In measuring the fair value of the Group's financial assets and financial liabilities, the inputs to the fair value measurement techniques are categorised in accordance with the following hierarchy which reflects the significance of the inputs used in making the measurements:

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

*The fair value of a financial asset or liability is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.



Classes and Categories of Financial Instruments and their Fair Values - Current Year 2025

	Note	CARRYING AMOUNT						FAIR VALUE (FV)					
		Financial Assets			Financial Liabilities			Total	Measured at FV			Not Measured at FV	Total
		FV through Surplus/ Deficit	Amortised Cost	Other Financial Assets	FV through Surplus/ Deficit	FV through Net Asset/ Equity	Amortised Cost		Quoted Market Price Level 1	Using Observable Inputs Level 2	Using Un-Observable Inputs Level 3		
£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Financial Assets measured at FV:													
States' General Investment Portfolio 25a													
Absolute Return		203,055	-	-	-	-	203,055	-	203,055	-	-	203,055	
Bonds and Fixed Interest Securities		453,584	-	-	-	-	453,584	329,485	124,099	-	-	453,584	
Property		91,824	-	-	-	-	91,824	-	35,227	56,597	-	91,824	
Equities and Derivatives		693,066	-	-	-	-	693,066	604,491	88,575	-	-	693,066	
Private Market Investments		232,496	-	-	-	-	232,496	-	-	232,496	-	232,496	
Cash and Cash Equivalents (held by investment managers)		96,911	-	-	-	-	96,911	96,911	-	-	-	96,911	
		1,770,936	-	-	-	-	1,770,936	-	-	-	-	1,770,936	
Derivative Financial Instruments	25b	1,928	-	-	-	-	1,928	-	1,928	-	-	1,928	
Fin. Assets not measured at FV:													
Exchange Receivables*	22a	-	70,823	-	-	-	70,823	N/A	N/A	N/A	70,823	70,823	
Cash and Cash Equivalents*	32b	-	11,302	-	-	-	11,302	N/A	N/A	N/A	11,302	11,302	
Loans and Advances	25b	-	33,029	-	-	-	33,029	N/A	N/A	N/A	33,029	33,029	
Fin. Liabilities measured at FV:													
Depositors Investments	31	-	-	-	(36,542)	-	(36,542)	(36,542)	-	-	-	(36,542)	
Derivative Fin. Instruments	31	-	-	-	(94)	(227)	(321)	-	(321)	-	-	(321)	
Fin. Liabilities not measured at FV:													
Trade Payables*	27	-	-	-	-	(124,893)	(124,893)	N/A	N/A	N/A	(124,893)	(124,893)	
Bank Overdraft*		-	-	-	-	(15,661)	(15,661)	N/A	N/A	N/A	(15,661)	(15,661)	
Bank Loans	28	-	-	-	-	(84,235)	(84,235)	N/A	N/A	N/A	(84,235)	(84,235)	
Bond Loan	28	-	-	-	-	(319,925)	(319,925)	N/A	N/A	N/A	(319,925)	(319,925)	
Total Fin. Assets and Liabilities		1,772,864	115,154	-	(36,636)	(227)	(554,714)	1,306,441				1,306,441	

Classes and Categories of Financial Instruments and their Fair Values - Comparative Year 2024

Note	CARRYING AMOUNT							FAIR VALUE (FV)				
	Financial Assets			Financial Liabilities			Total	Measured at FV			Not Measured at FV	Total
	FV through Surplus/ Deficit	Amortised Cost	Other Financial Assets	FV through Surplus/ Deficit	FV through Net Asset/ Equity	Amortised Cost		Quoted Market Price Level 1	Using Observable Inputs Level 2	Using Un-Observable Inputs Level 3		
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Financial Assets measured at FV:												
States' General Investment Portfolio	25a											
Absolute Return		198,185	-	-	-	-	198,185	-	198,185	-	-	198,185
Bonds and Fixed Interest Securities		476,289	-	-	-	-	476,289	258,785	217,504	-	-	476,289
Property		58,954	-	-	-	-	58,954	-	37,308	22,646	-	58,954
Equities and Derivatives		751,732	-	-	-	-	751,732	482,410	269,322	-	-	751,732
Private Market Investments		212,156	-	-	-	-	212,156	-	111	212,045	-	212,156
Cash and Cash Equivalents (held by investment managers)		60,283	-	-	-	-	60,283	60,283	-	-	-	60,283
		1,757,599	-	-	-	-	1,757,599	-	-	-	-	1,757,599
Derivative Financial Instruments	25b	3,360	-	-	-	-	3,360		3,360			3,360
Fin. Assets not measured at FV:												
Exchange Receivables*	22a	-	65,689	-	-	-	65,689	N/A	N/A	N/A	65,689	65,689
Cash and Cash Equivalents*	32b	-	8,758	-	-	-	8,758	N/A	N/A	N/A	8,758	8,758
Loans and Advances	25b	-	34,540	-	-	-	34,540	N/A	N/A	N/A	34,540	34,540
Other		-	-	-	-	-	-	N/A	N/A	N/A	-	-
Fin. Liabilities measured at FV:												
Depositors Investments	31	-	-	-	(45,269)	-	(45,269)	(45,269)	-	-	-	(45,269)
Derivative Fin. Instruments	31	-	-	-	(95)	(824)	(919)	-	(919)	-	-	(919)
Fin. Liabilities not measured at FV:												
Trade Payables*	27	-	-	-	-	(114,563)	(114,563)	N/A	N/A	N/A	(114,563)	(114,563)
Bank Overdraft*		-	-	-	-	(3,869)	(3,869)	N/A	N/A	N/A	(3,869)	(3,869)
Bank Loans	28	-	-	-	-	(85,332)	(85,332)	N/A	N/A	N/A	(85,332)	(85,332)
Bond Loan	28	-	-	-	-	(318,940)	(318,940)	N/A	N/A	N/A	(318,940)	(318,940)
Total Fin. Assets and Liabilities		1,760,959	108,987	-	(45,364)	(824)	(522,704)					1,301,054

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs** that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

**Establishing what represents observable inputs requires significant judgement. The Group considers observable data to be inputs other than quoted prices included within Level 1 that are observable either directly (that is prices) or indirectly (that is derived from prices).

Significant transfers between Level 1 and 2 of the fair value hierarchy

There were no significant transfers between level 1 and level 2 of the fair value hierarchy during the period.

41.3.2. Valuation Techniques and Significant Assumptions used to determine Fair Value of Financial Instruments

The basis of valuation of each class of investment asset is set out in the following table. There has been no change in the valuation techniques used during the year.

All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

Financial Asset or Liability	Input Level in FV Hierarchy	Valuation Techniques used to measure FV*	Significant Assumptions used to measure FV
Financial Assets and Liabilities not measured at Fair Value			
Cash and Cash Equivalents	N/A	Carrying value is deemed to be fair value because of the short-term nature of investments	Not required
Trade and Other Receivables			
Trade and Other Payables			
Loans and Other Advances and External Borrowing	N/A	Market Rate for similar instruments	Not required

41.3.2. Valuation Techniques and Significant Assumptions used to determine Fair Value of Financial Instruments (continued)

Financial Asset or Liability	Input Level in FV Hierarchy	Valuation Techniques used to measure FV*	Significant Assumptions used to measure FV
Financial Assets and Liabilities measured at Fair Value:			
Cash and Cash Equivalents	Level 1	Carrying value is deemed to be fair value because of the short-term nature of investments	Not required
	Level 2	Carrying value is deemed to be fair value because of the short-term nature of investments	Not required
Equities and Derivatives	Level 1	Quoted price	Not required
	Level 2	Closing price where bid and offer prices are published.	Not required
Alternatives	Level 1	Quoted price	Not required
	Level 2	NAV based pricing, though pricing underlying listed equity	Not required
Bond and Fixed Interest Securities	Level 1	Quoted price	Not required
	Level 2	Discounted cash flows – calculating the present value of the contractual cash flows (using the market rate for similar instruments) that will take place over the remaining term of the instruments	
Property	Level 1	Quoted price	Not required
	Level 2	Net Asset value (NAV) based on third party valuation of underlying assets, all of which are level 1 and level 2	
	Level 3	NAV based on unaudited valuation statement, which is valued by the Manager	Valuations will be impacted by factors such as occupancy rates, lease terms, covenant terms, transactional activity in sector.

41.3.2. Valuation Techniques and Significant Assumptions used to determine Fair Value of Financial Instruments (continued)

Financial Asset or Liability	Input Level in FV Hierarchy	Valuation Techniques used to measure FV*	Significant Assumptions used to measure FV
Private Market Investments	Level 2	NAV based on third-party valuation of underlying assets, all of which are level 1 and level 2	Underlying NAVs
	Level 3	Measured at fair value using the reported NAV, as this is based on the most up-to-date information available provided by the underlying investment fund.	Valuation models apply numerous subjective judgments by the Investment Manager. These are subject to assumptions around factors such as Liquidity discounts, EBITDA multiples etc.
Interest Rate Swap Derivatives	Level 1	The present value of the estimated future cash flows based on observable yield curves.	Interest Rates
Interest Rate Cap Derivatives	Level 2	Calculated by using current market rates.	Market rates provided by the bank.
Fuel Forward Contract Derivatives	Level 2	The fair value has been estimated by calculating the difference between the total cost of the contracts (number of tonnes of fuel contracted to purchase multiplied by the contracted rate) and the cost of the equivalent amount of fuel had it been purchased at the forward rate available at the year end.	Fuel prices
Foreign Currency Exchange Forward Contracts Derivatives	Level 1	Market forward exchange rates at the year-end.	Exchange Rates

41.3.3. Level 3 Fair Value Measurements (using significant unobservable inputs)

The fair value of the private market investments within the General Investment Portfolio cannot be determined by using observable inputs or measures and are measured using other techniques as set out in the table above. Their fair value measurements are categorised within Level 3 of the Fair Value Hierarchy.

41.3.3.1. Reconciliation of Level 3 Fair Value Measurements

The following table presents a reconciliation from the beginning balances to the ending balances for fair value measurements categorised within Level 3 of the fair value hierarchy, by class of financial instrument:

2025	Investments in Private Markets	Property	Other	Total
	£'000s	£'000s	£'000s	£'000s
Opening Balance	212,045	13,960	7,686	233,691
Total Gains or Losses for the year - recognised in Surplus or Deficit in 'Other Gains and Losses'				
Realised	2,120	(411)	-	1,709
Unrealised	(858)	(982)	-	1,840
Purchases	66,414	20,381	-	86,795
Sales	(19,163)	(12,099)	-	(31,262)
Reclassification	(28,062)	35,748	(7,686)	-
Transfers into Level 3	-	-	-	-
Transfers out of Level 3	-	-	-	-
Closing Balance	232,496	56,597	-	289,093
2024	Investments in Private Markets	Property	Other	Total
	£'000s	£'000s	£'000s	£'000s
Opening Balance	190,676	18,069	6,402	215,147
Total Gains or Losses for the year - recognised in Surplus or Deficit in 'Other Gains and Losses'				
Realised	8,556	2,008	-	10,564
Unrealised	(8,102)	(2,328)	1,186	(9,244)
Purchases	62,457	1,228	98	63,783
Sales	(41,542)	(5,017)	-	(46,559)
Transfers into Level 3	-	-	-	-
Transfers out of Level 3	-	-	-	-
Closing Balance	212,045	13,960	7,686	233,691

Total gains or losses attributable to assets held at the end of the year that are included in the Statement of Financial Performance in 'Other Gains and Losses'.

41.3.3.2. Transfers Into and Out of Level 3

There were no transfers into or out of Level 3.

41.3.3.3. Level 3 Sensitivity Analysis

Having analysed historical data and current market trends, and consulted with independent investment advisors, the States of Guernsey has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out opposite the consequent potential impact on the closing value of investments held at 31 December 2025.

Type of Financial Instrument categorised at Level 3	Valuation Technique (as specified above)	Sensitivity of FA to reasonably possible alternative assumptions	Impact on Surplus or Deficit	
			Increase	(Decrease)
			£'000s	£'000s
Financial Assets measured at FVTSD (included in States' Investment Portfolio):				
Investment In Private Equity Companies	Measured at fair value using the reported net asset value ("NAV"), as this is based on the most up-to-date information available provided by the underlying investment fund	+/- 10%	23,249	(23,249)
Property and Other	NAV based on unaudited valuation statement, which is valued by the Manager	+/- 10%	5,659	(5,659)

41.4. Financial Instruments - Risk Management

The Group is exposed to the following risks arising from financial instruments:

- **Credit risk** – the risk of financial loss to the Group if customers and other parties (e.g. those who have received loans) fail to discharge their obligations
- **Liquidity risk** – the risk that the Group might not have funds available to meet its commitments to meet its obligations associated with financial liabilities
- **Market risk** – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk (such as equity price risk).

In particular, the most significant exposure to risk arises from investing activities in the States of Guernsey's General Investment Portfolio (GIP) and the possibility that an event or situation arises that reduces the likelihood of achieving its financial objectives. Management of the GIP's financial risk exposure is outlined below.

The Group also has a controlling interest in nine subsidiary entities which provide key services for the Island, and which assist with the delivery of Government policy. These entities will encounter many of the same risks to which the States is exposed but these are managed directly by the individual Boards and Management teams.

Overview of the States' Risk Management Framework for Financial Instruments

The States of Guernsey monitors and manages its financial risk exposure under the States' general risk management framework as well as under the specific governance arrangements for the significant investment of assets in the States' General Investment Portfolio.

The States of Guernsey's Policy and Resources Committee has overall responsibility for the States' risk management framework. The Committee's responsibilities are set out comprehensively in the Governance Framework which establishes the roles, responsibilities and procedures for the efficient and effective governance of the Framework which establishes the roles, responsibilities and procedures for the efficient and effective governance of the General Investment Portfolio, which establishes that:

- The States of Guernsey set the permitted investment rules specifying eligible investments
- The Policy and Resources Committee (P&R) sets investment objectives and monitors performance through a standing invitation to attend meetings (as a non-voting observer) and through formal semi-Annual Reports by the States Investment Board
- The States Investment Board, appointed by the Committee, sets and implements the investment strategies to seek to achieve the agreed objectives
- Treasury provides day-to-day management and administration
- Independent consultants provide expert investment advice to the Board on strategy and manager selection

The States' Investment Board's Annual Report which includes the Policy and Resources Committee investment objectives can be found in Appendix XI of these financial statements.

The States of Guernsey Internal Audit team focuses on evaluating and improving risk management, control and governance processes providing assurance to the Chief Executive Officer and other key stakeholders that committees are effectively managing risks to the States' objectives.

The risk associated with poor governance essentially occurs where there is a failure to act as issues emerge. Governance is the framework within which other risks are considered and the result of this consideration should, where appropriate, lead to action. The States' Risk Management Framework ensures that the States' exposure to financial risk is minimised. To achieve this, the key controls and risk mitigation include:

- Objectives are well understood;
- Fund manager and other provider mandates are well defined;
- Strategic review of the Contributory Funds is undertaken regularly; and
- Fund managers and providers are asked to articulate how their strategies might perform in different market and economic conditions.

Once this is done, the risks in the other areas can be defined and evaluated. The focus is then on designing metrics and benchmarks that are consistent with the conditions identified above

41.4.1. Credit Risk

41.4.1.1. Credit Risk Management Practices

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from the Group's deposits with banks; its investments with financial institutions and from the contractual obligations of its customers and borrowers. It is the risk that customers, tenants, or borrowers and the financial institutions it invests with will fail to make payments under the terms of their respective contracts. Credit risk is managed at entity level throughout the Group in accordance with each entity's risk management policies.

To reflect expected shortfalls in contractual cash flows, the group calculates expected credit losses (ECLs) for the following financial instruments to which the impairment requirements of IPSAS 41 apply, consistent with the approach outlined for each financial asset (see Notes 42.4.1.2 and 42.4.1.3 below for further detail):

Financial Assets subject to Impairment Requirements	Note	Credit Risk Policy
Trade Exchange Receivables	41.4.1.2	Using the simplified approach which measures the loss allowance at an amount equal to lifetime expected credit losses.
Loans and Advances (including loans to related parties)	41.4.1.3	The loss allowance is measured at an amount equal to lifetime expected credit losses (ECLs) when there has been a significant increase in credit risk since initial recognition. Where credit risk has not increased significantly since initial recognition or remains low, loss allowances are measured at an amount equal to 12-month ECLs.
Cash and Cash Equivalents	N/A (no ECL recognised)	Although cash and cash equivalents are measured at amortised cost and are therefore subject to impairment, the impairment amounts are not considered material.

Note: No impairment loss is recognised for investments in equity instruments or the States' investment portfolio as these financial instruments are carried at Fair Value.

Expected credit losses are measured in a way that reflects:

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

To minimise the Group's exposure to credit risk, credit risk gradings have been developed to categorise customers and borrowers in line with their anticipated risk of default. Due to the nature of the Group's customers and borrowers, the credit rating information is developed internally using each group entity's own records as well as using other publicly available financial information. The credit ratings are regularly reviewed and updated as necessary.

The following table sets out the framework for recognising expected credit losses:

Risk Level	Expected Credit Loss measurement approach	Credit Risk Category
The debtor/borrower has a low risk of default and makes payments in line with their contractual obligations.	12-Month Expected Credit Loss	A
The amount is >30 days past due but the amount is still considered collectable.	Lifetime Expected Credit Loss-not credit impaired	B
The amount is >30 days past due with credit risk increased significantly since initial recognition.	Lifetime Expected Credit Loss-not credit impaired	C
The amount is >90 days past due or evidence exists that the borrower is (for example) suffering significant financial difficulty.	Lifetime Expected Credit Loss-credit impaired	D
There is evidence indicating that the States is unlikely to recover amounts due.	Amount is written off	E

The following impairment losses for financial assets were recognised in the Statement of Financial Performance during the year:

	2025 £'000s	2024 £'000s
Impairment Losses		
Impairment of Trade Receivables	1,292	37
Impairment of Other Loans and receivables	-	(4)
Total	1,292	33

41.4.1.2. Credit Risk Management (Trade Receivables)

The Group uses a simplified approach for measuring the expected credit losses impairments of trade exchange receivables. As such receivables do not have a significant financing component, the loss allowance is always measured at an amount equal to lifetime expected credit losses.

For the purpose of recognising expected loss allowances, trade [exchange] receivables are grouped on the basis of customer types with shared credit risk characteristics, that reflect their ability to pay total amounts due according to the contractual terms, and on days past due to facilitate an analysis that will enable significant increases in credit risk to be identified on a timely basis.

To determine the expected credit losses for each group, a provision matrix is used. The provision matrix is based on historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical default rates and forward-looking estimates are updated and changes in the forward-looking estimates are analysed.

The expected credit losses for each group of trade receivables is estimated using the following provision matrix:

		1-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due
Expected Credit Loss Rates					
Trade Receivables	ECL Rate	1.5-2%	3%	5%	7.5%-10%

	1-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
Carrying Value					
Trade Receivables	62,513	1,496	2,737	11,292	78,038
Lifetime Expected Credit Loss Allowance					
Trade Receivables	24	1	18	7,172	7,215
Credit Impaired	No	No	No	No	

Comparable Year - 2024

		1-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due
Expected Credit Loss Rates					
Trade Receivables	ECL Rate	1.5-2%	3%	5%	7.5% -100%

	1-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
Carrying Value					
Trade Receivables	54,775	2,841	859	13,734	72,209
Lifetime Expected Credit Loss Allowance					
Trade Receivables	27	26	8	6,459	6,520
Credit Impaired	No	No	No	No	

The following table provides a reconciliation from the opening balance to the closing balance of the loss allowance for trade receivables:

	2025 £'000s	2024 £'000s
Reconciliation		
Opening Balance	6,520	6,823
Change in loss allowance recognised in Surplus or Deficit	1,199	37
Amounts written off during the year	(499)	(336)
Other Changes	(5)	(4)
Closing Balance	7,215	6,520

Trade receivables whose contractual payments are beyond agreed credit terms and where all reasonable attempts to recovery have been exhausted, are provided for and in some cases written off. Any write offs would be an accounting adjustment only and the Group would continue recovery efforts on amounts due.

41.4.1.3. Credit Risk Management (Loans and Advances)

Loss allowances in respect of the States' loans and advances to third parties are measured on the basis of Lifetime Expected Credit Losses as they are not considered to be low risk.

The following table provides a reconciliation from the opening balance to the closing balance of the loss allowance for Loans:

	2025				2024			
	12 Month ELC	Lifetime ELC not credit impaired	Lifetime ELC credit impaired	Total	12 Month ELC	Lifetime ELC not credit impaired	Lifetime ELC credit impaired	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Reconciliation								
Opening Balance	3	3	3		-	3	-	3
Change in loss allowance recognised in Surplus or Deficit	-	-	-		-	-	-	
Closing Balance	3	3	3		-	3	-	3

41.4.1.4. Exposure to Credit Risk

Credit Risk - Loans and Receivables

Exposure to credit risk arises principally from the Group's receivables from customers, taxpayers and external loans to other entities and individuals.

The tables below detail the credit quality of such financial assets and financial guarantee contracts, as well as the group's maximum exposure to credit risk by credit risk rating grades:

	Note	Group's Credit Risk Rating	12-month or lifetime ECL	Gross Carrying Amount	Loss Allowance	Net Carrying Amount
				£'000	£'000	£'000
2025						
Loan to Joint Venture (i)	25b	A	12-month ECL (low credit risk asset)	22,667	-	22,667
Loan to Other Parties	25b	C	Lifetime ECL (not credit impaired)	10,493	(131)	10,362
Trade Receivables (ii)	22a	C	Lifetime ECL (simplified approach)	78,038	(7,215)	70,823
				111,198	(7,346)	103,852
2024						
Loan to Joint Venture (i)	25b	A	12-month ECL (low credit risk asset)	23,333	-	23,333
Loan to Other Parties	25b	C	Lifetime ECL (not credit impaired)	11,339	(132)	11,207
Trade Receivables (ii)	22a	C	Lifetime ECL (simplified approach)	72,209	(6,520)	65,689
				106,881	(6,652)	100,229

- (i) The fair value of collateral held that could be sold was £35.4m (2024: £34.3m). This relates to the States of Guernsey, which can enforce their collateral in satisfying the debt owed by Condor VesselCo Ltd in the event of them failing to meet their contractual obligations.
- (ii) As indicated above, for trade; taxation and finance lease receivables, the group has applied the simplified approach in IPSAS 41, using a provision matrix, to measure the loss allowance at lifetime ECL. The credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Notes 42.4.1.2 and 42.4.1.3. include further details on the loss allowance for these assets respectively.
- (iii) For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts.

Credit Risk - Financial Assets at Fair Value through Statement of Financial Performance

The carrying amount of the group's financial assets at Fair Value through Surplus or Deficit (FVTSD), as disclosed in Note 25, best represents their respective maximum exposure to credit risk. These include the States' General Investment Portfolio and Derivative Financial Assets (see below). The Group holds no collateral over any of these balances.

Credit risk is the assessed likelihood that the issuer of a security or loan is unable to discharge its contractual obligations which could result in loss to the GIP. It is the responsibility of the investment managers to monitor dealing activity to ensure best execution, which involves measuring various indicators including the quality of the trade settlement and incidence of failed trades.



The credit profile of fixed income securities held in the portfolio is summarised in the table below:

Currency	2025 GIP £'000	2024 GIP £'000
Rating		
AAA	47,988	50,921
AA	186,005	169,840
A	54,272	48,563
BBB	91,331	118,447
BB	35,706	48,012
B	7,498	10,751
CCC	2,022	2,377
CC	36	78
C	253	7
D	-	50
NR	28,473	27,243
Total Fixed Income	453,584	476,289

The Custodian is Northern Trust Limited which has a credit rating of AA- from Standard & Poor's, Aa2 from Moody's, and AA from Fitch Ratings. The States' investments are held in accounts which are segregated from the Custodian's own trading assets. If the Custodian were to become insolvent, the States of Guernsey's right of ownership is clear and they are therefore protected. However, The States' cash balances, which are held with the Custodian, may be at risk in this instance as The States of Guernsey would rank alongside other creditors of the Custodian. This risk is minimised through the use of daily cash sweeps which invest excess overnight balances over £1,000 into money markets funds. These funds contain highly diversified range of counterparties, with credit ratings of "A" or better.

Cash and Cash Equivalents and Derivative Financial Assets

The credit risk in respect of cash & cash equivalents (of £96.911m) and derivative financial assets (of £3.36m) is not considered significant as amounts are held with banks and financial institutions which have high credit-ratings as assigned by the international credit-rating agency (Standard & Poor's, Moody's and Fitch Ratings).

Counterparty Risk

Counterparty risk is the risk of the counterparty to an agreement not fulfilling its contractual obligations. Where derivatives are used, the risk of counterparty default is reduced through the requirement in the relevant documentation that regular collateral or margin payments be made. It is also considered in the selection of counterparties and the incorporation of protection mechanisms in the documentation in the event of a downgrade in credit quality of an existing counterparty.

41.4.2. Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity Risk Management

The Group's framework for managing liquidity is designed to ensure that it will have sufficient liquid assets (e.g. cash) available to meet its liabilities when they fall due. This is achieved through the Group's cashflow management processes, which enable the Group to monitor cash flow requirements whilst maximising its cash return on investments. A cash fund is maintained by the States of Guernsey to ensure liquidity requirements are met on a day-to-day basis across the group while earning a cash return and providing diversification of counterparty and investments. Whilst ensuring that sufficient liquid assets are maintained by the States of Guernsey in the General Investment Portfolio* to meet short-term requirements, the level of expected cash inflows from taxation; trade and other receivables is also monitored across the group against expected cash outflows in connection with trade and other payables.

Furthermore, the States of Guernsey has agreed a Revolving Credit Facility (RCF) with Lloyds Bank Corporate Markets PLC, for a sum of up to £100m. The facility agreement commenced in March 2022, and covers a period of three years, this has now been extended under the same terms to March 2027.

The revolving element of the facility allows for separate loan tranches to be drawn and repaid over a period of either 1, 2, 3 or 6 months. The RCF provides the States of Guernsey with additional liquidity and the lender is under obligation to advance money when requested.

The following tables provide a maturity analysis for the Group's financial liabilities as at the reporting date showing the remaining contractual maturities:

Current Year - 2025

At 31 Dec 2025	Within 1 Month	1-2 Months	2-12 Months	1-5 Years	More than 5 Years	Total
	£'000	£'000s	£'000s	£'000s	£'000s	£'000s
Borrowings (inc. Public Bond)	-	5,701	5,701	55,705	575,102	642,209
Payables under Exchange Transactions	124,898	-	-	5,968	-	130,866
Depositors	52,831	-	-	-	-	52,831
Total	177,729	5,701	5,701	61,673	575,102	825,906

Comparative Year - 2024

At 31 Dec 2024	Within 1 Month	1-2 Months	2-12 Months	1-5 Years	More than 5 Years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Borrowings (inc. Public Bond)	-	5,571	5,571	55,705	586,243	653,089
Payables under Exchange Transactions	114,563	-	-	3,891	-	118,454
Depositors	45,269	-	-	-	-	45,269
Total	159,832	5,571	5,571	59,596	586,243	816,812

The amounts in the above table are based on the Group's undiscounted contractual principal and interest cashflows in respect of the Group's financial liabilities (e.g. the coupon interest payments in respect of the Public Bond are included in borrowings).

The amount shown above in respect of financial guarantees represents the maximum amount that the Group would be required to be paid if the guarantees were called.

General Investment Portfolio - Liquidity Risk Management

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations, obligations, and future developments, the cash flow requirements of the States need to be monitored, and the timing of investment and divestment to and from the GIP controlled.

In order to ensure a good cash flow management, a detailed forecasting of cash flows, associated with the underlying investments within the General Investment Portfolio, is performed periodically and features heavily in the management and governance of the General Investment Portfolio.

The investments categorised under the level 1 Fair Value hierarchy are valued at £801m at the year-end (2024: £679m). Investments with quoted prices and traded on an active market could usually be liquidated within one month. However, due to the size of certain of the level 1 holdings, it is assumed it that may take longer to liquidate some of these holdings and as such they have been analysed as 1-3 months.

41.4.3. Market Risk

Market risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices thereby impacting the States' income or the value of its financial instruments. Market risk comprises three types of risk:

- currency risk,
- interest rate risk, and
- other market price risk

The Group is exposed to market risk through its use of financial instruments and in particular to currency risk, interest rate risk and certain other market price risks, which result from both its operating and investing activities.

Market risk in connection with the States of Guernsey's investing activities for the General Investment Portfolio, which represents a significant financial asset of the group, is discussed separately below

Market Risk – Operating Activities

The operating activities of entities of the Group, in particular Guernsey Electricity and Aurigny Air Services Limited, expose it to the financial risks of changes in foreign currency exchange rates; interest rates and commodity prices. These entities use derivative financial instruments such as forward foreign exchange and commodity contracts, as well as interest rate swaps and caps to hedge these exposures. These transactions are undertaken within guidelines set out by each relevant entity's risk management framework. The objective of such market risk management is to manage and control market risk exposures within acceptable parameters and minimise volatility in the group's statement of financial performance. Neither entity uses derivative financial instruments for trading purposes.

Market Risk – Investing Activities – General Investment Portfolio

In its dealings with financial instruments the States of Guernsey is exposed to market risk arising from the possibility that the value of its financial instruments and investment income will fluctuate because of changes in interest rates, foreign currency exchange rates and market prices (stock market movements).

The States of Guernsey reviews and agrees policies for managing these risks and these policies have remained unchanged from those applying in the comparative year. Each investment manager assesses exposure to market risk as part of their investment decision making process and monitors the overall level of market risk on the investment portfolio under its management on an ongoing basis. Overall portfolio risk is monitored by the investment consultant and regular reporting provided to the States' Investment Board (SIB).

The principal market risks are controlled by the guideline allocations to major asset categories, (bonds equities, cash, property, hedge funds, private equity etc.).

In addition to the major asset guidelines there are further 'minor' guidelines, which are required to ensure the proper diversification of the total portfolio within the asset type, principally on the character of investments held and position size.

41.4.3.1.Currency Risk

Certain of the General Investment Portfolio's assets and liabilities and income are denominated in currencies other than sterling, which is the base currency of the Portfolio and the Group's financial statements. As a result, movements in exchange rates will affect the Sterling value of those items.

Management of Currency Risk

Some investment managers are responsible for managing currency risk and monitoring exposure to foreign currencies within their mandates. Investment managers are permitted to use forward foreign currency exchange contracts to limit the exposure to anticipated changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. Overall portfolio currency exposure is monitored by the investment consultant and managed within agreed parameters.

Open Forward Foreign Currency Contracts

There were no open forward currency contracts at the year-end.

Foreign Currency Exposure

At the year-end, the net currency exposure of the General Investment Portfolio (GIP) was as follows:

Current Year - 2025

Currency	Total	FX Forward	Monetary	Non-Monetary
	£'000s	£'000s	£'000s	£'000s
Australian dollar	2,682	(198)	393	2,487
Canadian dollar	11,753	-	410	11,343
Euro	28,394	-	2,462	25,932
United States dollar	622,824	(298,278)	17,133	903,969
Swiss franc	1,955	-	2	1,953
Danish krone	1,695	-	436	1,259
Swedish krona	472	-	-	472
Japanese yen	3,024	-	-	3,024
Total FX Exposure	672,799	(298,476)	20,836	950,439

Comparative Year - 2024

Currency	Total	FX Forward	Monetary	Non-Monetary
	£'000s	£'000s	£'000s	£'000s
Australian dollar	2,795	-	1	2,794
Canadian dollar	10,249	-	83	10,166
Euro	16,925	-	565	16,360
United States dollar	583,256	(257,486)	12,080	828,662
Swiss franc	3,247	-	49	3,198
Danish krone	1,302	-	53	1,249
Japanese yen	1,678	-	-	1,678
Total FX Exposure	619,452	(257,486)	12,831	864,107

At 31 December 2025, had the GBP strengthened by 5% in relation to other currency exposure of the General Investment Portfolio, with all other variables held constant, the valuation of the portfolio would have changed by the amounts shown below. The analysis is performed on the same basis for 2024. If Sterling were to move by 5% against the other currencies presented below then the absolute change in value in sterling terms would be as presented below. If sterling were to weaken then this would be a positive impact, if it were to strengthen this would be a negative impact.

Foreign Currency Exposure - Sensitivity Analysis	31.12.2025 Sterling Weakens	31.12.2025 Sterling Strengthens
	£'000s	£'000s
Australian dollar	134	(134)
Canadian dollar	587	(587)
Euro	1,420	(1,420)
United States dollar	31,141	(31,141)
Swiss franc	98	(98)
Danish krone	85	(85)
Swedish Krona	24	(24)
Japanese yen	151	(151)
Total	33,640	(33,640)

41.4.3.2. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The States is exposed to risk in respect of interest rate movements on its investment in debt instruments within the General Investment Portfolio. Changes in interest rates will affect the interest income for debt instruments on variable rates and the fair value of those investments held at fixed rates of interest and therefore the gains and losses arising from the General Investment Portfolio in the Statement of Financial Performance.

The Bond Loan is carried at amortised cost with a fixed interest rate, so any changes in fair value will not impact the Statement of Financial Performance.

Management of Interest Rate Risk

Exposure to interest rate risk within the General Investment Fund is managed by the SIB, their advisers, and underlying fund managers through the use of various strategies consistent with the permitted investment rules. These strategies include asset allocation, manager and strategy selection, diversification and, at the underlying manager level, may include bond portfolio management techniques and the management of interest rate risk by entering into derivative instruments (such as interest rate swap and forward contracts).

The States' investment managers are responsible for regularly monitoring and assessing the exposure to interest rate risk and taking appropriate investment decisions to maximise returns within acceptable levels of exposure.

The interest rate profile of the fixed income assets held in General Investment Portfolio at year-end is as follows:

Interest Rate Profile	2025 £'000s	2024 £'000s
Less than 12 months	52,565	65,245
Less than 5 years	166,807	185,842
Less than 10 years	98,621	108,176
Greater than 10 years	135,591	117,025
Total	453,584	476,288

Sensitivity Analysis - Interest Rate Risk

Fixed and variable rate securities and cash and cash equivalents are subject to interest rate risk.

Surplus or deficit is sensitive to a higher or lower interest income for cash and cash equivalents and debt instruments at variable rates of interest as well as an increase or decrease in fair value for debt instruments measured at fair value through surplus or deficit.

The following table sets out the impact on surplus or deficit if interest rates changed by 1% with all other variables held constant:

Asset Type	2025 £m	Impact on Surplus/Deficit 1% Increase £m	Impact on Surplus/Deficit 1% (Decrease) £m
Fixed and Variable Rate Instruments	453,584	4,535	(4,535)

41.4.3.3. Other Price Risks

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The States of Guernsey is exposed to other price risks as a result of holding risk assets, such as equity, property, commodities, and other alternatives, within the General Investment Portfolio. This type of risk is significant for the States as approximately 75% of the General Investment Portfolio is invested in this type of asset. As the General Investment Portfolio is measured at FVTSD, changes in market price will directly affect the States' net results in the Statement of Financial Performance and its net assets.

Management of Other Price Risk

The investment managers control price risk arising from investments in risk assets through stock selection, diversification and by hedging through the purchase or sale of financial derivatives in accordance with terms defined under the Investment Management Agreement.

Sensitivity Analysis – Other Price Risk

The following table illustrates the sensitivity of the GIP to a movement in the fair values of all asset classes. A 10% variance in the fair values is considered a reasonable expectation of movement, which would create a significant movement in valuation. A 10% variance would have resulted in an increase or decrease of equal value.

	2025 £'000s	2024 £'000s
Fair Value at year end	1,770,936	1,757,599
Variance of 10% in fair value	+/- 177,094	+/- 175,760

These investments are all classified at fair value through surplus or deficit and therefore any movements in price will impact gains and losses recognised in surplus or deficit.

41.4.4. Governance Risk

The risk associated with poor governance essentially occurs where there is a failure to act as issues emerge. Governance is the framework within which other risks are considered, and the result of this consideration should, where appropriate, lead to action. The States' Risk Management Framework set out above, describes the approach taken to ensure that the States' exposure to financial risk is minimised.

41.5. Derivative Financial Instruments and Hedge Accounting

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and commodity prices and it uses forward foreign exchange and commodity contracts and interest rate swaps to hedge these exposures. The Group does not use derivative financial instruments for trading purposes.

Derivative financial instruments are measured at fair value and are summarised below:

	2025		2024	
	Non-Current £'000s	Current £'000s	Non-Current £'000s	Current £'000s
Derivative Financial Assets at Fair Value through Surplus or Deficit:				
Interest rate swaps	-	1,609	-	2,804
Interest rate caps	-	347	-	517
Foreign currency exchange forward contracts	-	(28)	-	39
	-	1,928	-	3,360
Total Derivative Financial Assets	-	1,928	-	3,360
Derivative Financial Liabilities at FV through Surplus or Deficit:				
Interest rate swaps	-	(94)	-	(95)
Other	-	-	-	-
	-	(94)	-	(95)
Derivative Financial Liabilities at FV through Net Assets/Equity:				
Forward foreign currency contracts	-	(227)	-	(824)
	-	(227)	-	(824)
Total Derivative Financial Liabilities	-	(321)	-	(919)



42. Notes Relating to the Public Servants' Pension Scheme (PSPS)

42.1. Nature of the Benefits provided by the States of Guernsey Public Servants' Pension Scheme

Nature of the Fund

The States of Guernsey Public Servants' Pension scheme, which forms part of the States of Guernsey Superannuation Fund, operated by the Policy & Resources Committee, is primarily a funded defined benefit arrangement which provides retirement benefits based on final pensionable salary for service to 29 February 2016 and based on career average revalued earnings from 1 March 2016. Some protected members will continue to accrue benefits linked to final pensionable salary after 1 March 2016. Employees hired after 1 May 2015 accrue benefits based on career average revalued earnings.

The Scheme is governed by the scheme rules.

The most recent formal actuarial valuation of the Fund was carried out as at 31 December 2023. The funding position remains within the agreed standard parameters of the rules. As a result, the States resolved to set a rate at agreed 7.5%.

For the disclosures as at 31 December 2025 the Group has determined the Defined Benefit Obligation based on the actuarial valuation of the Fund as at 31 December 2023, projected forward to 31 December 2025, taking account of changes in benefit levels and market conditions.

Restriction of Access

Although the Fund shows a surplus, it has not been necessary for the Group to make any adjustments to the balance sheet items as a result of the restriction of asset requirements of IPSAS 39.

Funding Policy

The PSPS is funded by means of regular contributions to cover the current benefit accrual, with the rates of contribution set after each triennial actuarial valuation. The funding method currently employed is the Projected Unit Method, which sets contribution rates based on the benefits expected to be accrued in the year following the valuation date. This contribution rate is then adjusted to take account of any surplus or shortfall in the Fund. The States of Guernsey determine the level of contributions payable to the Fund following advice from the Fund's actuary. The same contribution rate for future benefit accrual is set for each of the employers participating in the Fund, except for employers who operate their own Actuarial Accounts.

Discount Rate

The discount rate is the interest rate used to determine the present value of liabilities. IPSAS 39 indicates that the discount rate should have regard to the current rates of return on government bonds, high quality corporate bonds or by another financial instrument of a currency and term consistent with the Fund's liabilities. Under IPSAS 39, the Policy & Resources Committee are responsible for deciding the discount rate to adopt, which is required to reflect the time value of money (see BC9 in Appendix B of the IPSAS 39 standard).

Given that the previous disclosures adopted high quality corporate bond yields for the discount rate, P&R decided to continue to adopt high quality corporate bond yields in deriving the discount rate under IPSAS 39.

Fund Amendments

There have been no amendments to the Fund during the year and no special events have occurred.

42.2. Transactions relating to Retirement Benefits

The cost of retirement benefits is recognised in the Statement of Financial Performance when they are earned by employees, rather than when the benefits are eventually paid as pensions.

The following charges are included in the Statement of Financial Performance in the following line items:

	2025 £'000s	2024 £'000s
Included in Pay Costs:		
Current service cost	19,567	27,354
Included Finance Charges and Other Costs:		
Net interest on net defined benefit liability/ (asset)	1,144	15,092
Total Post-Employment Benefits charged to Surplus or Deficit in the Statement of Financial Performance	20,711	42,446

*Basis for Conclusions

Remeasurements recognised in the Movement in Reserves Statement (under 'Accumulated Surplus/Deficits'):

	2025 £'000s	2024 £'000s
Actuarial gains/(losses) defined benefit obligation due to change in actuarial assumptions and experience adjustments	13,330	254,464
Return on Plan Assets – excluding amounts included in net interest on the net defined liability/(asset)	34,870	75,126
Total Post-Employment Benefits charged to surplus or Deficit in the Statements of Financial Performance	48,200	329,590

The Net Pension Assets/(Liability) (recognised in the Statement of Financial Position) is as follows:

	2025 £'000s	2024 £'000s
Pension Scheme Assets	1,723,058	1,638,710
Pension Scheme Liabilities	(1,716,953)	(1,682,698)
Net Asset/(Liability)	6,105	(43,988)



42.3. Assets and Liabilities in relation to Retirement Benefits

Reconciliation of present value of the fund liabilities:

	2025 £'000s	2024 £'000s
Balance as at 1 January	1,682,698	1,890,372
Current Service Cost	19,567	27,354
Interest Expense	91,793	83,156
Contributions by members	23,300	21,197
Remeasurement of the net defined benefit liability/(asset):		
Actuarial gains/(losses) arising on liabilities from experience	26,465	26,218
Actuarial gains/(losses) arising from demographic assumptions	9,867	(2,831)
Actuarial gains/(losses) arising in financial assumptions	(49,662)	(277,851)
Benefits paid	(87,075)	(84,917)
Balance as at 31 December	1,716,953	1,682,698

Reconciliation of the present value of the fund assets:

	2025 £'000s	2024 £'000s
Balance as at 1 January	1,638,710	1,529,552
Interest revenue	90,649	68,064
Contributions by members	23,300	21,197
Contributions by employer	23,811	29,688
Remeasurement of the net defined benefit liability/(asset):		
Return on plan assets (excluding amounts included in interest revenue or expense)	33,663	75,126
Benefits paid	(87,075)	(84,917)
Balance as at 31 December	1,723,058	1,638,710

The actual return on scheme assets in the year was a gain of £125.5m (2024: Gain of £146.3m).

42.4. Major Classes of Plan Assets

Reconciliation of present value of the scheme assets:

	2025 £'000s	2024 £'000s
Equity Investments		
Equity Investments	703,982	655,484
Debt Instruments (Gilts & Bonds)	486,163	508,000
Derivatives	91,041	65,548
Other Assets	14,029	180,258
Private Market Investments	232,098	180,258
Cash and Cash Equivalents	195,745	49,162
	1,723,058	1,638,710

All of the Fund's assets have a quoted market price in an active market. The Fund is invested in the States of Guernsey's bond.

Major categories of plan assets as a percentage of total fund assets.

The Pension Fund's assets consist of the following categories, by proportion of the total assets held:

	2025 %	2024 %
Equities		
Fixed Interest	28	31
Real Estate	5	4
Alternatives	1	11
Private Markets Investments	14	11
Cash	11	3
	100	100

The States of Guernsey operates a Defined Contribution Account which holds balances for those staff that receive pensionable benefits in the form of defined contributions, as well as those members who have made additional voluntary contributions. This balance is held by third parties and administered by BWCI. As required under IPSAS 39, the disclosures exclude the value of the defined contribution (DC) section of the Fund as at 31 December 2025. We have therefore excluded the value of the DC section from both the assets and the liabilities.

The employer contributed £23.8m to the Fund from 1 January 2025 to 31 December 2025. Contributions by members of the Fund were £23.3m over the same period. Administration expenses paid from the Fund totalled £1.2m for the year from 1 January 2025 to 31 December 2025.

42.5. Significant Actuarial Assumptions used to determine the Present Value of the Defined Benefit Obligation

	2025 £'000s	2024 £'000s
Assumptions:		
Longevity at 65 current pensioners		
Men	86	86
Women	89	89
Longevity at 65 for future pensioners		
Men	88	87
Women	90	90
Inflation/ Pension Increase Rate – Teachers' Scheme (UK CPI)	2.6%	2.9%
Inflation/ Pension Increase Rate - All Other Schemes	2.9%	3.1%
Salary Increase Rate	3.65%	3.85%
Discount Rate used to discount post-employment benefit obligations*	5.6%	5.6%

42.6. Pension Assumptions Sensitivity Analysis

The following table illustrates the sensitivity of the Defined Benefit Obligation at 31 December 2025 to changes in the significant actuarial assumptions.

	Change in Assumption	Impact on Defined Benefit Obligation
Discount Rate	+ 0.10%	Decrease by 1.4%
Inflation	+ 0.25%	Increase by 3.6%
Salary Increases	- 0.50%	Decrease by 0.6%
Life expectancy + 1 year		Increase by 2.3%
Nil Commutation		Increase by 2.5%

42.7. Risks to which the Fund exposes the States of Guernsey

The States of Guernsey is exposed to the risk that additional contributions will be required in order to recover the Fund as a result of poor experience. Some of the key factors that could lead to shortfalls are:

- Investment performance – the return achieved on the assets may be lower than expected.
- Inflation – inflation could be higher than expected, resulting in higher benefits than expected.
- Mortality – members could live longer than foreseen. This would mean that benefits are paid for longer than expected, increasing the value of the related liabilities.
- Options for Members – members may exercise options resulting in unanticipated extra costs.

In order to assess the sensitivity of the Fund's pension liability to these risks, sensitivity analyses have been carried out. Each sensitivity analysis is based on changing one of the assumptions used in the calculations, with no change in the other assumptions. The same method and calculation has been applied to calculate the original pension liability and the results are presented in comparison to that liability.

It should be noted that in practice it is unlikely that one assumption will change without a movement in other assumptions; there may also be some correlation between some of these assumptions. It is further noted that the value placed on the liabilities does not change on a straight line basis when one of the assumptions is changed. For example, a 2% change in an assumption will not necessarily produce twice the effect on the liabilities of a 1% change.

42.8. Impact on the States' Cash Flows

The Fund is funded by means of regular contributions to cover the current benefit accrual, with the rates of contribution set after each triennial actuarial valuation. The funding method currently employed is the Projected Unit Method, which sets contribution rates based on the benefits expected to be accrued in the year following the valuation date. This contribution rate is then adjusted to take account of any surplus or shortfall in the Fund if outside of agreed benchmark. The States of Guernsey determine the level of contributions payable to the Fund following advice from the scheme's actuary. The same contribution rate for future benefit accrual is set for each of the employers participating in the Fund, except for employers who operate their own Actuarial Accounts.

42.9. Asset-Liability Matching Strategies

There are no asset-liability matching strategies operated in the Fund.

43. Supporting Information to the Comparison of Budget and Actual Amounts

The reconciliation between actual amounts prepared under the Budget Framework and Revenue and Expenditure in accordance with the Group Statement of Financial Performance.

	Note	Total Revenues £'000s	Total Expenses £'000s	Other Gains & Losses £'000s	Total £'000s
Actual amount on a comparable basis as presented in the Budget and Actual Comparative Statement		1,144,947	(1,126,288)	70,674	89,333
Basis Differences	(i)	5,270	691	547	6,508
Presentation Differences	(ii)	(30,350)	(1,970)	32,320	-
Entity Differences	(iii)	222,314	(236,801)	14,023	(464)
Eliminations and Other Consolidation Adjustments	(iv)	(92,578)	103,274	-	10,696
Actual amount in the Statement of Financial Performance		1,249,603	(1,261,094)	117,564	106,073

Further analysis of reconciliation differences is shown below:

(i) Basis Differences

(Revenue expenditure & other gains/(losses) not included Corp Report/Budget)

	Total Revenues £'000s	Total Expenses £'000s	Other Gains & Losses £'000s	Total £'000s
Impairment Losses on Financial Assets	-	-	-	-
FV Increase in Investment Property	-	-	-	-
Net Surplus on Equity Accounted Investments	-	-	547	547
Amortisation of Asset Specific Contributions	-	(3,516)	-	(3,516)
Contribution from Seized Asset Fund	5,454	747	-	6,201
Deferred Grants Amortisation	(184)	-	-	(184)
Defined Benefit Pension Costs (IPSAS 39 adjustments)	-	3,100	-	3,100
	5,270	331	547	6,148

(ii) Presentation Differences

(Presentation differences between Actual and Budget)

	Total Revenues	Total Expenses	Other Gains & Losses	Total
	£'000s	£'000s	£'000s	£'000s
Finance Costs netted off against Investment Returns in Budget	-	-	(2,615)	(2,615)
Gross up fees & charges netted against expenditure	2,550	(2,550)	-	-
Reclassification of Gains/ (Losses) on disposal of Non-Current Assets	(32,900)	580	34,935	2,615
Gross up Net Surplus on Trading Activities				
	(30,350)	(1,970)	32,320	-

(iii) Entity Differences

(Entities & Programmes not included in the Budget)

	Total Revenues	Total Expenses	Other Gains & Losses	Total
Special Funds	20,962	(28,598)	15,429	7,793
Owned Entities (net of intra-entity eliminations)	201,352	(208,203)	(1,406)	(8,257)
	222,314	(236,801)	14,023	(464)

(iv) Eliminations and Other Consolidation Adjustments

(Entities & Programmes not included in the Budget)

	Total Revenues	Total Expenses	Other Gains & Losses	Total
	£'000s	£'000s	£'000s	£'000s
Eliminations:				
States of Guernsey Inter Committee Eliminations	(27,403)	27,403	-	-
Trading Entities Eliminations	(11,911)	11,911	-	-
Inter-Entity Trading Eliminations	(53,264)	53,294	-	-
Grant Payments to Group Members	-	-	-	-
Interest and Investment Income (Inter-Entity Transactions)	-	-	-	-
Other Consolidation Adjustments:				
Controlled Entity Impairments	-	10,666	-	10,666
	(92,578)	103,274	-	10,666

45. Events After the Reporting Date

On 13 March 2025 the GHA extended their Revolving Credit Facility with Butterfield Bank (Guernsey) Limited was extended from £15m to £30m on the same as the existing Revolving Credit Facility (Note 29). The facility will expire on 22 March 2027.



APPENDIX I

GLOSSARY

1. Accounting Boundary

The States of Guernsey group boundary (the ‘accounting boundary’), hereafter known as “The Group” is made up of the Core Government, Unincorporated Trading Entities, Controlled Incorporated Entities. Entities that fall within the accounting boundary but are immaterial to the financial statements, as a whole, have not been consolidated. Further details of the makeup of the accounting boundary can be found in Note 35.

2. Key Terms with Abbreviation in the Financial Statements

Committee for Economic Development (CfED):

A Principal Committee responsible for the promotion and development of all sectors of business (e.g. tourism, construction, horticulture, retail, digital, manufacturing, finance), securing and promoting air and sea links, competition and regulation, broadcasting and media, and living marine resources (e.g. fishing). These were previously functions of Commerce & Employment.

Committee for Education, Sport & Culture (CfESC):

A Principal Committee responsible for education, apprenticeships, sport, leisure and recreation, libraries, museums, galleries and heritage, archaeology, the arts, island archives, civic celebrations including Liberation Day.

Committee for Employment & Social Security (CfESS):

A Principal Committee responsible for social insurance, pensions, income support, housing benefit, long-term insurance, health and safety in the workplace, social inclusion including disability, industrial relations and legal aid.

Committee for the Environment & Infrastructure (CfE&I):

A Principal Committee responsible for planning appeals, strategic use plan, agriculture, farms, animal imports/exports, states vet, vale common, traffic signs and lines, bus contract, public service vehicles, driving tests, driving licences, vehicle registrations, road closures, road repairs, renewable energy, waste policy, marine policy, water policy, environmental policy, traffic policy, planning policy.

Committee for Health & Social Care: (CfHSC):

A Principal Committee responsible for adult social care, welfare and protection of children, young people and families, prevention, diagnosis and treatment of acute and chronic diseases, illnesses and conditions, mental health, care of the elderly, health promotion, environmental health, public health.

Committee for Home Affairs (CfHA):

A Principal Committee responsible for crime prevention, law enforcement, justice policy, immigration, population management, prison and probation, fire and rescue, trading standards, data protection, emergency planning, civil defence, lotteries and gambling, electoral roll.

Committee for Housing (CfHSG):

Constituted as a Principal Committee of the States with effect from the 1st of July, 2025 by resolutions of the States of the 23rd January 2025. To enable community wellbeing and economic prosperity by ensuring all people living in Guernsey will have access to a range of good quality housing that is affordable, secure, energy efficient and adequate for their needs.

General Investment Portfolio (GIP):

A portfolio of investments held by the States of Guernsey and managed by the States Investment Board (“SIB”) in line with the Permitted Investment Rules set by the Policy and Resources Committee. This excludes the Public Servants’ Pension Scheme Fund but includes the assets of the Long Term Care Insurance Fund, the Guernsey Insurance Fund, and a number of other Funds and Reserves.

In the context of these Financial Statements, the GIP also includes investments held in a cash fund that is utilised by the States for day-to-day treasury management. However, these funds are neither invested for the long term nor managed by the SIB and so are excluded from consideration in the context of the Treasurer’s Report and the States Investment Board Annual Report.

Policy & Resources Committee (P&R):

The senior committee of the States of Deliberation responsible for leadership and co-ordination of the work of the States, including developing and promoting the States’ overall policy objectives and leading the policy planning process. P&R includes costs for:

- P&R Core, including Treasury, Strategy and Policy, Income Tax, Cadastre, Regulatory and Financial Crime Policy, External and Constitutional Relations
- P&R Corporate: including procurement, communications, data & analysis, finance, human resources, internal audit, vendor services, corporate customer services, and information systems and services

Public Servant's Pension Scheme (PSPS):

The defined benefit pension scheme governed by the rules as agreed by the States of Deliberation on 22nd May 2019, as amended from time to time.

Public Servant's Pension Scheme Investment Portfolio (PIP):

The portfolio of investments relating to the Public Servants' Pension Scheme assets.

States of Alderney (SoA):

The States of Guernsey Government is carried out by the States of Alderney (the legislature), which consists of a President and ten States Members. Routine government is performed by three principal committees: Policy and Finance, General Services, and Building and Development Control. These three committees are run by States Members, and each committee works under a different mandate and has a separate budget. In addition, two members of the States of Alderney are nominated as representatives to the Guernsey States of Deliberation.

States of Guernsey (SOG):

The States of Guernsey, officially the States of Deliberation and sometimes referred to as the Government of Guernsey, is the parliament and government of the British Crown dependency of Guernsey. For the purposes of these Financial Statements States of Guernsey is all activities covering the administration, political and other activities of the government where they do not relate to a specific area.

States Trading Supervisory Board (STSB):

Shareholder responsibilities of incorporated trading bodies and management responsibilities of unincorporated trading bodies and commercial interests. The assets of STSB are held outside of the States of Guernsey. The board itself is part of General Revenue.

3. Key Terms

Accruals Basis - is a basis of accounting under which transactions and other events are recognised when they occur, and not when cash or its equivalent is received or paid. Consequently, the transactions and events are included in the financial statements for the periods to which they relate.

Appropriation – the transfer of a balance between two or more reserves.

Assets - resources controlled by the States as a result of past events, and from which future economic benefits or service potential are expected to flow.

Aurigny Air Services Limited - during 2024 a reorganisation of the Cabernet Limited group took place. Anglo Normandy Aero Engineering Limited and Aurigny Air Services Limited were amalgamated with the surviving company being Aurigny Air Services Limited. Subsequent to this the shares held in Cabernet Limited were transferred to the States'. Cabernet Limited was voluntarily struck off the company register on 14 March 2025.

Channel Islands Lottery (Guernsey) Fund - an earmarked reserve that is used to report income and expenditure associated with the operation of the Channel Islands Lottery.

Close Family Members – are defined as spouse or domestic partner; grandparents; grandchildren; parents; siblings; children both dependent and non-dependent; children of a common law spouse; spouse or domestic partner of a child; corresponding in-laws and step relatives; parent-in-law; and brother- and sister-in law. This is relevant when considering if transactions are with a related party.

Contingent Liability – A possible obligation that arises from past events, and whose existence will be confirmed only by uncertain future events not wholly within the control of the Group. The liability is not recognised as a financial liability within the Statement of Financial Position because it is not probable that an will occur (in order to settle the liability) or the amount cannot be quantified with any sufficient reliability.

Consolidated Financial Statements – The consolidated financial statements present the results of the States of Guernsey, and its material controlled entities within the accounting boundary. Entities that fall within the accounting boundary but are immaterial to the financial statements, as a whole, have not been consolidated. More details can be found in note 1(ii) and note 39.

Controlled Minor Entities – These are smaller entities which fall within the accounting boundary of the States of Guernsey but are immaterial to the group so are not consolidated into these financial statements. As they are immaterial to the group they would not have made any significant difference to the results or assets and liabilities if they had been included.

Core Government Committees – These are the Principal Committees of the States of Guernsey. They consist of Policy & Resources Committee, Committee *for* Economic Development, Committee *for* Employment & Social Security, Committee *for the* Environment & Infrastructure, Committee *for* Health & Social Care, Committee *for* Home Affairs and other Committees.

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

Cost – the amount paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.

Coupon Payment – is the interest payment made by the States to the bond holders.

Credit Risk – the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency Risk – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Defined Benefit Obligation – Is the liability due in respect of the funding of the Public Servants’ Pension Scheme.

Depositors – external parties and entities (not included in the Accounting Boundary) who place surplus funds with the States of Guernsey.

Earmarked Reserve - an amount that is set aside for a specific purpose.

Effective Interest Rate – a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest returns or charges over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument. These cash flows will consider all contractual terms of the financial instrument (including all fees, premiums, discounts and other transaction costs).

Exchange Transactions - are transactions where the group receives assets or services or has liabilities extinguished and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) in exchange. Details of non-exchange transactions are included in note 1 (xii).

Financial Year/Reporting Period – the States’ financial statements are prepared for accounting the twelve months ending 31 December 2025.

General Revenue - represents Policy and Resources (the Senior Committee), Principal Committees and Other Committees, Development and planning Authority, Transport Licensing Authority, Overseas Aid and Development Commission, States’ Trading Supervisory Board, Royal Court, Law Officers, Pooled Budgets and COVID-19 and Personnel Support.

Group – Group refers to core government and the other entities that fall within the group accounting boundary detailed in note 35.

General Revenue Surplus / (Deficit) – The surplus or deficit relating to General Revenue. General Revenue is funded by general taxation.

Government Work Plan (GWP) - is the States’ integrated action plan which sets out the States’ agreed priorities and actions for the political term. The GWP is revisited and updated regularly throughout the term.

Heritage Assets - are assets that have cultural, environmental, or historical significance which include monuments, archaeological sites, conservation areas, nature reserves, works of art, documents, museum collections and some historical buildings.

Impairment - a reduction in value of an asset resulting from unexpected circumstances.

Insurance Deductible Reserve - an earmarked reserve that is used to fund expenditure on the self-insured element of insurance settlements that are paid during the financial year.

Intangible Asset – an identifiable non-monetary asset without physical substance.

Examples of these types of assets are computer software or trademarks.

Interest Rate Risk – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Investment Property – property (land or buildings, or part of a building, or both) held to earn rentals or for capital appreciation or both, rather than for:

- Use in the production or supply of goods or services or for administrative purposes; or
- Sale in the ordinary course of operations.

IPSAS – International Public Sector Accounting Standards that are issued by the International Public Sector Accounting Standards Board (IPSASB). IPSAS is an internationally recognised financial reporting framework based on International Financial Reporting Standards used by commercial companies but adapted for public sector bodies.

Joint Venture – The Group is party to a joint venture that confers joint control over the relevant activities of the arrangement to the Group and another party. The joint venture means that the group only has rights to the net assets of the joint arrangement. The group financial statements for its interests in the joint venture using the equity method. Further details on the joint venture can be found in Note 17.

Key Management Personnel – Key Management personnel are those individuals having responsibility or authority for directing, controlling or influencing financial and operational decisions. For the purposes of these consolidated financial statements Key Management Personnel are:

- Deputies elected to the States of Deliberation
- Non-States Members of Committees and Boards
- Directors of the incorporated entities
- The Strategic Leadership Team of the States of Guernsey

Leases (including Right of Use Assets)

Liabilities - present obligations of the Group arising from past events, the settlement of which is expected to result in a future outflow of assets.

Liquidity Risk – the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market Risk – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three different elements, namely currency risk, interest rate risk and other price risk.

Materiality - an item is material if its omission, non-disclosure or misstatement in the

financial statements could be expected to lead to a distorted view given by the financial statements.

Movement in Reserves Statement – presents a reconciliation of the balances held in reserves at the start and the end of the financial year, and the summary changes that have come about during that reporting period.

Net Surplus / (Deficit) - The differences between how much revenue comes in, and how much expenditure goes out. A deficit means more has been spent than comes in. A surplus means more was raised than was spent. Net surplus / (deficit) includes all accounting transactions.

Non-Exchange Transactions – this type of transaction occurs when an entity either receives money or assets from another entity without directly giving goods or services of approximately equal monetary value in return or gives monetary value to another entity without directly receiving approximately equal value in exchange.

Non-Governmental Bodies – These are organisations that operate independently of government and typically are providing a service to the public. They often receive government funding in the form of grants. As an example, the Independent Colleges are Non-Government Bodies in the context of these financial statements.

Operating Surplus / (Deficit) – The differences between how much revenue comes in, and how much expenditure goes out. A deficit means more has been spent than comes in. A surplus means more was raised than was spent. An operating surplus / (deficit) does not take account of depreciation, finance gains/ losses or investments in subsidiaries.

Other Price Risk – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or the issuer, or factors affecting all similar financial instruments traded in the market. An example would be the fall or rise of share prices in an investment.

Property, plant and equipment (PPE) – are tangible items that:

- Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- Are expected to be used during more than one reporting period.

Related Parties – means parties are considered to be related if one party has the ability to (a) control the other party, or (b) exercise significant influence over the other party in making financial and operating decisions, or if the related party entity and another entity are subject to common control.

Related parties include:

- a. Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by, the States of Guernsey
- b. Associates

- c. Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual
- d. Key management personnel, and close members of the family of key management personnel; and
- e. Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in (c) or (d), or over which such a person is able to exercise significant influence.

Reserves – collectively the total balances held within the reserves equate to the net assets of the States as at 31 December.

Statement of Financial Performance - presents the total revenue income generated and expenditure incurred by the States during the calendar year (in accordance with the accounting policies). This produces the surplus or deficit for the year. The Statement of Financial Performance was previously referred to as the Income and Expenditure Account.

Statement of Financial Position -presents the value, as at 31 December, of the assets, liabilities and other balances recognised by the States (in accordance with the accounting policies).The Statement of Financial Position was previously referred to as the Balance sheet.

States of Deliberation:

The States of Deliberation:

- allocate the functions of government;
- carry out the functions of government which they have retained – for example, policy determination;
- debate and vote upon proposals to enact, amend or repeal legislation;
- debate and vote upon proposals for taxation and expenditure;
- scrutinise and hold to account the policies, decisions and administration of those functions of government which they have allocated to their Committees.

States' Trading Entities Reserve - is an earmarked long-term reserve. It represents the book value of the shares held in Guernsey Electricity Limited and Guernsey Post Limited (i.e. the value of the assets transferred at commercialisation less any subsequent share buy-backs), as well as Alderney Electricity Limited (which is an investment and outside of the group boundary). It also includes amounts held for potential liabilities or future impairments that may arise in respect of Aurigny Air Services Limited.

States' Controlled Incorporated Entities – these are the companies that are controlled by the States of Guernsey. These are Guernsey Electricity Limited, Guernsey Post Limited and Aurigny Air Services Limited and Guernsey Housing Association LBG. In respect of Guernsey Electricity Limited, Guernsey Post Limited and Aurigny Air Services Limited, the States Trading Supervisory Board acts a shareholder, but is not a shareholder of Guernsey Housing Association LBG.

During 2024 a reorganisation of the Cabernet Limited group took place. Anglo Normandy Aero Engineering Limited and Aurigny Air Services Limited were amalgamated with the surviving company being Aurigny Air Services Limited. Subsequent to this the shares held in Cabernet Limited were transferred to the States'. Cabernet Limited was voluntarily struck off the company register on 14 March 2025.

Unincorporated Trading Entities –these are the States Trading Supervisory Board unincorporated trading entities, which are: Guernsey Water, Guernsey Ports (which includes Airport and Harbours), States Works, Guernsey Dairy and Guernsey Waste.

Taxable Event – an event that the States have determined will be subject to taxation and result in a liability for either an individual or external entity.

The States - represent Policy and Resources (the Senior Committee), Principal Committees and Other Committees and funds as defined within the glossary, Appendix I.





APPENDIX II

PAY COSTS & FTE

Committees	2025	2025 Average	2024 Actual	2024 Average
	Actual £'000s	FTE	£'000s	FTE
Corporate Service	41,183	690	35,441	623
Committee for Economic Development	4,742	63	4,316	60
Committee for Education, Sport & Culture	72,855	1,247	70,084	1,240
Committee for Employment & Social Security	1,881	15	3,726	60
Committee for the Environment & Infrastructure	3,763	56	3,331	51
Committee for Health & Social Care	138,475	2,206	132,360	2,185
Committee for Home Affairs	36,746	572	35,657	551
Committee for Housing	2,220	38	-	-
Policy & Resources Committee	10,518	145	9,733	139
Scrutiny Management Committee	526	6	511	6
Development & Planning Authority	2,444	34	2,440	35
Overseas Aid & Development Commission	81	1	62	1
States' Trading Supervisory Board*	2,220	30	2,245	35
Royal Court	4,726	57	4,686	53
Law Officers	7,063	56	6,840	53
Pooled Budgets	896	14	570	8
	330,338	5,230	312,002	5,097
Other Functions				
Social Security Funds (Consolidated)	1,149	32	1,378	22
Channel Islands Lottery (Guernsey) Fund	85	1	80	1
Notes and Coins Trading Account	73	1	85	1
Controlled Entities Personnel	85,305	1,477	80,065	1,432
Major Projects (charged to General Revenue)	2,153	34	1,996	33
	88,765	1,545	83,604	1,489
Total expenditure reported as Pay	419,103	6,775	395,606	6,586
Costs within the Statement of Financial Performance and equivalent FTE's				
Major Projects (Assets Under Construction)	151	2	429	7
Controlled Entities (Assets Under Construction)	1,684	26	-	-
Total Pay Costs and Equivalent FTE's	420,938	6,803	396,035	6,593

*Includes Alderney Airport staff



APPENDIX III

STATES PROJECT EXPENDITURE

	2025	2024	GWP Spend to Date
	£'000s	£'000s	£'000s
Policy & Resources Committee			
Revenue Service Transformation Programme	311	2,792	11,521
IT Transformation	96	1,076	9,698
Guernsey Registry IT System Replacement	1,603	1,704	5,848
MyGov (Replacement of Network Infrastructure and Computer Hardware)	-	26	5,357
Leale's Yard Development	4,854	129	4,983
IT Stabilisation Project	2,954	-	2,954
MyGov Digital Platform	2,068	464	2,595
Cremator and Emissions Equipment	73	4	2,243
Dell Hardware (replacement of ageing services and new data centre)	-	105	2,017
Property Purchase - Avance Fleche	-	-	1,525
Sarnia Cherie Ballast Water Management System	-	-	1,045
Project Xerox	933	-	933
Property Purchase - Le Friquet, Bailiffs Cross	-	-	900
Contributions System Replacement	-	105	796
Property Rationalisation	196	106	571
Offshore Wind Project	391	138	529
SAP IT System Upgrade	88	4	489
Supply Chain Relocation	176	85	313
Vive La Vallette (Grant)	-	-	250
Botanical Gardens (Grant)	-	-	199
Les Effards Land Purchase	-	-	160
Coutanchez Low-Cost Housing	95	-	95
Future Digital Services (IT infrastructure)	-	-	91
St James LBG (Grant)	-	-	54
Temporary Construction Workers Village	37	-	37
IT Transition	-	-	15
Committee for Economic Development			
MoneyVal Case Management	-	249	535
Seafront Enhancement Area	-	-	7

	2025	2024	GWP Spend
	£'000s	£'000s	to Date
	£'000s		£'000s
Committee for Education, Sport & Culture			
Les Ozouets Campus	15,315	1,769	21,333
Transforming Education Digital	611	4,679	11,666
Les Varendes Campus	2,489	80	2,569
Secondary School Partnership	876	-	876
Footes Lane Refurbishment	15	271	709
Transforming Education Programme Delivery Costs	371	-	661
TGI Digital Transformation	563	17	580
Sixth Form at La Mare de Carteret	321	-	321
The Guernsey Institute Transformation	269	-	269
TEP Digital Learning & Development	169	-	169
New Education Law	122	-	122
Committee for Employment & Social Security			
Funding Affordable Housing	-	-	6,500
Committee for the Environment & Infrastructure			
Digital Infrastructure	3,675	3,284	10,853
St Sampsons Flood Defences	113	30	143
Fermain Wall Repair	-	-	10
Royal Court			
Digital Court	138	238	1,048
Committee for Health & Social Care			
Hospital Modernisation – Phase 1	1,054	6,470	33,693
Hospital Modernisation – Phase 2a	280	-	280
Electronic Patients Record	7,741	5,245	17,220
Clinical & Animal Waste Solution	1,620	2,828	4,719
Radiology Equipment Replacement	-	-	813
Lockdown Exit 5c	-	-	398
Children & Families Hub Project	111	36	147
Covid-19 Vaccination Programme	(4)	-	129
La Vielle Plage	103	10	113
Covid-19 Surveillance Testing	-	-	29
Electronic Health and Social Care Record	-	-	3

	2025	2024	GWP Spend to Date
	£'000s	£'000s	£'000s
Committee for Home Affairs			
Upland Road Business Centre Refurbishment	21	2,078	6,735
Tetra Public Safety Network	-	111	1,556
St Sampson Fire Main	-	-	574
Online Passport System	350	-	350
Leopardess Refurbishment Project	105	118	223
Home Affairs Estate Rationalisation	74	-	216
Future Refuge Provision	141	32	173
States' Trading Supervisory Board			
Guernsey Airport Hold Baggage System	-	37	4,984
Mont Crevelt Breakwater Reinstatement	-	24	1,314
Alderney Airport Runway Rehabilitation	129	377	1,240
Havelet Slip Repairs	-	-	434
Future Guernsey Dairy	33	18	380
Airport Pavements Rehabilitation	64	49	347
Repair/Replacement of Castle Bridge	179	105	352
Future Inert Waste	339	-	339
Future Harbour Requirements	-	-	167
Environment impact Assessment - Land	-	-	105
Household Waste Recycling Centre	-	-	24
Airport Radar Replacement	-	-	24
St Peter Port Harbour Crane Strategy	-	-	2
Waste Transfer Station	-	(3)	(8)
Total Major Project Costs	51,262	34,890	190,664
Routine Capital Projects			
Property Maintenance and Minor Works	13,496	12,724	50,110
Information Technology	2,506	2,573	12,842
Vehicles and Other Equipment	2,620	2,953	12,340
Medical Equipment	3,250	2,585	9,933
	21,872	20,835	85,225
Total Project Costs	73,134	55,725	275,889



APPENDIX IV

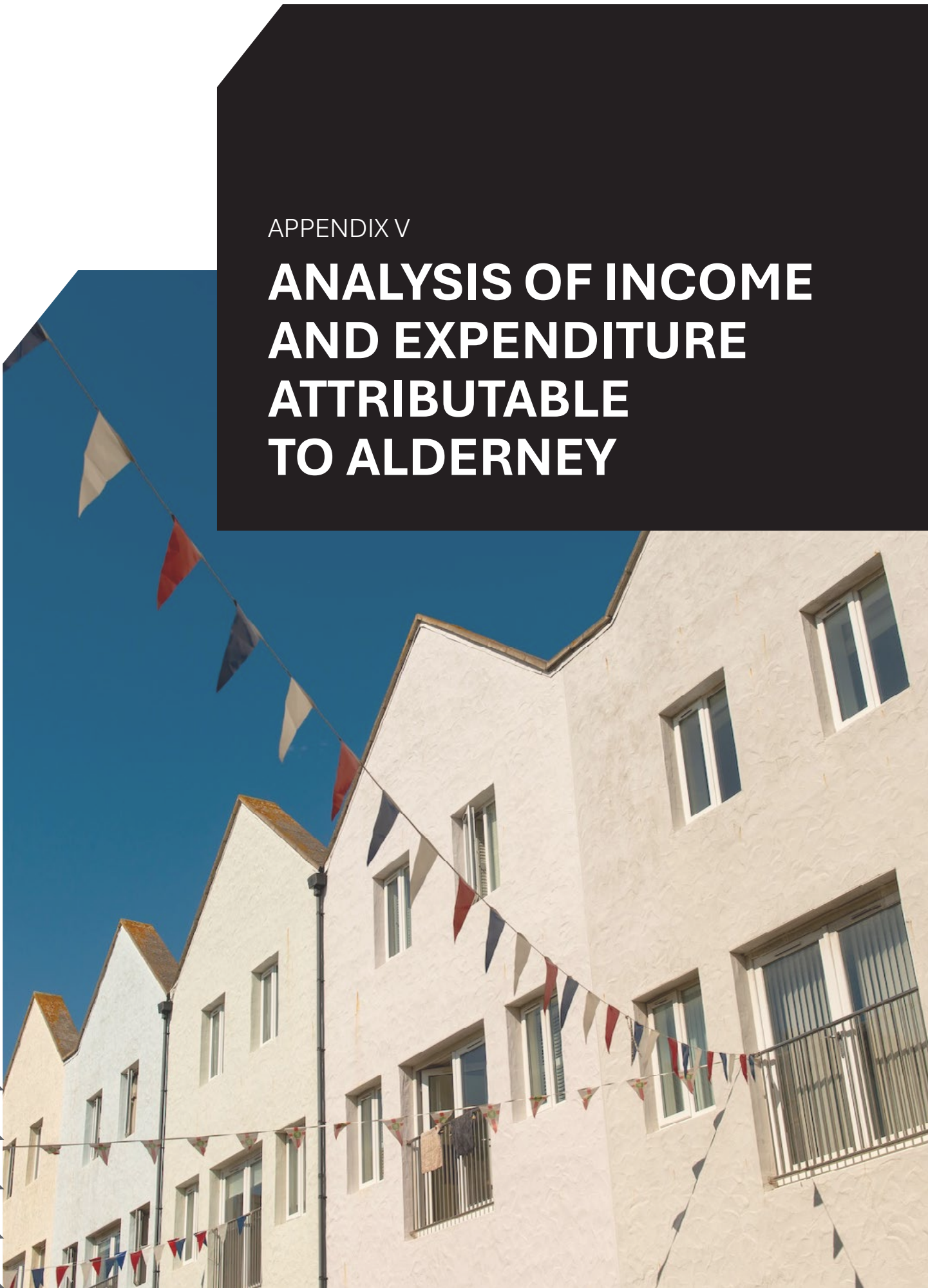
STATES BOND LOANS

The following loans from the proceeds of the States of Guernsey bond issue were outstanding at the end of 2025.

Entity	Amount Agreed	Allocated or Outstanding 31/12/2025	Contractual Repayment	Purpose
	£m	£m	Date	
Approved in 2015				
Guernsey Housing Association LBG	51.0	39.8	2045	Refinancing of existing borrowings for social housing development
Guernsey Housing Association LBG	24.0	14.8	2036	Refinancing of existing borrowings for social housing development
Aurigny Air Services Ltd	27.1	2.7	2025	Purchase of a new Dornier aircraft, extended for a further year in 2025
JamesCo750 Ltd	13.1	5.9	2028	Refinancing of existing borrowings for the purchase of two tankships
Approved in 2016				
Aurigny Air Services Ltd	7.0	4.6	2028	Purchase of a new Dornier aircraft
Guernsey Housing Association LBG	5.1	4	2046	Development of social housing
Guernsey Housing Association LBG	10.0	8.2	2046	Development of social housing
Approved in 2017				
Guernsey Water	9.0	7.3	2046	Refinancing of Belle Greve Long Sea Outfall replacement
Approved in 2018				
Alderney Housing Association LBG	2.9	2.4	2046	Refinancing of existing borrowings for social housing development
Guernsey Dairy	0.8	0.6	2046	Site purchase
Guernsey Harbour	2.5	1.8	2039	Refinancing of works on Berths 4/5/6
Approved in 2019				
Guernsey Housing Association LBG	14.0	11.9	2046	Development of social housing
Guernsey Electricity Ltd	13.0	13	2045	Part-funding the replacement of the GJ1 cable
Approved in 2021				
General Revenue	160.0	155.0	2046	Part-fund the capital portfolio
Approved in 2022				
Guernsey Water	4.2	3.8	2046	Refurbish water treatment works
Guernsey Housing Association LBG	7.2	6.6	2046	Development of social housing
Approved in 2023				
Golf Course Management	0.8	0.7	2041	Replacement irrigation system
Condor VesselCo Ltd	26.0	22.7	2042	To purchase a new vessel
Approved in 2024				
Guernsey Water	3.9	3.7	2046	Investment in Capital Infrastructure
Approved in 2025				
Guernsey Water	1.9	1.9	2045	Investment in Capital Infrastructure
Total	383.5	311.4		

APPENDIX V

ANALYSIS OF INCOME AND EXPENDITURE ATTRIBUTABLE TO ALDERNEY



This Appendix, in line with the Resolutions from Billet d'Etat III, 2016, presents the best estimate figures for income derived from Alderney sources and expenditure incurred from the General Revenue on public services in Alderney.

Throughout this appendix, not all values are direct income/ expenditure but may be estimates or allocations based on assumptions. The following notations are used to support the reader:

* - directly attributable

** - indirect/ estimates

1. Analysis of Income & Expenditure Attributable to Alderney

	Note	2025 £'000s	2024 £'000s
Income			
Taxation & Duty Revenue received by the States of Guernsey on behalf of Alderney	3	9,102	9,051
States of Alderney - Net Revenue Income	4	571	500
States of Alderney - Capital receipts *		-	10
Alderney Gambling Control Commission *		1,439	1,592
		11,112	11,153
Expenditure			
States of Alderney - Capital Expenditure *		(1,870)	(894)
States of Alderney - Economic Development Allocation*		(300)	(300)
Transferred Services - Net Revenue Expenditure	5	(13,242)	(12,867)
Transferred Services - Capital Expenditure	6	(254)	(411)
Guernsey Based Expenditure Not Covered by the Transferred Services Agreement	7	(2,003)	(1,809)
Capital Expenditure Not Covered by the Transferred Services Agreement	8	(657)	(555)
Aurigny Air Services Limited operating loss in respect of Alderney routes *		(2,368)	(2,541)
		(20,694)	(19,377)
Net Cost		(9,582)	(8,224)

Under the review of financial arrangements in 2016 (implemented in 2021), the States of Guernsey collects Fuel Duty and pays the receipts to the States of Alderney for use in revenue.

The Alderney Property Tax is administered in Guernsey on behalf of the States of Alderney. Alderney has a zero rating for TRP.

The States of Alderney collects and keeps its own Document Duty. The States of Alderney's residents pay Income Tax and Social Security contributions to the States of Guernsey, which constitute to funding the Transferred Services. Transferred Services cover Education, Police, Customs, Health Services, Alderney Airport.

Following the changes in how third parties structure their eGaming Sector activities, providing a reliable estimate of the total direct gross economic contribution to the Bailiwick of the e-Gaming Sector in Alderney is currently unattainable.

A new methodology factoring in these changes is currently being developed to enable this to be estimated.

Alderney Breakwater is covered under a separate agreement and not through transferred services.

2. Analysis of Social Security Attributable to Alderney

	2025 £'000s	2024 £'000s
Income		
Contributions		
Guernsey Insurance Fund **	2,785	2,788
Long-Term Care Insurance Fund **	626	663
	3,411	3,451
Benefits and Administration Costs		
Guernsey Insurance Fund **	(10,892)	(10,813)
Long-Term Care Insurance Fund **	(1,346)	(1,163)
	(12,238)	(11,976)
Investing Activities**	3,574	2,831
Net Cost	(5,253)	(5,694)

3. Taxation & Duty Revenue received by the States of Guernsey

	2025 £'000s	2024 £'000s
Income		
Individuals - ETI*	4,441	4,787
Individuals - Other*	3,230	3,106
Companies*	523	335
Banks*	65	18
Distributions*	92	54
	8,351	8,300
Customs - Excise and Import Duties **	751	751
	9,102	9,051

4. States of Alderney - Net Revenue Income / Expenditure

	2025 £'000s	2024 £'000s
Building and Development Control Services		
Expenditure *	151	143
Income *	(53)	(61)
	98	82
General Services Committee		
Expenditure *	2,214	2,129
Income *	(201)	(165)
	2,013	1,964
Policy and Finance Committee		
Expenditure *	1,709	1,666
Income *	(4,612)	(4,373)
	(2,903)	(2,707)
Economic Development Committee		
Expenditure *	228	166
Income *	(7)	(5)
	221	161
	(571)	(500)



5. Transferred Services - Net Revenue Expenditure

	2025 £'000s	2024 £'000s
Committee for Education, Sport & Culture		
St Anne's School *	1,794	1,794
Special Schools **	12	22
College of Further Education **	204	192
Higher Education **	47	40
Institute of Health & Social Care Studies **	-	2
Central support services and management **	157	152
Special Needs Support **	68	77
Other **	86	87
	2,368	2,366
Committee for Employment & Social Security		
Administration **	90	70
Legal Aid **	8	4
Severe Disability Benefit & Carers' Allowances **	384	347
Family Allowance **	134	146
Income Support Scheme **	1,226	1,194
	1,842	1,761
Committee for Health & Social Care		
Mignot Memorial Hospital*	2,585	2,503
Princess Elizabeth Hospital – inpatient **	640	628
Diagnostic Services and Hospital Administration **	1,192	1,154
Emergency & Day Patient Hospital Services **	289	280
Private patient income **	(453)	(461)
Children's Services **	52	54
Adult Services **	61	89
Acute Off islands treatment **	664	616
Management & Strategy **	640	642
	5,670	5,505
Committee for Home Affairs		
Law Enforcement*	1,395	1,291
States' Trading Supervisory Board		
Alderney Airport *	1,967	1,944
	13,242	12,867

6. Transferred Services - Capital Expenditure

	2025 £'000s	2024 £'000s
Policy & Resources Committee		
Alderney Airport - Control Tower Steps *	4	4
States' Trading Supervisory Board		
Alderney Airport - Runway *	129	377
Alderney Airport - Electronics & Other *	121	30
	250	407
	254	411

7. Net Revenue Expenditure Not Covered by the Transferred Services Agreement

	2025 £'000s	2024 £'000s
Corporate Services		
Digimap services **	(6)	(15)
Information Systems & Services **	704	607
Shared Services Centre **	22	21
States' Property Services **	59	45
Cadastre **	25	21
Alderney civil service *	54	88
Insurance **	99	81
	957	848
Committee for Economic Development *	2	8
Committee for the Environment & Infrastructure		
Alderney Breakwater *	151	125
Other *	(24)	(34)
	127	91

	2025 £'000s	2024 £'000s
Policy & Resources Committee		
Policy & Strategy **	27	39
External Affairs **	22	21
Payments to States Members **	75	45
HE Lieutenant Governor **	32	31
Revenue Service **	139	128
Treasury **	48	38
	343	302
Committee for Home Affairs		
Domestic Abuse Strategy *	6	15
Probation Service*	1	-
	7	15
Scrutiny Management Committee **		
	19	18
Overseas Aid & Development Commission **		
	153	132
Law Officers **		
	395	395
	2,003	1,809

8. Capital Expenditure Not Covered by the Transferred Services Agreement

	2025 £'000s	2024 £'000s
Committee for the Environment & Infrastructure		
Alderney Breakwater *	657	555
	657	555



APPENDIX VI

USE OF DELEGATED AUTHORITY

The States financial procedures require the Policy & Resources Committee to report annually on the use of delegated financial authority.

1. Revenue Budget Increases

The Policy & Resources Committee approved the following increases in the 2025 revenue budgets:

	£'000s
Pay Awards	9,433
Committee for Economic Development	
Guernsey Competition & Regulatory Authority	334
French Visitor Marketing	120
Wind Feasibility Study	75
Committee for Education, Sport & Culture	
Liberation Day	282
Rent allowance, recruitment and relocation	215
St James Concert and Assembly Hall	151
Committee for the Environment & Infrastructure	
Dairy Farm Payments	792
Committee for Health & Social Care	
Adjustment for staff vacancy levels being lower than budgeted	669
Provision of accommodation for key workers	500
Diabetic Pumps	281
Committee for Home Affairs	
Guernsey Cyber Security Centre	859
Policy & Resources Committee	
Guernsey Development Agency	1,600
Tax Reform	1,173
Legal Costs	241
Royal Court	
Adjustment for staff vacancy levels being lower than budgeted	127
States' Trading Supervisory Board	
Alderney Airport Runway – Urgent Repairs	456
Miscellaneous Non-Recurring Cost Pressures	316
Total	17,624

2. Major Capital Projects

The following projects within the Major projects portfolio agreed by the States of Guernsey have been approved and funded from the General Revenue Reserve:

	£'000s
Transforming Education Programme	72,854
Replacement of Castle Emplacement Bridge	5,667
The Bridge & Braye du Valle Redevelopment Programme (Leale's Yard)	4,600
My Gov Digital	4,213
Our Hospital Modernisation - Phase 2a	2,221
Transforming Revenue Services*	840
Online Passport and Workflow System	763
Alderney Airport Pavements Rehabilitation	425
Future Inert Waste Solution	339
Coutanchez Low- Cost Housing	190
Temporary Construction Village	101
Central Stores - Supply Chain Relocation	18
Total Major Capital Projects	92,231

* An additional £420,000 from the Guernsey Insurance Fund was approved by the Committee for Employment and Social Security

3. Emergency Projects

The funding below was approved in 2025, funded from the General Revenue Reserve, for emergency projects. The Policy & Resources Committee's delegated authority for projects not in the agreed projects portfolio is limited to £3m, unless the project is an emergency project in which case the delegated authority is without limit.

	£'000s
IT Stabilisation Project	5,000
Total Emergency Projects	5,000

4. Routine Capital Projects

The following projects have been approved and funded from General Revenue Reserve:

	£'000s
Housing	
Committee for Employment & Social Security	
Housing Modernisation projects – Refurbishment	1,410
Replacement of Floor Coverings	400
General Roofing Repairs	270
Project Management & Delivery	70
Other (less than £50,000 per project)	30
	2,180
Information Technology	
Policy & Resources Committee	
IT Recovery Programme	1,983
Revenue Services International Functionality	300
Guernsey Registry IT Legislation & Compliance Upgrades	277
Police Communications Upgrade	240
Devices for States Deputies	230
Revenue Services Accelerating Improvement	212
Committee for Health & Social Care Wi-Fi Optimisation	200
Police Digital Storage	193
Probation Service Case Management System	150
Replacement I.T. Hardware	118
Single Point Of Failure Memory Uplift	115
Software Development Methodology	107
Police Communications	97
Replacement of Fixed Penalty Ticket System	94
Police Radio Handsets and Ancillaries	87
Disposals of I.T. hardware	50
Telecoms Small Works	50
I.T. System Licensing	50
Other (less than £50,000 per project)	585
	5,138

Committee for Home Affairs	
Other (less than £50,000 per project)	38
	38
Total Information Technology	5,176

Medical Equipment	
Committee for Health & Social Care	
Ultrasounds for Radiology and Point of Care Areas	874
Maldi-Toff Mass SpectrometryAnalyser	190
Beds – Care Homes	130
Beds – Low Falls & Surge Capacity	110
Oxygen Pressure Swing Adsorption Units	100
Cardiotocograph Equipment	121
Chromatography / Mass Spectrometry Test Equipment	84
Lung Function Equipment	84
Workflow Management Printing & Tracking System	74
Cough Assist and Non-Invasive Ventilators	70
Cardiology Test Equipment	67
Neptune Constantly Closed Waste System	56
Continuous Positive Airway Pressure Equipment Service	50
Transport Ventilators for Ambulances	52
Other (less than £50,000 per project)	462
Total Medical Equipment	2,524

Property Maintenance and Minor Works	
Policy & Resources Committee	
Refurbishment of Sir Charles Frossard House	1,998
Sir Charles Frossard House Hot Water Generator Replacement	150
Ozanne Hall Dilapidation Works	137
Sir Charles Frossard House LED Lighting Upgrade	76
Sir Charles Frossard House Mechanical & Electrical Infrastructure Refurbishment	57
Sir Charles Frossard House Replace Door Access Control System	53
Other (less than £50,000 per project)	99
	2,570

Committee for Education, Sport & Culture	
Guernsey Museum and Art Gallery Roof Replacement	447
Capelles School Junior Building Replacement of Roof Light	299
Castel School Roofing Repairs	183
Estate Wide Fire Safety & Security Upgrade	158
Fencing, Fire Safety & Security Upgrade	151
Estate Wide Lighting Upgrade	126
La Houquette Primary School Roofing Enabling Work	125
Les Varendes High School Toilets Refurbishment	85
Vauvert School Classroom Refurbishment	65
Vale School Classroom Refurbishment	59
Guilles Alles Library Maintenance	50
Other (less than £50,000 per project)	122
	1,870
Committee for Employment & Social Security	
Edward T Wheadon House Essential Renovation Work	2,000
Other (less than £50,000 per project)	-
	2,000
Committee for the Environment & Infrastructure	
Candie Garden Glasshouse Renovation	214
Alderney Breakwater Concrete Facing Repairs	150
Clarence Battery & Rear of Aquarium Works	86
Other (less than £50,000 per project)	13
	463
Committee for Health & Social Care	
Princess Elizabeth Hospital De Saumarez Roof Covering Replacement	540
St Julians House Roof Repairs	403
Swissville & Garden Hill Refurbishment	348
Pathology Refurbishment	207
Princess Elizabeth Hospital Replacement of Laundry Lift	138
Princess Elizabeth Hospital Theatres Roof Refurbishment	135
Alterations to Briarwood Entrance	119
Princess Elizabeth Hospital Building Management System Upgrade	93
Princess Elizabeth Hospital Chimney Stack	92
Princess Elizabeth Hospital CCTV Cameras	79
Princess Elizabeth Hospital Replacement of Chiller Unit	71
Princess Elizabeth Hospital Building Management System Theatres & ICU	54
Mortuary CCTV Upgrade	50
Le Vieux Jardin CCTV Upgrade	50
Other (less than £50,000 per project)	298
	2,677

Committee for Home Affairs	
Prison Cell Windows and Ventilation Replacement	318
Police Station Provision for Secure Room	250
Other (less than £50,000 per project)	84
	652
Royal Court	
Royal Courts Damp Remediation	115
Other (less than £50,000 per project)	3
	118
States' Trading Supervisory Board	
Other (less than £50,000 per project)	56
	10,406

Coastal Repairs	
Committee for the Environment & Infrastructure	
Route de la Lague South Repointing Works	240
Portelet Piers Repointing Works	230
Other (less than £50,000 per project)	76
	546

Vehicles & Other Equipment	
Policy & Resources Committee	
Fencing, Fire Safety & Security Upgrades	91
Vehicles	118
Other (less than £50,000 per project)	87
	296
Committee for Education, Sport & Culture	
Beau Sejour Theatre - Electric Drop Bars for Stage	240
Replacement of Broken Play Equipment at Le Rondin School	105
Other (less than £50,000 per project)	151
	496
Committee for Environment & Infrastructure	
Bus Replacement Programme	1,455
CCTV System for Bus Fleet	103
Other (less than £50,000 per project)	42
	1,600

Committee for Health & Social Care	
Vehicles	840
Industrial Dish Washer	80
Other (less than £50,000 per project)	53
	973
Committee for Home Affairs	
Police Vehicles	407
Replacement Fire Service Appliance	258
Police Bodyworn Video Replacement	160
CCTV Infrastructure	53
Other (less than £50,000 per project)	14
	892
States Trading Supervisory Board	
Other (less than £50,000 per project)	96
	96
Total Vehicles & Other Equipment	4,353

Roads Resurfacing	
Committee for the Environment & Infrastructure	
Route de la Charruee	314
Rohais de Haut	272
Mount Durand	228
Les Beaucamp	198
Grange Road	172
La Rue des Croisee	172
Route de Bas Courtils (St Saviours)	162
Rue de la Falaise	126
Icart Road	103
Route de Farras	99
Mindonaux & Coin Colin	91
Rue de Deslistes	79
Summerfield Road	78
Steam Mill lanes	74
Rue des Cambrees	73
Rue de la Pomare	65
Lower Pollet	65
Port Soif Car Park	60
Le Courtillet	53

Rue du Varivary	52
Salerie Car Park Remedial Works	50
Other (less than £50,000 per project)	336
	2,922

Integrated Transport Strategy	
Committee for the Environment & Infrastructure	
New Footpath at Les Beaucamps Road	155
Accessibility Infrastructure, as Part of 2025 Road Resurfacing Programme	130
Accessibility Infrastructure, as Part of 2026 Road Resurfacing Programme	75
New Footpath at Bouillon Road	70
Accessibility Infrastructure Improvements at Braye Road	50
Electric Vehicle Charging Stations at Salerie and Odeon Car Parks	50
Other (less than £50,000 per project)	35
	565
Total Routine Capital	28,673

States of Alderney	
Road Resurfacing Contract	660
Housing Stock Improvements	244
Jubilee Roof Replacement	149
Connaught Extension - Additional Works	89
Clerks House Roof repairs	60
Road Resurfacing - Additional Works	58
Harbour Crane Grab Replacement	55
Other (less than £50,000 per project)	281
Total States of Alderney	1,596

5. Property Purchases & Sales

The Committee approved the following property purchases and sales in the 2024 revenue budgets:

	£'000s
Purchases	
Conveyance	
Property purchases	5,406
<i>Conveyance by way of exchange and agreement (definition of boundaries)</i>	
Total Purchases	5,406
Sales	
Right of Way	
Right of Way Pitronnerie Road	14
Wayleave	
Drainage Valnord Lane & Collings Road St Peter Port	8
Conveyance by way of exchange and agreement (definition of boundaries)	
Pont Vaillant, Vale (by way of exchange)	-
Rue des Escaliers, St Martin (by way of exchange)	-
Total Sales	22



APPENDIX VII

CONSOLIDATED HEALTH AND SOCIAL CARE



These consolidated Health & Social Care Accounts report on comprise expenditure net of income incurred by the Committee for Health & Social Care, Pooled Budgets in relation to Multi Agency Safeguarding costs and health and social care expenditure incurred by the Committee for Employment & Social Security.

	2025 Total £'000s	2025 E&SS £'000s	2025 PB £'000s	2025 H&SC £'000s	2024 Total £'000s	2024 E&SS £'000s	2024 PB £'000s	2024 H&SC £'000s
Primary Health Care								
Ambulatory Services	3,223	-	-	3,223	3,084	-	-	3,084
Emergency Department	3,143	-	-	3,143	2,936	-	-	2,936
GP & Nurse Consultation Grants	5,076	-	-	5,076	4,821	-	-	4,821
	11,440	-	-	11,440	10,841	-	-	10,841
Secondary & Tertiary Health Care								
Acute Services Provided Off Island	16,521	-	-	16,521	15,981	-	-	15,981
Guernsey Therapy Group	3,826	-	-	3,826	3,877	-	-	3,877
Hospital Services	73,528	-	-	73,528	68,918	-	-	68,918
Medical Specialist Group	26,728	-	-	26,728	25,402	-	-	25,402
Prescription Drugs & Medicines	26,818	-	-	26,818	25,481	-	-	25,481
Travel Costs	3,797	-	-	3,797	2,855	-	-	2,855
	151,218	-	-	151,218	142,514	-	-	142,514
Community Care Services								
Children & Adult Disability	23,124	-	-	23,124	22,388	-	-	22,388
Children & Adult Mental Health	16,699	-	-	16,699	16,691	-	-	16,691
Community & Social Care	35,166	-	961	34,205	33,036	-	609	32,427
Older People	33,651	25,786	-	7,865	33,714	25,882	-	7,832
	108,640	25,786	961	81,893	105,829	25,882	609	79,338
Public Health Services								
Prevention & Awareness	7,681	-	-	7,681	8,286	-	-	8,286
Treatments	608	-	-	608	569	-	-	569
	8,289	-	-	8,289	8,855	-	-	8,855
Total Health & Social Care Services	279,587	25,786	961	252,840	268,039	25,882	609	241,548

The above includes an element of administrative and central costs amounting to £18.7m (2024: £17.2m) that have been allocated to Hospital Services

APPENDIX VIII

BUDGET V ACTUAL



1. Central Activities

	Original	Budget Adjustments	Auth- orised	Actual (on a comparable basis)	Difference	Note
	£'000s	£'000s	£'000s	£'000s	£'000s	
Operating Income						
Income Tax	477,000	-	477,000	527,636	50,636	(i)
Other Taxes	106,192	-	106,192	120,400	14,208	(ii)
Social Security Contributions	35,100	-	35,100	34,565	(535)	
Miscellaneous Income	41,256	-	41,256	40,532	(724)	
	659,548	-	659,548	723,133	63,585	
Provision for Controlled Entity Losses	(4,400)	-	(4,400)	(10,666)	(6,266)	(iii)
Non-Capitalised Project Costs	(35,096)	(2,059)	(37,155)	(25,654)	11,501	
Operating Surplus	620,052	(2,059)	617,993	686,813	68,820	
Depreciation and Amortisation	(30,200)	-	(30,200)	(29,998)	202	
Capital Deficit – Sale of Property	-	-	-	(2,727)	(2,727)	-
Net Interest (Paid)/Received	(6,300)	-	(6,300)	(5,716)	584	
Net Surplus/(Deficit) before Investment Returns	583,552	(2,059)	581,493	648,372	66,879	
Investment Returns	22,400	-	22,400	34,063	11,663	(iv)
Net Surplus/(Deficit)	605,952	(2,059)	603,893	682,435	78,542	

- i. Income tax was ahead of budget due to prior year performance improvements from banking income improving the 2025 position as they were reported in 2025. This represents £34m of the difference. Pillar 2 income was also revised upwards by £9m.
- ii. Other taxes were ahead of plan due to a better than expected year in document duty (£10m) across both the local and open markets.
- iii. Controlled entities losses were impacted by the increase in PFAS provision (£10.4m) in Guernsey Ports but offset by better than expected underlying performance. Non-capitalised project costs were lower than expectation, noting that this line is subject to fluctuations as this is part of overall project spend.
- iv. Investment returns were ahead of budget demonstrating strong performance in a volatile year, noting they were behind the 2024 performance.

2. Corporate Services

	Budget			Actual	Difference	Note
	Original	Adjustments	Auth- orised			
	£'000s	£'000s	£'000s	£'000s	£'000s	
Net Expenditure						
Operating Income	12,773	(16)	12,757	12,350	(408)	
Expenditure						
Pay Costs	(42,944)	(2,240)	(45,184)	(43,950)	1,234	(i)
Non-Pay Costs:						
Staff Non-Pay Costs	(1,384)	-	(1,384)	(1,535)	(151)	
Support Services	(34,918)	155	(34,763)	(38,100)	(3,336)	(ii)
Premises	(15,009)	7	(15,002)	(14,848)	154	(iii)
Transport	(79)	(79)	(158)	(76)	82	
Supplies & Services	(3,107)	-	(3,107)	(3,426)	(319)	
Total Non-Pay Costs	(54,497)	83	(54,414)	(57,985)	(3,571)	
Total Expenditure	(97,441)	(2,158)	(99,598)	(101,934)	(2,337)	
Total Net Expenditure	(84,668)	(2,174)	(86,842)	(89,585)	(2,744)	

- i. Pay costs were favourable to budget as there were vacancies throughout the year, notably in Human Resources and Digital & Technology. The year saw good progress in recruitment to fill many of these vacancies by year end.
- ii. Support service and supplies and services were impacted by the move to insourced Digital & Technology management of services. This was a one time impact.
- iii. Supplies and Services impacted by higher than inflation increases in property management

3. Policy & Resources Committee

	Original	Budget Adjustments	Auth- orised	Actual	Difference	Note
	£'000s	£'000s	£'000s	£'000s	£'000s	
Net Expenditure						
Operating Income	1,450	-	1,450	1,423	(27)	
Expenditure						
Pay Costs	(11,207)	(63)	(11,270)	(11,074)	196	
Non-Pay Costs:						
Staff Non-Pay Costs	(138)	-	(138)	(99)	39	
Support Services	(3,023)	(1,489)	(4,512)	(5,916)	(1,404)	
Premises	-	-	-	(42)	(42)	
Third Party Payments	(1,200)	(1,621)	(2,821)	(2,844)	(23)	
Transport	(1)	-	(1)	(1)	-	
Supplies & Services	(397)	-	(397)	(394)	3	
Total Non-Pay Costs	(4,759)	(3,110)	(7,869)	(9,296)	(1,427)	(i)
Net Non Formula Led Expenditure	(15,966)	(3,173)	(19,139)	(20,370)	(1,231)	
FL Expenditure						
Third Party Payments	(2,709)	-	(2,709)	(2,244)	465	
Revenue Expenditure	(18,675)	(3,173)	(21,848)	(22,614)	(766)	
Total Net Expenditure	(17,225)	(3,173)	(20,398)	(21,190)	(792)	

- i. Adverse to budget by £1.4m as a result of increased Alderney Public Service Obligation, extended support of the revenue service IT programme implementation period and the election.

4. Committee for Economic Development

	Original	Budget Adjust-ments	Auth- orised	Actual	Difference	Note
	£'000s	£'000s	£'000s	£'000s	£'000s	
Net Expenditure						
Operating Income	1,565	-	1,565	1,545	(20)	
Expenditure						
Pay Costs	(5,249)	(139)	(5,388)	(5,025)	363	
Non-Pay Costs:						
Staff Non-Pay Costs	(84)	10	(74)	(42)	32	
Support Services	(4,264)	(110)	(4,374)	(4,531)	(157)	
Premises	(422)	-	(422)	(378)	44	
Third Party Payments	(3,245)	(304)	(3,549)	(3,768)	(219)	
Transport	(1)	-	(1)	(1)	-	
Supplies & Services	(502)	-	(502)	(364)	138	
Total Non-Pay Costs	(8,518)	(404)	(8,922)	(9,084)	(162)	
Revenue Expenditure	(13,767)	(543)	(14,310)	(14,109)	202	
Total Net Expenditure	(12,202)	(543)	(12,745)	(12,563)	181	(i)

- i. This committee managed within its overall net budget with lower costs in staff being offset by increased support needs to enhance connectivity.

5. Committee for Education, Sport & Culture

	Original	Budget Adjust- ments	Auth- orised	Actual	Difference	Note
	£'000s	£'000s	£'000s	£'000s	£'000s	
Net Expenditure						
Operating Income	6,775	-	6,775	7,654	879	(i)
Expenditure						
Pay Costs	(74,948)	(1,887)	(76,835)	(77,517)	(682)	(ii)
Non-Pay Costs:						
Staff Non-Pay Costs	(1,616)	(129)	(1,745)	(1,690)	55	
Support Services	(2,083)	312	(1,771)	(2,028)	(257)	(iii)
Premises	(1,908)	(27)	(1,935)	(2,193)	(258)	
Third Party Payments	(14,877)	(212)	(15,089)	(14,598)	491	(iv)
Transport	(201)	-	(201)	(272)	(71)	
Supplies & Services	(4,010)	215	(3,795)	(3,679)	116	
Total Non-Pay Costs	(24,695)	159	(24,537)	(24,460)	76	
Revenue Expenditure	(99,643)	(1,728)	(101,371)	(101,977)	(606)	
Total Net Expenditure	(92,868)	(1,728)	(94,596)	(94,323)	273	

- i. Income was ahead of budget with Beau Sejour performing above expectations across the year.
- ii. Front line staff were marginally above budget and central employment levels were within plan
- iii. Higher general costs in stationery, furniture and IT support
- iv. Lower higher education grants than planned, this is a result of lower volume

6. Committee for Employment & Social Security

	Original	Budget Adjust- ments	Auth- orised	Actual	Difference	Note
	£'000s	£'000s	£'000s	£'000s	£'000s	
Net Expenditure						
Operating Income	29	142	171	23	(148)	
Expenditure						
Pay Costs	(4,441)	2,290	(2,151)	(2,030)	121	(i)
Non-Pay Costs:						
Staff Non-Pay Costs	(46)	6	(40)	(41)	(1)	
Support Services	(390)	(1,105)	(1,495)	(1,453)	42	
Premises	(6,318)	6,316	(2)	(7)	(5)	
Third Party Payments	(1,838)	1,370	(468)	(442)	26	
Transport	(59)	48	(11)	(6)	5	
Supplies & Services	(218)	6	(212)	(96)	116	
Total Non-Pay Costs	(8,869)	6,641	(2,228)	(1,963)	183	
Total Expenditure	(13,310)	8,931	(4,379)	(3,993)	304	
FL Expenditure						
Third Party Payments	(78,955)	(13)	(78,968)	(78,060)	908	
FL Expenditure	(78,955)	(13)	(78,968)	(78,060)	908	
Revenue Expenditure	(92,265)	8,918	(83,338)	(82,135)	1,203	
Total Net Expenditure	(92,236)	9,060	(83,167)	(82,112)	1,055	

- i. The General Revenue element of Employment & Social Security was in line across pay and non-pay. Third Party Payments, primarily income support, was favourable to budget but in line with prior year plus inflation. There have been a significant number of reviews of benefits, which have supported this management of costs.

7. Committee for Environment & Infrastructure

	Original	Budget Adjustments	Auth- orised	Actual	Difference	Note
	£'000s	£'000s	£'000s	£'000s	£'000s	
Net Expenditure						
Operating Income	4,105	(26)	4,079	4,430	351	(i)
Expenditure						
Pay Costs	(3,721)	(144)	(3,865)	(4,006)	(141)	
Non-Pay Costs:						
Staff Non-Pay Costs	(44)	-	(44)	(31)	13	
Support Services	(10,545)	(69)	(10,614)	(10,510)	104	
Premises	(2,594)	-	(2,594)	(2,691)	(97)	
Third Party Payments	(1,220)	(792)	(2,012)	(1,940)	72	
Transport	(197)	-	(197)	(173)	24	
Supplies & Services	(785)	-	(785)	(1,051)	(266)	(ii)
Total Non-Pay Costs	(15,385)	(861)	(16,246)	(16,396)	(150)	
Revenue Expenditure	(19,106)	(1,005)	(20,111)	(20,402)	(291)	
Total Net Expenditure	(15,001)	(1,031)	(16,032)	(15,972)	59	

- i. Income was favourable to budget as a result of increased vehicle registrations.
- ii. Supplies and services were above budget as a result of inflation and, notably, upkeep of roads.

8. Committee for Health & Social Care

	Original	Budget Adjustments	Auth- orised	Actual	Difference	Note
	£'000s	£'000s	£'000s	£'000s	£'000s	
Net Expenditure						
Operating Income	30,512	(216)	30,296	30,805	509	(i)
Expenditure						
Pay Costs	(140,896)	(4,724)	(145,620)	(147,123)	(1,503)	(ii)
Non-Pay Costs:						
Staff Non-Pay Costs	(4,670)	79	(4,591)	(4,325)	266	
Support Services	(30,280)	(12,216)	(42,496)	(42,405)	91	
Premises	(6,040)	(502)	(6,542)	(7,554)	(1,012)	(iii)
Third Party Payments	(14,946)	12,528	(2,418)	(2,185)	233	
Transport	(823)	94	(729)	(719)	10	
Supplies & Services	(78,053)	137	(77,916)	(79,872)	(1,956)	(iv)
Total Non-Pay Costs	(134,812)	119	(134,693)	(137,060)	(2,367)	
Total Expenditure	(275,698)	(4,605)	(280,312)	(284,238)	(3,926)	
Total Net Expenditure	(245,186)	(4,829)	(250,015)	(253,433)	(3,418)	

- i. Revenue was mainly favourable because of pharmacy income being higher than planned.
- ii. Staffing cost pressures, notably the level of pay required to attract new staff to Health & Social Care from off island has meant that the pay level planned for has been exceeded across many cases. Staff retention has been favourable, but this also comes with increases in staff cost.
- iii. The adverse variance was due to high leasing costs for securing accommodation for key workers.
- iv. On non-pay the off island acute services (neonatal, cardiac and other specialties) is driven by demand and was £2.4m adverse to budget and £1.5m adverse to 2024.

9. Committee for Home Affairs

	Original	Budget Adjust- ments	Auth- orised	Actual	Difference	Note
	£'000s	£'000s	£'000s	£'000s	£'000s	
Net Expenditure						
Operating Income	3,390	-	3,390	3,554	164	
Expenditure						
Pay Costs	(38,135)	(1,036)	(39,171)	(39,084)	87	
Non-Pay Costs:						
Staff Non-Pay Costs	(1,180)	-	(1,180)	(1,513)	(333)	(i)
Support Services	(2,054)	(741)	(2,795)	(2,114)	681	(ii)
Premises	(839)	1	(838)	(975)	(137)	
Third-Party Payments	(112)	(62)	(174)	(158)	16	
Transport	(310)	33	(277)	(302)	(25)	
Supplies & Services	(2,032)	(21)	(2,053)	(2,484)	(431)	(iii)
Total Non-Pay Costs	(6,527)	(790)	(7,317)	(7,546)	(229)	
Total Expenditure	(44,662)	(1,826)	(46,488)	(46,630)	(142)	
Total Net Expenditure	(41,272)	(1,826)	(43,098)	(43,074)	24	

- i. Higher costs arose for training and accommodation allowances.
- ii. The delay in the launch of the Guernsey Cyber Security Centre and increased levels and type of immigration fees, has offset other operational cost pressures and reduced fixed penalty notices in the year resulting in the committee being in line with budget
- iii. Multiple small spends above budget to support the range of activities undertaken by Home Affairs.

10. Committee for Housing

	Budget		Auth- orised £'000	Actual (on a comparable basis) £'000	Difference £'000	Note
	Original £'000	Adjustments £'000				
Net Expenditure						
Operating Income	-	242	242	100	(142)	
Non-FL Expenditure						
Pay Costs	-	(2,164)	(2,164)	(2,220)	(56)	
Non-Pay Costs:						
Staff Non-Pay Costs	-	(6)	(6)	(5)	1	
Support Services	-	(1,276)	(1,276)	(416)	860	
Premises	-	(6,326)	(6,326)	(6,429)	(102)	
Transport	-	(9)	(9)	(42)	(33)	
Supplies & Services	-	(100)	(100)	(98)	2	
	-	(7,717)	(7,717)	(6,990)	728	
Revenue Expenditure	-	(9,882)	(9,882)	(9,210)	672	
Total Net Expenditure	-	(9,640)	(9,640)	(9,110)	530	

11. Other Committees

	Budget		Auth- orised £'000	Actual (on a comparable basis) £'000	Difference £'000	Note
	Original £'000	Adjustments £'000				
Net Expenditure						
Operating Income	6,817	31	6,848	6,430	(418)	
Expenditure						
Pay Costs	(19,189)	(768)	(19,957)	(19,047)	910	(i)
Non-Pay Costs:						
Staff Non-Pay Costs	(428)	-	(428)	(255)	173	
Support Services	(1,950)	68	(1,882)	(1,593)	289	
Premises	(350)	(456)	(806)	(779)	27	
Third Party Payments	(4,925)	-	(4,925)	(4,536)	389	
Transport	(59)	6	(53)	(41)	12	
Supplies & Services	(561)	-	(561)	(508)	53	
	(8,273)	(382)	(8,655)	(7,712)	943	
Revenue Expenditure	(27,462)	(1,150)	(28,612)	(26,759)	1,853	
Total Net Expenditure	(20,645)	(1,119)	(21,764)	(20,329)	1,435	

- i. Across other committees there was a mix of vacancy levels (Law Officers of the Crown), improved income (Development & Planning Authority) and timing of release of funding (Overseas Aid & Development Authority).

12. Guernsey Airport

	Original	Budget Adjust-ments	Auth-orised	Actual (on a comparable basis)	Difference	Note
	£'000s	£'000s	£'000s	£'000s	£'000s	
Net Income:						
Income	16,033	-	16,033	15,761	(272)	(i)
Expenditure						
Pay Costs	(12,992)	-	(12,992)	(13,493)	(501)	(ii)
Non-Pay Costs:						
Staff Non-Pay Costs	(478)	-	(478)	(442)	36	
Support Services	(2,553)	-	(2,553)	(2,495)	58	
Premises	(2,335)	-	(2,335)	(2,956)	(621)	
Transport	(203)	-	(203)	(169)	34	
Supplies & Services	(431)	-	(431)	(625)	(194)	
PFAS Provision	-	-	-	(10,362)	(10,362)	
	(6,000)	-	(6,000)	(17,049)	(11,049)	(iii)
Operating Deficit before Depreciation	(2,959)	-	(2,959)	(14,781)	(11,822)	
Depreciation and impairment	(1,380)	-	(1,380)	(1,285)	95	
Revaluation of Investment Property	-	-	-	383	383	(iv)
Deficit for the year	(4,339)	-	(4,339)	(15,683)	(11,344)	

- i. Whilst passenger numbers were marginally higher than budgeted and fees from opening times extensions boosted revenue, lower than anticipated revenues from Air Navigational Services and debtor adjustments resulted in an overall adverse variance to budget of £272k.
- ii. The pay costs are adverse to budget due to delays in implementing efficiencies anticipated in the budget plus increased overtime due to the above mentioned airport opening times extensions.
- iii. The non-pay adverse position primarily relates to the increase in the PFAS provision of £10.2m following detailed assessment of the remediation requirements. Non-pay was also impacted by above inflation utility costs and passenger services costs which were both higher than budget.
- iv. Investment properties are revalued on an annual basis. No allowance was made for this in the budget hence a favourable variance of £383k.

13. Guernsey Harbours

	Budget			Actual (on a comparable basis) £'000s	Difference £'000s	Note
	Original £'000s	Adjustments £'000s	Auth- orised £'000s			
Net Income:	15,903	-	15,903	15,445	(458)	(i)
Income						
Expenditure						
Pay Costs	(6,219)	-	(6,219)	(6,501)	(282)	(ii)
Non-Pay Costs:						
Staff Non-Pay Costs	(117)	-	(117)	(188)	(71)	
Peripheral Activities	-	-	-	(69)	(69)	
Support Services	(1,931)	-	(1,931)	(1,718)	213	
Premises	(2,686)	-	(2,686)	(1,589)	1,097	
Transport	(132)	-	(132)	(65)	67	
Supplies & Services	(326)	-	(326)	(259)	67	
	(5,192)	-	(5,192)	(3,888)	1,304	(iii)
Operating surplus before depreciation	4,492	-	4,492	5,056	564	
Depreciation	(1,434)	-	(1,434)	(1,219)	215	
Net Interest	(289)	-	(289)	(186)	103	
Revaluation of investment property	-	-	-	630	630	
Loss on impairment	-	-	-	(45)	(45)	
Surplus for the year	2,769	-	2,769	4,236	1,467	(iv)

- i. Income was adverse to budget due to lower income, fewer cruise ship visits than anticipated and debt write offs. This was partially offset by a positive variance in cargo income and port attendant fees.
- ii. Increased pay costs compared to budget were driven by changes to ferry schedules leading to unbudgeted operational support costs outside normal working hours.
- iii. Non-pay costs are lower than budgeted due to reduced maintenance costs against budget. This was primarily due to the planned deferral of Harbour dredging.
- iv. Investment properties are revalued on an annual basis. No allowance is made for this in the budget hence a favourable variance of £630k.

14. Guernsey Water

	Original £'000s	Budget Adjust- ments £'000s	Auth- orised £'000s	Actual (on a comparable basis) £'000s	Difference £'000s	Note
Income	22,901	-	22,901	22,635	(266)	(i)
Expenditure						
Operating Expenses:						
Asset Management	(840)	-	(840)	(782)	58	
Pumping Stations	(1,507)	-	(1,507)	(1,268)	239	
Sewers	(5,460)	-	(5,460)	(5,217)	243	
Tactical Support	(830)	-	(830)	(686)	144	
Water Distribution	(707)	-	(707)	(633)	74	
Water Production	(1,897)	-	(1,897)	(2,239)	(342)	
Management Expenses:						
Customer Services	(1,175)	-	(1,175)	(1,154)	21	
Management and General	(2,074)	-	(2,074)	(2,064)	10	
Support Services	(1,413)	-	(1,413)	(1,227)	186	
Water Quality and Risk Management	(643)	-	(643)	(638)	5	
	(16,546)	-	(16,546)	(15,908)	638	(ii)
Operating Surplus/ (Deficit) before Depreciation	6,355	-	6,355	6,727	372	
Depreciation/ Impairment of Assets	(5,329)	-	(5,329)	(5,439)	(110)	
Operating Surplus/ (Deficit) for the year	1,026	-	1,026	1,288	262	
Net Interest Payable	(719)	-	(719)	(589)	130	(iii)
Surplus / (Deficit) for the year	307	-	307	699	392	

- i. Reduced summer demand impacted the measured water and wastewater income, resulting in an adverse variance to budget of £266k.
- ii. The overall favourable variance in expenditure is mainly due to savings achieved in relation to cesspit service overtime costs and reduced maintenance costs in relation to the wastewater network. The adverse variance in relation to Water production is due to longer running of the water treatment works and increased cost of chemicals.
- iii. Return on balances held with Treasury were budgeted at zero, the favourable variance was a result of return on cash balances and lower than anticipated loan drawn down.

15. Guernsey Waste

	Original	Budget Adjustments	Auth- orised	Actual (on a comparable basis)	Difference	Note
	£'000s	£'000s	£'000s	£'000s	£'000s	
Net Income:						
Income	12,298	-	12,298	13,452	1,154	(i)
Expenditure						
Pay Costs	(579)	-	(579)	(539)	40	
Non-Pay Costs:						
Staff Non-Pay Costs	(17)	-	(17)	(3)	14	
Support Services	(8,928)	-	(8,928)	(8,652)	276	
Premises	(303)	-	(303)	(347)	(44)	
Transport	(2)	-	(2)	(2)	-	
Supplies & Services	(2,941)	-	(2,941)	(2,901)	40	
	(12,191)	-	(12,191)	(11,905)	286	(ii)
Operating Deficit before Depreciation	(472)	-	(472)	1,008	1,480	
Impairment Loss		-				
Depreciation	(2,090)	-	(2,090)	(1,957)	133	(iii)
Operating Deficit for the year	(2,562)	-	(2,562)	(949)	1,613	
Net Interest Receivable	-	-	-	229	229	
Deficit for the year	(2,562)	-	(2,562)	(720)	1,842	

- i. The positive variance was due to continuing income at Mont Cuét related to Asbestos and Road Sweepings & Gully Sludges, which had not been anticipated in the budget as it was expected these would be processed in an alternative way during the year.
- ii. The positive expenditure variance was due to a lower provision for future double handling of stockpiled inert waste. This is partially offset by an adverse variance in kerbside dry recyclables contamination charges.
- iii. Depreciation charge was under budget due to delays in capital works to floor of the Waste Transfer Station.

16. States Works

	Original £'000s	Budget Adjust- ments £'000s	Auth- orised £'000s	Actual (on a comparable basis) £'000s	Difference £'000s	Note
Net Income:	19,305	-	19,305	18,477	(828)	(i)
Income						
Expenditure						
Management Expenses:						
Administration Expenses	(812)	-	(812)	(1,116)	(304)	
Salaries, Wages and Superannuation	(2,679)	-	(2,679)	(2,576)	103	
Operating Expenses:						
Labour	(7,804)	-	(7,804)	(7,873)	(69)	
Materials	(4,336)	-	(4,336)	(3,543)	793	
Transport and Plant	(594)	-	(594)	(944)	(350)	
Building Maintenance	(254)	-	(254)	(406)	(152)	
	(16,479)	-	(16,479)	(16,458)	21	(ii)
Operating Surplus before Depreciation	2,826	-	2,826	2,019	(807)	
Depreciation	(2,050)	-	(2,050)	(1,297)	753	(iii)
Gain/ (Loss) on disposal of Fixed Assets	52	-	52	109	57	
Operating Surplus for the year	828	-	828	831	3	
Net Interest Receivable	181	-	181	209	28	
Surplus for the year	1,009	-	1,009	1,040	31	

- i. The adverse revenue variance was primarily driven by lower costs incurred on “cost plus” contracts. Waste Management Services income is largely cost-plus contracts with Guernsey Waste and any savings on costs during the year were passed on to the client. Fleet maintenance income was also down due to recruitment issues during the first half of the year.
- ii. Expenses were marginally positive to budget due to delayed recruitment in Signs & Lines and Fleet Maintenance plus efficiency savings in relation to certain States of Guernsey service contracts.
- iii. Depreciation charge was lower than budget due to deferred plant and vehicle purchases as assets were able to be effectively used for longer than originally envisaged.

17. Guernsey Dairy

	Original £'000s	Budget Adjust- ments £'000s	Auth- orised £'000s	Actual (on a comparable basis) £'000s	Difference £'000s	Note
Net Income:	10,835	-	10,835	11,128	293	(i)
Sales						
Cost of Sales						
Dairy Product Ingredients	(83)	-	(83)	(66)	17	
Milk	(5,608)	-	(5,608)	(5,911)	(303)	
Milk Working Loss	(200)	-	(200)	(210)	(10)	
Freight	(92)	-	(92)	(96)	(4)	
Packaging Materials	(726)	-	(726)	(598)	128	
Production Wages	(1,047)	-	(1,047)	(1,074)	(27)	
	(7,756)	-	(7,756)	(7,955)	(199)	(ii)
Expenses						
Advertising and Promotion	(64)	-	(64)	(56)	8	
Cleaning Materials	(104)	-	(104)	(77)	27	
Fuel, Light, Power, Water and Rates	(423)	-	(423)	(360)	63	
General Administration costs	(52)	-	(52)	(51)	1	
Laboratory Expenses	(164)	-	(164)	(147)	17	
Motor Vehicle Expenses	(33)	-	(33)	(43)	(10)	
Other Expenses	(97)	-	(97)	(58)	39	
Professional Fees	(588)	-	(588)	(602)	(14)	
Repairs, Maintenance and Insurance	(562)	-	(562)	(477)	85	
Salaries and Wages	(966)	-	(966)	(978)	(12)	
	(3,053)	-	(3,053)	(2,849)	204	(iii)
Operating Surplus/ (Deficit) before Depreciation	26	-	26	324	298	
Depreciation/ Impairment of Assets	(309)	-	(309)	(315)	(6)	
Operating Deficit for the year	(283)	-	(283)	9	292	
Net Interest Payable	(32)	-	(32)	49	81	
Deficit for the year	(315)	-	(315)	58	373	

- i. Liquid milk gate prices increased by 4.4% with effect from 5 January to compensate for a similar increase in producer price paid for raw milk. This price increase was marginally higher than originally budgeted. Milk sales were in line with budget whilst dairy product sales were up by 12%, primarily due to increased butter export sales.
- ii. Producer Price and intake volume increases above budget were the main drivers for the adverse variance. This was partially offset by lower packaging cost.
- iii. The positive variance was due to lower than budgeted spend across various areas, including cleaning materials, laboratory materials, heating and repairs.

18. Social Security Contributory Funds

	Original £'000s	Budget Adjust- ments £'000s	Auth- orised £'000s	Actual (on a comparable basis) £'000s	Difference £'000s	Note
Net Income/Expenditure						
Contributory Income	225,900	-	225,900	228,910	3,010	(i)
Benefit Expenditure:						
Social Insurance	(202,267)	-	(202,267)	(204,212)	(1,945)	(ii)
Long-Term Care Insurance	(26,060)	-	(26,060)	(29,680)	(3,620)	(iii)
	(228,327)	-	(228,327)	(233,892)	(5,565)	
Administration						
Pay Costs	(1,850)	-	(1,850)	(1,284)	566	
Staff Non-Pay Cost	(8)	-	(8)	(2)	6	
Grant Payments						
Support Services	(3,480)	-	(3,480)	(3,444)	36	
Premises	(317)	-	(317)	(214)	103	
Transport	-	-	-	-	-	
Supplies and Services	(156)	-	(156)	(177)	(22)	
	(5,811)	-	(5,811)	(5,121)	690	
Depreciation	(80)	-	(80)	(66)	14	
Operating Deficit before Investing Activities	(8,318)	-	(8,318)	(10,169)	(1,851)	
Investment return Net of Finance Costs	52,004	-	52,004	69,066	17,062	
Operating Surplus after Investing Activities	43,686	-	43,686	58,897	15,211	
Net Income/ Expenditure by Fund						
Guernsey Insurance Fund	16,099	-	16,099	33,112	17,013	
Long-term Care Insurance Fund	27,588	-	27,588	25,786	(1,802)	
	43,686	-	43,686	58,897	15,211	

- i. A favourable increase of 6.8% in Contributions were seen in 2025 (2024: 213,145)
- ii. Long Term Care was impacted by higher residential home care costs, both in cost and volume.
- iii. Investments are managed via the SIB, the favourable gains in 2025 were comparable to the group

APPENDIX IX

SEIZED ASSETS FUND



The Seized Assets Fund (“SAF”) was established under the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 and is overseen by the Seized Assets Management Board.

SAF receives proceeds from confiscated, forfeited and seized assets. Deductions from payments into the Seized Assets Fund include costs associated with seizure, sums paid to victims and payments under asset sharing agreements.

Available funds in the Seized Assets Fund are divided between the Internal Fund and the Social Investment Fund in the proportion of Internal Fund (80%) and Social Investment Fund (20%) in accordance with schedule 11 of the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999.

Seized Assets	2025 FY	2024 FY
12 Months to 31 December 2025	£'000s	£'000s
Opening Seized Asset Position	13,411	11,014
Funds Received Pending Asset Share	785	2,227
(Loss)/gain on foreign exchange of held balances	(421)	170
Seizures, Confiscations and Forfeitures	12	460
Payments relating to asset sharing agreements	(1,319)	-
Transfer to the Internal Fund (80%)	(1,065)	(348)
Transfer to Social Investment Fund (20%)	(266)	(87)
Administration Expenditure:		
Contracted Out Work	-	(25)
Net Proceeds from Seized Assets	11,137	13,411

*The seized asset position as at 31 December 2025 includes protected funds.

Protected funds are transferred, after deductions, once they become unprotected and are split 80% to the Internal Fund and 20% to the Social Investment Fund.

The Internal Fund is administered by the Policy & Resources Committee in consultation with the Committee for Home Affairs. The fund is used for initiatives which are aimed at improving the criminal justice system, implementing international standards on economic crime prevention and towards the reduction in crime and damage caused by crime in the Bailiwick.

Seized Assets Internal Fund 12 Months to 31 December 2025	2025 FY £'000s	2024 FY £'000s
Opening Balance	9,201	11,448
Income - 80% from Seized Assets	1,065	348
Expenditure on Approved Initiatives:		
Appropriations to General Revenue Reserve	(411)	(3,346)
Contracted Out Work	(99)	(52)
	(510)	(3,398)
Net Investment Return	721	803
Closing Balance	10,477	9,201

Appropriations to General Revenue Reserves for 2025 of £0.4m related to Project costs of £0.4m, listed below:

- Future Refuge Provision - £0.2m
- Refurbishment of vessel "Leopardess" - £0.1m
- Other projects and grants - £0.1m





APPENDIX X

INCOME AND EXPENDITURE ATTRIBUTABLE TO SOCIAL HOUSING

	Note	2025 £'000s	2024 £'000s
Income:			
Rental and Other Income	1	27,111	26,533
Total Income		27,111	26,533
Expenditure:			
Pay Costs	2	1,454	1,301
Maintenance		6,349	6,140
Utilities		1,032	1,000
Insurance Premiums/ Excess		493	443
Property Rates & Taxes		412	391
Other Non-Pay Operating Costs		137	144
		9,877	9,419
Depreciation		2,097	2,089
Total Expenditure		11,974	11,508
Operating Surplus		15,137	15,025
Income Support Benefits (Rent Allowance)	3	11,330	10,155
Net Income		3,807	4,870
Capital Expenditure in Year		1,545	1,371

1. Income

Rent receivable from tenants increased by £0.6m, primarily due to the 4.5% increase applied to rent rates for 2025.

2. Expenditure

The £0.5m increase in 2025 was primarily due to building maintenance costs and staff costs.

3. Income Support Benefits

The proportion of income support attributed to the provision of States' Housing has been established by calculating the housing rent allowance as a percentage of the requirement rate (which includes rent allowance) for the tenants. This percentage is then applied to the actual income support payable to these individuals. This has been included in order to reflect the grossing up of States' Housing rent which occurred following the removal of the Rent Rebate Scheme in 2018.



APPENDIX XI

STATES INVESTMENT BOARD

ANNUAL
REPORT
2025



States of
Guernsey

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Chairman's Report

2025 marked a further year of strong returns from equity markets but the narrative that underlied it was very different from prior years.

Markets experienced notable volatility, often as geo-political events unfolded rapidly and unexpectedly and this has continued into 2026. These events began to undermine investor confidence in the US which contributed to a weakening of the US dollar and underperformance of US equities after years of technology sector-driven outperformance.

Ultimately, the Trump administration's aggressive reflation policies, aimed at boosting the economy, alongside further interest rate reductions, saw economic growth and corporate earnings remain strong. This powered a strong rally in equities in the second half of 2025 after the nasty falls associated with "Liberation Day" tariff announcements. But stronger growth also meant that inflation remained sticky, especially in the US and UK. Bonds, as a result, generated much lower returns despite interest rate cuts. UK Consumer Price Inflation (CPI) rose by 3.5%, well above the Bank of England's target. Because our long term target is set as 'inflation plus 5%', higher inflation meant our target return for the year was a more challenging 8.5%.

Against this backdrop, the Pension Pool returned 7.8%, versus its Policy Benchmark of 9.0% (details of the Policy Benchmark can be found on page 15), and the General Pool returned

7.2%, against its Policy Benchmark of 9.1%. The minor benchmark return difference reflects variation between their allocations to private versus public assets, as the two pools have different liquidity needs.

So, our portfolios' performances in 2025 were much as in 2024: strong absolute returns but an underperformance of the benchmarks. As the contribution analysis on pages 17 to 20 shows, asset allocation generally contributed positively to returns relative to the benchmark. The vast majority of underperformance derives from manager underperformance in global equities and lacklustre returns from legacy illiquid investments inherited from the prior portfolios in both General and Pension Pools. In the General Pool, the mandated "special situations" also contributed to relative underperformance, as in prior years. It is disappointing that we continue to suffer drag from historical elements but the effects should diminish over time as legacy illiquid investments repay.

The Board has spent considerable time this year, as in prior years, understanding these impacts and trying to determine whether our underlying strategy is sound. We believe that it is. With 2025 having drawn to a close, we have had the ability to review three years of performance under Cambridge Associates' advice. The analysis shows that our asset allocation structure (and hence our Policy Benchmark) is being effective at

achieving and, indeed, exceeding our longer-term CPI + 5% objective. Further, the underlying investments, aside from special situations and legacy illiquids already referred to, have largely matched benchmark. This is encouraging because, once again, 2025 saw private equity underperform public equity markets, as IPOs and private equity exits remain challenged. Should that trend reverse, as would seem likely in due course, that will give an additional boost to returns in the future.

As just noted, private equity once again struggled to match the returns from very strong public markets, a pattern

consistent since 2021. Through one lens that could be viewed as a problem but in practice for us it has also presented opportunity. Over the past 3 years we have been building our allocations in private assets: equity, credit and real assets. Their drab performance over that period, combined with the fact that many international investors found themselves over-allocated to private investments, meant that Cambridge Associates has been able to gain access for us to top-tier managers that previously would have been unavailable. The full implementation of this private investments part of the portfolios will not be complete until 2029 at the earliest and only around a third of the committed



amount has been drawn down so far. It is still too early to judge properly but the early signs are encouraging and we believe that the foundations for excess long-term returns have been laid. More details on the private investments can be found on page 13.

Although 2025 did get off to a bumpy start for equities, the current portfolio has not been tested in sustained adverse market conditions. Those conditions will, inevitably, come at some point and our higher-risk investment objective is such that it is also inevitable that we will see the portfolios produce negative returns in those times of turmoil. We test how the portfolio might have behaved in past market conditions. Those tests suggest our mix would have reduced losses in difficult years. Our latest analysis, over the 27 year period from 1999 to 2025, shows that our current asset allocation would have produced negative aggregate portfolio returns in 4 of these 27 years whereas equities would have produced negative returns in 7. Our portfolio allocation would have notably outperformed in each of those 7 years, cushioning the down draft. We have to be prepared for difficult conditions to return at some point, however unwelcome, and to hold our nerve when they do. We believe that our portfolio construction is resilient and should enable us to weather future storms whilst meeting our long-term CPI + 5% objective.

On pages 23 to 27, we report on our portfolios' environmental, social & governance (ESG) and net zero objectives. As a reminder, ESG inputs are incorporated as a matter of course into our investment decision-making

process and we have two main net-zero objectives: to achieve time-specific milestones on the journey to net-zero by 2040; and, to increase the proportion of investments that seek "climate solutions". Last year, I noted the marked change of tone in relation to these matters from the US Republican Administration and the likelihood that this would make our goals more challenging as large US corporations abandon science-based targets. Nothing in the intervening 12 months has lessened this challenge. However, we are pleased, despite this, that the percentage of our public equity investments that align with science-based targets has risen notably this year and comfortably exceeds the broad equity markets. Similarly, our climate solutions investments continue to ramp-up. Most of these are private investments and, as capital is drawn on these in the coming years, we will naturally converge towards our medium term target. We also have confidence that this should be achieved without diminution of commercial returns. Some examples can be found in the appendix to the report on page 45. More challenging in 2025 was the deterioration of the portfolios' emissions footprints. However, we have to expect some variability in this metric because it is dependent upon the stock selection decisions made by our underlying managers. In late 2025, by way of example, one of our larger global equity managers shifted their portfolio entirely away from technology, because of concerns about AI capital spending hype, and towards the energy sector. This one shift by one manager fully accounts for the deterioration in the one-year metric. So, we need to take a medium to longer term perspective on some of

these metrics as they can be volatile over short time periods. Even though the mood in the US is creating headwinds in achieving our objectives, our approach has not changed and aligns with the States' net-zero policy.

Whilst the main focus of our time is, rightly, on investment matters, the Board takes seriously its own governance and our interaction with our stakeholders. In the last year, we have reviewed a range of governance and administrative processes as part of a regular cycle, including consideration of custodian performance, Cambridge Associates' performance, the Board's own performance and Board member succession. With regards to the latter, the Policy & Resources Committee (P&R) has approved an extension of my tenure and greater structure around future member recruitment processes. It has become increasingly apparent that it takes considerable time to become familiar with our asset allocation and the numerous individual manager allocations and a single 3 year term on the Board is too short to gain sufficient knowledge and to be effective for a meaningful period thereafter. As a result, future members are likely to be recruited with expected terms that are longer than a single 3 years.

Since our last report, the Board has engaged actively with different stakeholders including multiple meetings with the Policy & Resources Committee, meeting with the wider Assembly and the Scrutiny Management Committee. Deputy Gavin St Pier attended most of our meetings as an observer in his role as P&R Treasury

lead. This wide ranging engagement is essential so that we, as a Board, can be held properly to account and also so that the wider political establishment can understand and input into our approach. We intend to continue with this engagement in the coming years.

Last year, I concluded by noting that we should expect the prevailing turbulence in investment markets to continue. Nothing has changed; if anything, we are growing accustomed to the unexpected. Day-to-day, month-to-month and even year-to-year, the portfolios will be buffeted by the vagaries of markets, sentiment and politics. I would counsel against any focus on shorter term results because we have an advantage over most investors of being very long-term in our strategy and implementation. This should enable us to achieve strong long-term results. With Cambridge Associates' guidance, we have built resilient portfolios that should stand the test of turbulence and enable us to meet our long term target returns, to the benefit of the States' finances.

Investment Strategy and Asset Allocation

The portfolio asset allocations as at 31st December 2025 are shown below.

The portfolios are constructed as deliberately diversified, multi asset strategies designed to achieve the long term return target of UK Consumer Price Inflation (CPI) plus 5%, recognising that this is an ambitious target that necessarily entails accepting volatility and periods of negative returns.

Given we are long-term investors with a multi-decadal time horizon, our asset allocation is informed by expected asset class returns over the very long term, the expected interrelationships between individual asset class returns, and other factors. The strategic asset allocation that is developed from this is mirrored in our Policy Benchmark. Thus, our Policy Benchmark should be expected to deliver our CPI +5% target over the very long term.

The asset allocation weights are calibrated to achieve these returns and each component contributes a distinct set of return, risks and diversifying characteristics:

- global equities and private equity provide exposure to the equity risk premium. Expected long term returns are higher but with the risk that company profits fall, or that share prices become too expensive and drop;
- nominal bonds primarily embed medium to long term interest rate exposure. They may offer defensive characteristics in some scenarios, but are sensitive to changes in interest rates.
- index linked bonds and real assets provide, to varying degrees, sensitivity to, and protection against, realised inflation and inflation expectations;
- liquid and private credit captures additional compensation for bearing default, downgrade, spread and liquidity risks; and
- absolute return strategies are intended to deliver returns less directionally dependent on traditional equity and interest-rate markets, although they carry their own risks (including leverage, complex investment methods and manager risks).

Our exposure to many of these components is achieved through a combination of liquid, easily-tradeable public market assets and illiquid private market structures. The proportion allocated to private markets is derived from detailed liquidity modelling and is set conservatively. Exposure to private market structures is expected to capture an additional premium over public markets, which is compensation for illiquidity, complexity and, in some instances, embedded leverage.

Importantly, long term returns in each of these asset classes and at a portfolio level are not realised smoothly and consistently. Relative performance between these asset classes will vary materially over time as different economic and market environments come and go (equity led bull markets, rate shocks, credit

spread cycles, inflationary episodes) and some components - particularly private markets - are reported with lags and can display price smoothing effects. The strategic premise is that combining these heterogeneous return drivers should improve the probability of achieving the required CPI+5% outcome over the long term, because diversification reduces reliance on any single risk factor and mitigates overall portfolio risk via differing correlations between asset classes.

The targeted increase in allocation to private investments will take several years to implement fully as the pace at which commitments are drawn is dictated by the underlying managers. However, full ramp up is modelled to occur by 2028 to 2031, depending upon strategy.

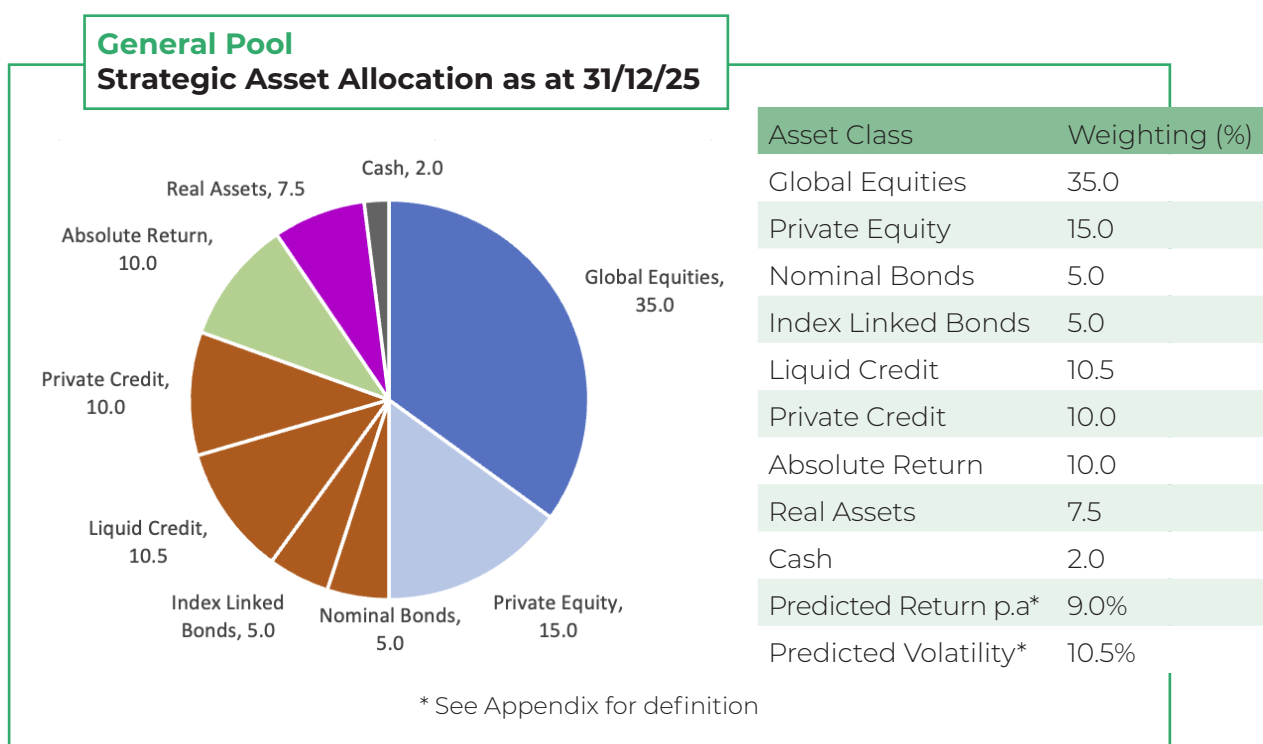
The portfolios are temporarily overweight global public equity and liquid credit to act as a proxy, while the full private investment programme is implemented.

SAA Changes 2025

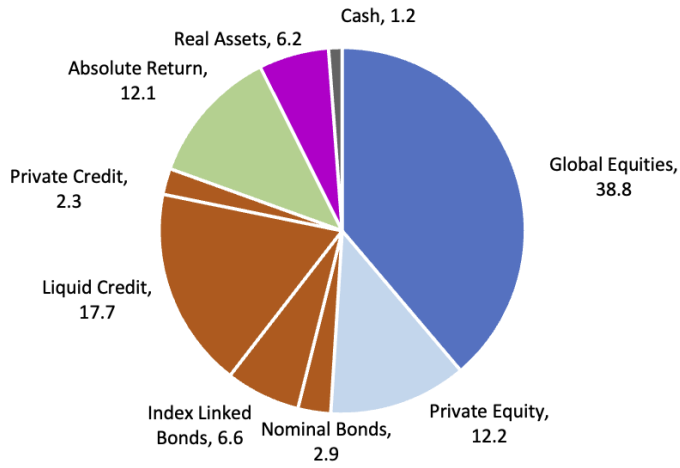
The Board undertakes an annual review of the Strategic Asset Allocations applied to the portfolios, to ensure that they remain appropriate. This review is completed with input from P&R on future funding requirements, and in conjunction with Cambridge which provides stress test modelling. This analysis considers the possible performance of the portfolios, testing how they might hold up in negative market conditions and the associated impact on the value of the portfolios.

Based on updated inputs, the Board decided it was prudent to lower the proportion allocated to private investments in the General Investment Pool, as these types of investments offer far lower liquidity than public investments. The revised target allocation to private investments is 32.5%, reduced from 35%. The impact is that the portfolio now has a predicted long term return of 9.0% (previously 9.2%) and predicted volatility of 10.5% (previously 10.6%).

There has been no change to the SAA of the Pension Pool.

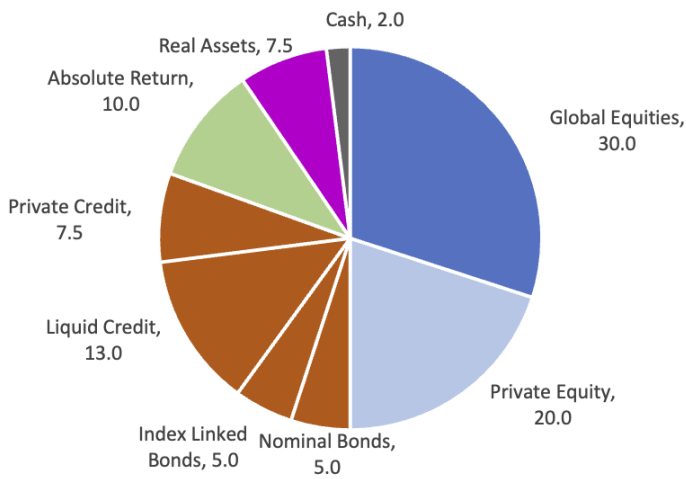


Actual Allocation at 31/12/2025 - General Investment Portfolio



Asset Class	Weighting (%)
Global Equities	38.8
Private Equity	12.2
Nominal Bonds	2.9
Index Linked Bonds	6.6
Liquid Credit	17.7
Private Credit	2.3
Absolute Return	12.1
Real Assets	6.2
Cash	1.2

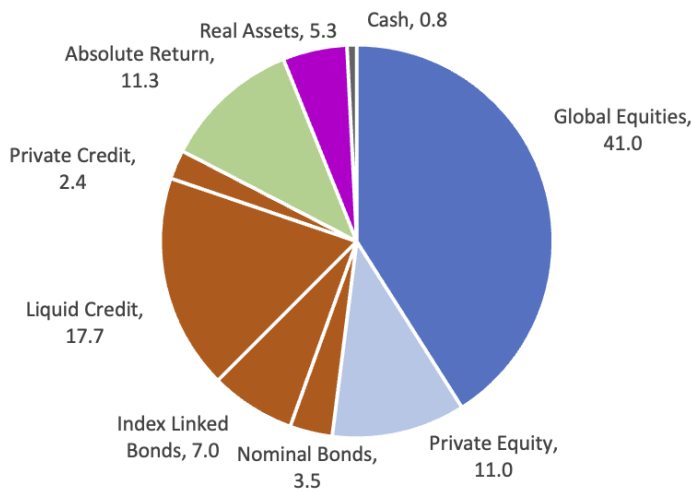
Pension Pool Strategic Asset Allocation as at 31/12/25



Asset Class	Weighting (%)
Global Equities	30.0
Private Equity	20.0
Nominal Bonds	5.0
Index Linked Bonds	5.0
Liquid Credit	13.0
Private Credit	7.5
Absolute Return	10.0
Real Assets	7.5
Cash	2.0
Predicted Return p.a.*	9.2%
Predicted Volatility*	10.6%

* See Appendix for definition

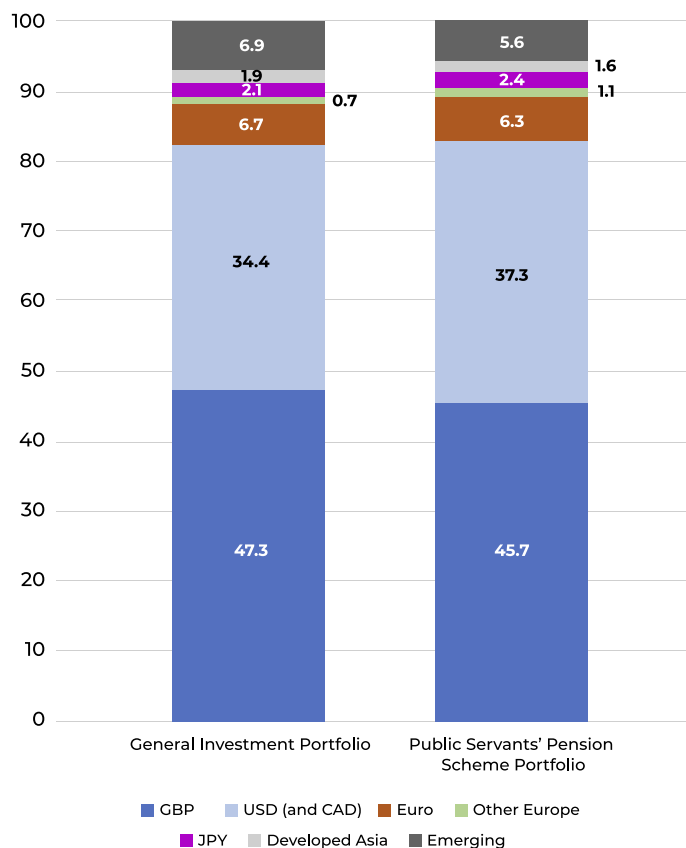
Actual Allocation at 31/12/2025 - Public Servants' Pensions Scheme Portfolio



Asset Class	Weighting (%)
Global Equities	41.0
Private Equity	11.0
Nominal Bonds	3.5
Index Linked Bonds	7.0
Liquid Credit	17.7
Private Credit	2.4
Absolute Return	11.3
Real Assets	5.3
Cash	0.8

Portfolios are shown on a look through basis to account for multi asset holdings where relevant.

Total Currency Exposure %



Manager Changes

Investments with 6 new managers were made during 2025. The new investments are exclusively via fund solutions providing cost effective exposure to specialist strategies, aligned with the long term strategy adopted for the portfolios.

Details of the new investments can be found on page 42 in Appendix III.

Private Assets

The liquidity profile and long time horizon of the States' portfolios allows us the opportunity to invest in private assets alongside some premier endowments, pension funds and sovereign wealth funds. The reward should be superior returns in the long term.

Building a successful private assets portfolio requires considerable skill and patience and it is important to pace that investment over time.

Cambridge Associates has significant experience and resources dedicated to private assets and, as such, we appointed them to run private assets portfolios on our behalf on a discretionary basis, alongside their advisory role over the entire portfolio.

The long term nature of private asset investment means that it will take some time to see the effects feed through, but these should be demonstrated in the next few years.

Portfolio Snapshot

TOTAL PORTFOLIO	Target Exposure (NAV)	Target Commitment (per annum)	No. of Relationships Funds	Total Commitments to Date	Capital Calls Drawn & of Commitments
Aggregate Portfolio	-	£267 million	45 55	£755.9 million	£255.8 million 33.8%
General Pool	32.5%	£107 million	-	£355.3 million	£122.4 million 34.4%
Pensions Pool	35%	£160 million	-	£400.5 million	£133.4 million 33.3%
PRIVATE EQUITY					
Aggregate Portfolio	-	£127 million	26 32	£389.8 million	£115.5 million 29.6%
General Pool	15%	£42 million	-	£179.0 million	£56.4 million 31.5%
Pension Pool	20%	£85 million	-	£210.8 million	£59.1 million 28.1%
PRIVATE CREDIT					
Aggregate Portfolio	-	£80 million	10 13	£222.0 million	£89.9 million 40.5%
General Pool	10.0%	£40 million	-	£111.0 million	£43.2 million 38.9%
Pension Pool	7.5%	£40 million	-	£111.0 million	£46.7 million 42.0%
PRIVATE REAL ASSETS					
Aggregate Portfolio	-	£60 million	9 10	£144.1 million	£50.4 million 35.0%
General Pool	7.5%	£25 million	-	£65.3 million	£22.8 million 34.9%
Pension Pool	7.5%	£35 million	-	£78.8 million	£27.6 million 35.1%

Data as at 31 December 2025

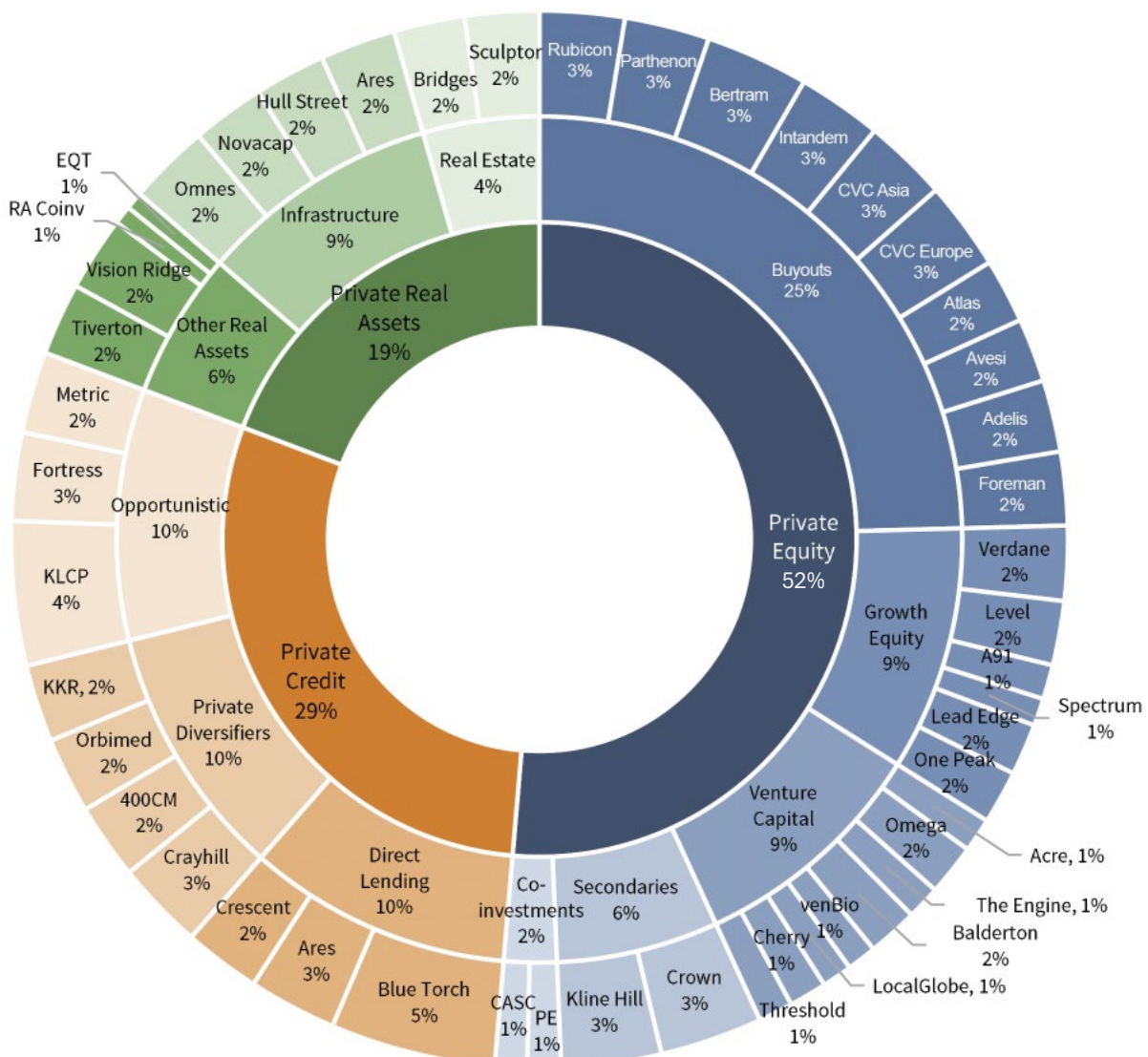
Private Assets

Aggregate Portfolio

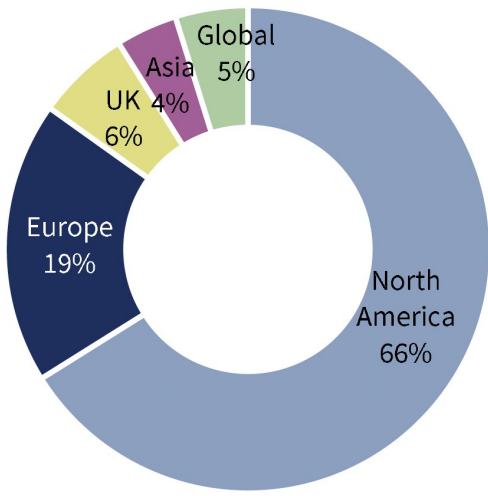
In aggregate, the portfolios have established a strong foundation across asset classes by accessing high-performing managers and are developing into well-diversified portfolios across strategies, geographies, and industries. Despite a turbulent macroeconomic environment impacting private markets, the portfolios remain well-positioned for long-term success, given their emphasis on innovation and the trend of successful private companies staying private longer. Early performance has been encouraging, driven by tactical allocations and initial manager-generated alpha.

The information below relates to the aggregate position across the 2 discretionary private asset portfolios managed by Cambridge Associates excluding legacy private asset positions.

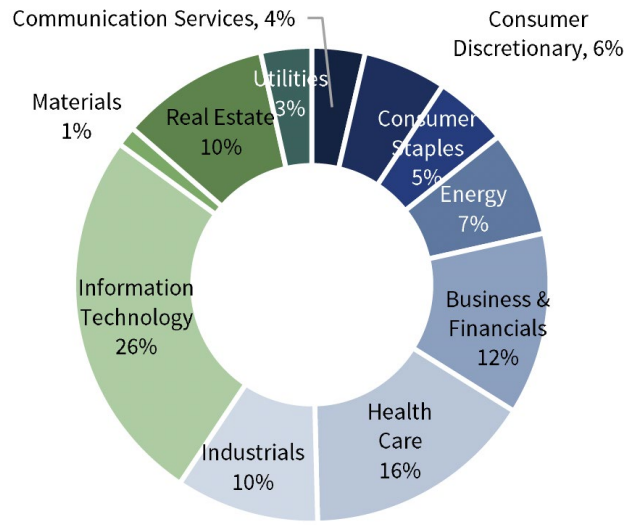
Asset Class Breakdown by Manager



Commitments by Geography



Commitments by Sector



All data is based on commitments that had closed as at 31 December 2025



Performance

Investment Performance - 2025

Fund	Bal £m	2025 Return	3 Years (annualised)
States of Guernsey General Investment Portfolio	1,731	7.2%	7.3%
Long Term Target - UK CPI + 5%		8.5%	8.4%
Policy Benchmark		9.1%	10.3%
The States of Guernsey Public Servants' Pension Scheme Portfolio	1,795	7.8%	8.1%
Long Term Target: UK CPI +5%		8.5%	8.4%
Policy Benchmark		9.0%	10.2%

Returns are calculated using year end prices provided by the audited Custodian valuation on 22nd January 2026. As a result, it does not generally include Q4 performance of private assets.

The Policy Benchmark is a standard 'comparison mix' of investments used to judge performance. It consists of MSCI ACWI (50%), Bloomberg Global Aggregate Bond Index £-hedged (20.5%), Hedge Fund Research Fund of Funds Diversified Index £-hedged (10%), FTSE EPRA/NAREIT Developed Real Estate Index (7.5%), Bloomberg World Government Inflation-Linked Bond Index £-hedged (5%), FTSE World Government Bond Index £-hedged (5%), SONIA (2%)

Policy benchmark data is lagged to account for delayed pricing of private investments. The two portfolios have different private investment targets (see Strategic Asset Allocation for details). This explains the difference in performance of the Policy Benchmarks in the above table.

Despite the re-emergence of US-led trade disputes, in addition to a degree of labour market softness in certain markets, global growth in 2025 exhibited resilience in delivering a near-trend level expansion of 3%. The continued moderation of inflation enabled central banks worldwide to maintain a cycle of interest rate cuts, while in the US, robust investment in AI-related infrastructure provided an additional boost to economic activity.

Against this backdrop, global equities delivered another year of strong gains, with both emerging markets (+24.4%) and developed markets ex US (+22.7%) exceeding the still-strong 9.8% return of the US market. This was aided by a relatively greater degree of multiple expansion (where share prices rose faster than company profits).

Bond market returns improved with carry aided by some decline in both risk-free

rates and credit spreads. The FTSE World Government Bond Index returned +3.7% in GBP-hedged terms, while the BBC Global Aggregate Corporate Bond Index returned +7.0% in GBP-hedged terms.

Among inflation-sensitive assets, inflation linked bonds returned +4.7%, eclipsed by Gold (+65% in USD). Oil prices declined as OPEC+ reversed some of their prior voluntary output cuts.

The Dollar experienced its worst performance since 2017 as geopolitics and rates were headwinds. Sterling appreciated 7.4% against the US dollar, 7.1% against the Japanese Yen, but depreciated by 5.3% against the Euro.

In 2025 the Pension Pool returned +7.8% versus +9.0% for the Policy Benchmark.

Over the year, the General Pool returned +7.2% versus +9.1% for the Policy Benchmark.

Looking at absolute returns, equities in general and passive investments specifically drove returns in 2025;

active managers had a difficult time as concentration in markets increased. The General Pool has more active funds in the equity allocation, and this, outside of special situations, is a driver of lower absolute performance. In both portfolios, credit and hedge funds were also meaningful contributors to the portfolios' absolute results.

Private Investments lagged public equity indices, and this is the primary detractor from relative performance. The Pension Pool has a substantial legacy PI allocation (averaging 8.2%) and it returned +0.6% versus 10.2% for the MSCI ACWI lagged.* The General Pool also has a substantial legacy PI allocation (averaging 9.0%), and it returned -1.7% vs. 10.2% for the MSCI ACWI lagged. Active management in equities also detracted from relative results. Partially offsetting these detractors, having more listed equities than in the Policy Benchmark helped marginally, as well as good relative performance from public and private credit funds.

		2025 Performance
Global Equities	MSCI World Index in £ terms	13.9%
Global Bonds	FTSE World Government Bond Index £ Hedged	3.7%
Emerging Market Equities	MSCI Emerging Markets in £ terms	24.4%
UK Equities	FTSE All Share Index	24.0%
UK Bonds	FTSE Actuaries UK Conventional Gilts All Stocks Index	4.9%

Source: Cambridge Associates

*MSCI All Countries World Index in £ terms, lagged by 3 months so that the index and private markets valuations are aligned.

Performance Attribution

General Investment Portfolio

The main contributors to performance during 2025 are shown below.

Contributors

Ordered by basis points contribution to relative performance

BPS	Driver
+39	<p>Asset allocation - Underweight Private Credit</p> <p>Allocations to Private Credit have been building throughout 2025, and the underweight is being compensated for with a public credit placeholder. The Private Credit underweight (average allocation of 1.8% vs. the 10.0% target) has benefited the General Pool over 2025, as the credit index has underperformed the overall Policy Benchmark (4.0% vs. 9.1%, respectively).</p>
+21	<p>Manager Selection - Discretionary Private Credit</p> <p>The General Pool's Private Credit allocation outperformed the BBG Global Aggregate Bond Index (£-Hedged) by approximately +7.2% during the calendar year-to-date, as of Q3 2025.</p>
+11	<p>Asset allocation - Global Equity Overweight</p> <p>The General Pool benefited from being overweight Global Equity (average allocation of 38.8% vs. the 35.0% target) given the outperformance of Global Equities during 2025 relative to the Policy Benchmark (13.9% vs. 9.1%, respectively).</p>

Performance Attribution

General Investment Portfolio

The main detractors to performance during 2025 are shown below.

Detractors

Ordered by basis points contribution to relative performance

BPS	Driver
-137	<p>Manager Selection – Developed Equity</p> <p>A Global Equity manager significantly underperformed the MSCI World Index over 2025 largely driven by the fund’s anti-AI thesis. Two other managers also trailed the Developed Equity index considerably over the period.</p>
-129	<p>Manager Selection - Legacy Private Equity and Venture Capital</p> <p>Private Investments lagged public equity indices year to date. The General Pool has a substantial legacy PI allocation (averaging 9.0%), and it returned -1.7% vs. 10.2% for the MSCI ACWI lagged.</p>
-26	<p>Asset Allocation – Liquid Credit</p> <p>The General Pool’s overweight to Liquid Credit (average allocation of 15.7% versus the 10.5% target) dragged on performance as the BBG Global Agg (£-Hedged) Index trailed the Policy Benchmark in 2025.</p>

Performance Attribution

Public Servants' Pension Scheme Portfolio

The main contributors to performance during 2025 are shown below.

Contributors

Ordered by basis points contribution to relative performance

BPS	Driver
+49	<p>Asset allocation - Global Equity Overweight</p> <p>The Pension Pool benefited from being overweight Global Equity (average allocation of 40.5% vs. the 30.0% target) given the outperformance of Global Equities during 2025 relative to the Policy Benchmark (13.9% vs. 9.0%, respectively).</p>
+25	<p>Asset allocation - Underweight Private Credit</p> <p>Allocations to Private Credit have been building throughout 2025, and the underweight is being compensated for with a public credit placeholder. The Private Credit underweight (average allocation of 2.0% vs. the 7.5% target) has benefited the Pension Pool over 2025, as the credit index has underperformed the overall Policy Benchmark (4.0% vs. 9.0%, respectively).</p>
+15	<p>Manager Selection - Discretionary Private Credit</p> <p>The Pension Pool's Private Credit allocation outperformed the BBG Global Aggregate Bond Index (£-Hedged) by approximately +6.7% during the calendar year-to-date, as of Q3 2025.</p>

Performance Attribution

Public Servants' Pension Scheme Portfolio

The main detractors to performance during 2025 are shown below.

Detractors

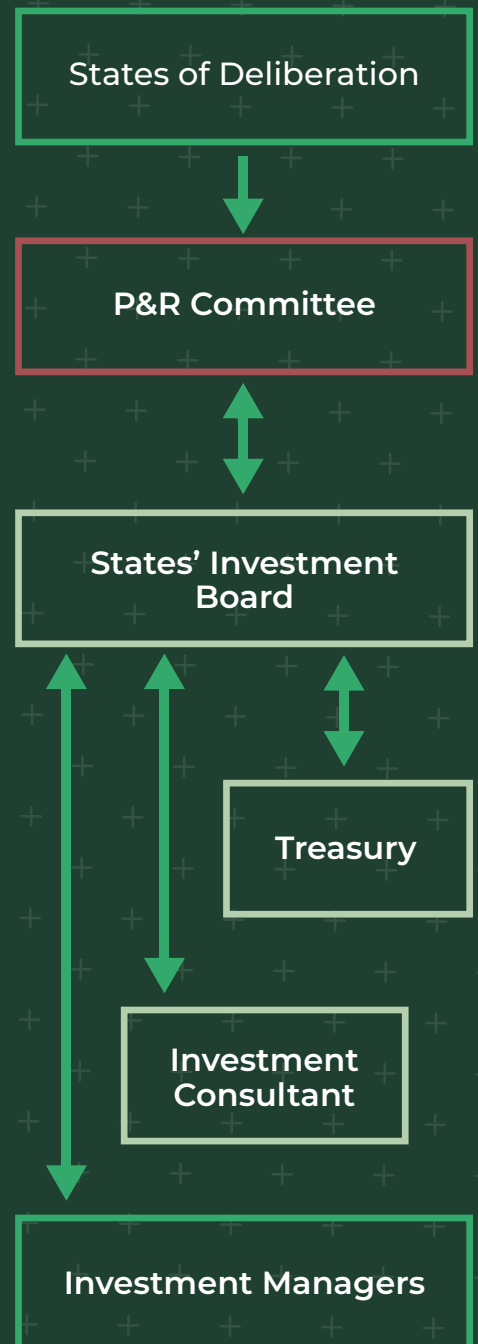
Ordered by basis points contribution to relative performance

BPS	Driver
-125	<p>Legacy Private Equity and Venture Capital – Manager Selection</p> <p>Private Investments lagged public equity indices year to date. The Pension Pool has a substantial legacy PI allocation (averaging 8.2%) and it returned +0.6% versus 10.2% for the MSCI ACWI lagged.</p>
-68	<p>Manager Selection – Developed Equity</p> <p>A Global Equity manager significantly underperformed their MSCI World benchmark, lagging the global developed equity index by -22.3% throughout 2025. The fund's considerable underweight to AI technology stocks dragged on performance significantly over the period. Another manager also trailed the Developed Equity Index considerably over the period.</p>

States of Guernsey Investment Portfolios

Governance Structure

- The States set the permitted investment rules specifying eligible investments
- The Policy and Resources Committee (P&R) sets investment objectives (which can be found on page 33) and monitors performance through a standing invitation to attend meetings (as a non-voting observer), reporting meetings at least twice a year and through the Annual Report prepared by the SIB
- The States' Investment Board, appointed by the Committee, sets and implements the investment strategies to seek to achieve the agreed objectives
- The States' Treasury provides day-to-day management and administration
- Independent consultants provide expert investment advice to the Board on strategy and manager selection



Local Managers

P&R wishes to support locally based investment managers, to encourage the growth and the development of the finance industry within the Bailiwick. It also, however, recognises that local managers may not always provide a compelling case for investment in relation to the full global universe of managers available.

The Committee, therefore, has directed the SIB to invest a minimum of 10% of non-pension assets with local managers, where suitable opportunities exist. These managers will need to be able to demonstrate their existing or likely future positive contribution to the local investment industry and satisfy the SIB and its advisors of their financial stability and investment credentials.

Consideration may be given to investment firms that do not meet all these criteria on a case by case basis. For example, firms that have principally sales, marketing or administration operations in Guernsey may be considered. All potential managers must meet the first two conditions shown below. Firms that do not meet these two conditions will not be eligible for inclusion in the local managers pool.

It should be noted that meeting all five criteria is not a guarantee for investment. Preference may be given to managers who are able to demonstrate specialisation in any of the single asset class strategies mentioned below, over multi-asset or 'fund of fund' style managers.

To qualify for investment, managers should meet the following criteria:

- 1** Have a Guernsey office, employing Guernsey residents
- 2** Pass a manager evaluation, led by Cambridge Associates
- 3** Have true investment decision makers based in Guernsey
- 4** Offer a strategy in one of the following areas: direct equities, fixed income, alternatives, private assets
- 5** Their presence should enhance the investment and finance industry of the island

Environmental, Social and Governance (ESG)

The Board recognises that material sustainability factors, such as environmental, social and governance (ESG) factors, can impact long-term investment performance as well as being a force for good. The Board, therefore, views consideration of these factors as being integral to each investment, in line with the objective of long-term value creation and the States of Guernsey's wider policy on sustainability.

Therefore, while taking due regard of the primary duty to generate strong risk-adjusted returns, the Board believes that:

- 1 Working to incorporate material environmental, social and governance criteria into the investment decision making processes is required.
- 2 In accordance with the States' Climate Change policy, pursuing an investment approach informed by the scientific consensus on climate change and consistent with the goals of the 2015 Paris agreement is required.

The SIB expects to avoid narrowly focused strategies which may have meaningful exposure to controversial areas and will, instead, orientate towards strategies with enhanced environmental, social or governance impact.

To facilitate this, the SIB through its advisors and managers shall:

- Consider the portfolios' investments which may have a positive ESG impact. Where applicable, align the portfolios' investments with the goals of the 2015 Paris agreement to limit global warming to close to 1.5°C by eliminating net emissions of carbon and other GHGs by mid-century.
- Provide annually, and to the extent disclosure allows, a report outlining the sustainability/ESG profile of the portfolios, flagging up potential issues.
- Consider, as part of its due diligence, whether a new investment might give rise to a material exposure to ESG issues.

Further details of the approach being adopted to align with the States' net zero goals can be found in Appendix IV.

The full mandate and objectives are available on the following webpage:

[gov.gg/investmentgov](https://www.gov.gg/investmentgov)






The ESG data on the following pages are a standard set of metrics that are collected annually. They are obtained by analysing the portfolios' listed equities using MSCI ESG tools. It allows our advisor, Cambridge Associates, to monitor how the portfolios are behaving versus the ESG considerations set out in the agreed policy.

Cambridge Associates' ESG data provider is MSCI Inc, via their MSCI ESG database and analytics tool. This provides access to a deep database, large choice of metrics and robust methodologies. It is a useful tool for gathering high level insights from a large volume of data, but it is also important to recognise that ESG data gathering is still imperfect and has methodological differences between

providers. As some of the reported information is backward looking in nature, Cambridge overlay a materiality assessment before reaching conclusions, to allow for the fact that companies operate in different ecosystems and regulatory environments.

Key for ESG Scorecard

-  Improvement
-  Decline
-  Neutral or minor change

Data relates to public equity only

Results remain broadly positive for the States of Guernsey versus the Global Equity Index. Managers rotating their portfolios and manager turnover in Emerging Markets meant that emissions-related metrics have increased modestly versus last year. We see good progress from managers on exposure to companies with Science-Based Targets; we also remain on track to achieve our target exposure to climate solutions.

Our analysis of equity holdings within the Pension and General pools show good overall ESG progress and positive improvements on two of the three climate objectives in our climate policy.

ESG

- Our equity portfolios continue to compare favourably against the MSCI ACWI benchmark across key social and governance metrics, including lower exposure to controversial weapons, civilian firearms, and labour rights violations — with the Pension Pool showing a particularly notable improvement in labour rights exposure year-on-year (from 11.2% to 5.3%).
- Social impact revenue exposure modestly exceeds the benchmark (1.7% vs. 1.6% for the MSCI ACWI), and environmental impact exposure in the Pension Pool has improved year-on-year (4.8% to 5.8%), reflecting the continued intentional tilt toward impactful businesses.

Climate

- Emissions-related metrics have increased modestly versus 2024, driven primarily by managers rotating their portfolios and manager turnover in Emerging Markets. GQG's shift from a growth/quality portfolio to a defensive/income one has brought in materially higher-carbon sectors. The exit of Stewart Investors (an explicitly ESG-tilted EM manager) removed a natural low-carbon anchor from the EM allocation. Fossil fuel reserves exposure remains better than the benchmark.
- Progress on Science-Based Targets remains encouraging, with exposure in the General Pool (33.0%) and Pension Pool (30.9%) ahead of that of the equities benchmark (26.6%); this is a result of selecting managers with high climate competence.
- Our climate solutions exposure is building steadily, with 10 investments — predominantly in private markets — allocating capital to climate solutions across areas such as European renewables, US grid adoption, and sustainable infrastructure. The portfolio is making good progress towards the 5% exposure goal by 2030.

2025 ESG 'Scorecard' for the General Pool

Metric	States of Guernsey General (2024)	States of Guernsey General (2025)	Global Index (MSCI ACWI)	Relative vs MSCI ACWI	Relative vs 2024
Controversial Businesses					
Exposure to civilian firearms (producers and retailers)	0.5%	0.4%	0.6%		
Exposure to controversial weapons	0.3%	0.3%	0.4%		
Exposure to adult entertainment	0.0%	0.0%	0.1%		
Exposure to gambling	0.7%	0.7%	0.9%		
Social and Governance					
Labour Rights					
Exposure to labour norms violations or watch list	9.8%	4.7%	5.6%		
Gender					
% Weight of companies with no female directors	0.4%	0.5%	0.5%		
Companies violating UN Global Compact					
% weight of companies posing reputational risks because they violate UN Global Compact principles	0.1%	0.3%	0.2%		
Environment					
Carbon Footprint					
Carbon emissions tons CO2 / \$ million invested	60.6	76.7	51.1		
Weighted Average Carbon Intensity					
Tons CO2 / \$ million sales	103.4	128.4	111.3		
Fossil Fuels					
Exposure to companies with any fossil fuel reserves	3.6%	4.4%	5.7%		
SBT Emissions Coverage					
% of emissions from companies with Science-Based Targets	19.7%	33.0%	26.6%		
Positive Impact					
Social Impact					
Revenue exposure to business activities with positive impact on society	2.6%	1.7%	1.6%		
Environmental Impact					
Revenue exposure to business activities with positive impact on the environment	4.2%	5.2%	6.3%		

2025 ESG 'Scorecard' for the Pension Pool

Metric	States of Guernsey Pension (2024)	States of Guernsey Pension (2025)	Global Index (MSCI ACWI)	Relative vs MSCI ACWI	Relative vs 2024
Controversial Businesses					
Exposure to civilian firearms (producers and retailers)	0.6%	0.5%	0.6%		
Exposure to controversial weapons	0.4%	0.3%	0.4%		
Exposure to adult entertainment	0.0%	0.0%	0.1%		
Exposure to gambling	0.8%	0.8%	0.9%		
Social and Governance					
Labour Rights					
Exposure to labour norms violations or watch list	11.2%	5.3%	5.6%		
Gender					
% Weight of companies with no female directors	0.3%	0.4%	0.5%		
Companies violating UN Global Compact					
% weight of companies posing reputational risks because they violate UN Global Compact principles	0.1%	0.3%	0.2%		
Environment					
Carbon Footprint					
Carbon emissions tons CO2 / \$ million invested	63.7	68.1	51.1		
Weighted Average Carbon Intensity					
Tons CO2 / \$ million sales	111.7	123.2	111.3		
Fossil Fuels					
Exposure to companies with any fossil fuel reserves	4.7%	4.8%	5.7%		
SBT Emissions Coverage					
% of emissions from companies with Science-Based Targets	20.1%	30.9%	26.6%		
Positive Impact					
Social Impact					
Revenue exposure to business activities with positive impact on society	1.9%	1.6%	1.6%		
Environmental Impact					
Revenue exposure to business activities with positive impact on the environment	4.8%	5.8%	6.3%		

Performance of Managers

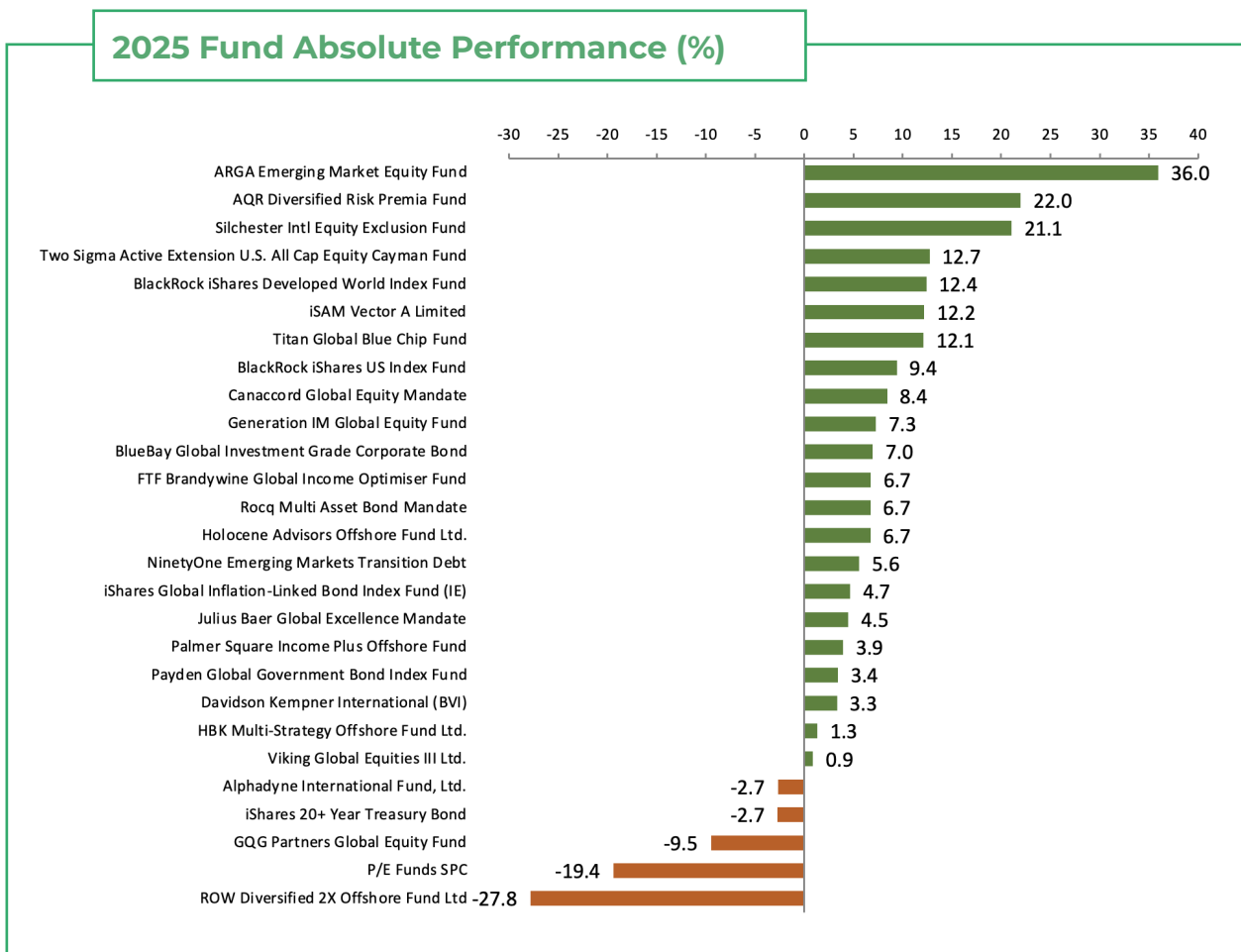
General Investment Portfolio

(Investments held for the full year, excluding private investments)

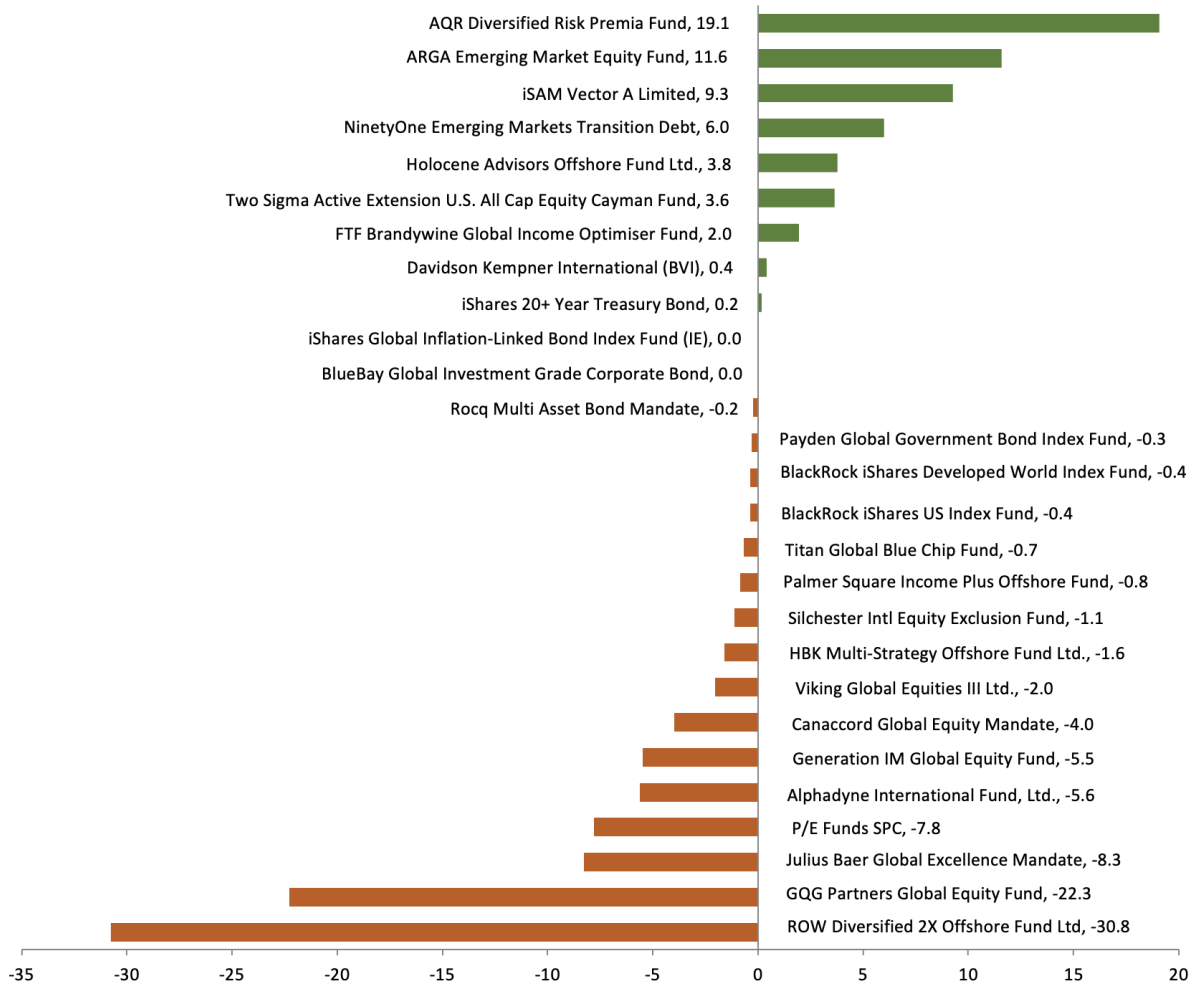
In order to provide a like-for-like comparison, the charts on the following pages only report the performance of investments that were held for the full 12 months of 2025.

A complete table of performance figures for all investments can be found in Appendix II.

A full list of the new managers invested in during 2025 can be found in Appendix III.



2025 Fund Performance Relative to Benchmarks (%)



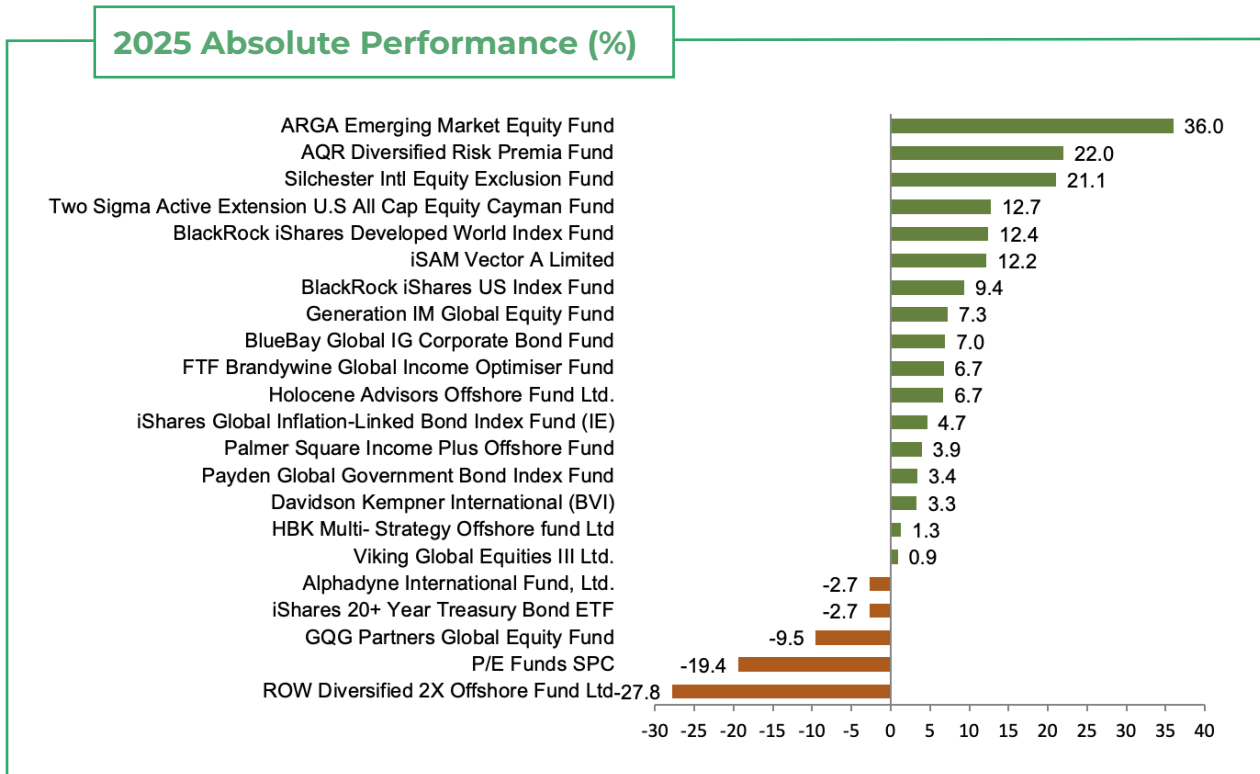
Performance figures for all investments can be found in Appendix II.

Please see Appendix III for a list of the new managers invested in during 2025 .

Performance of Managers

Public Servants' Pension Scheme Portfolio

(Investments held for the full year, excluding private investments)



2025 Fund Performance Relative to Benchmarks (%)



Performance figures for all investments can be found in Appendix II.

Please see Appendix III for a list of the new managers invested in during 2025.



Board Members and Other Information



States' Investment Board Members

Paul Meader (Chairman)
James Ellis
Henry Freeman
Bethan Haines (States Treasurer)



Advisor to the States' Investment Board

Cambridge Associates



States Committee with overall responsibility for investment

Policy & Resources Committee



Policy & Resources sub Committee responsible for Investment Strategy

States' Investment Board



Custodian

Northern Trust



Administration

States Treasury



Appendix I

SIB Investment Objectives

Overview

In line with the States' Permitted Investment Rules, the Policy & Resources Committee (P&R) has appointed an independent specialist sub-committee, known as the States' Investment Board (SIB), to oversee the investment management and administration of the investment funds under the Committee's delegated responsibility. The SIB will act in its capacity, as detailed in its Terms of Reference, to fulfil the mandate and achieve the investment objectives set by P&R.

General Investment Considerations

While the overarching objective in any commercial investment scenario is to achieve the best returns possible, a prudent investment programme will be constrained by relevant risks and other factors that must be considered when setting a strategy. Some of the constraints the Committee will expect the SIB to consider include:

- Volatility & risk of investments versus return
- Investment time horizon
- Cashflow requirements
- Environmental, Social & Governance considerations

Special Situations

There may be special situations where the Policy and Resources Committee will advise the SIB that other, non-financial benefits or outcomes give rise for the consideration of specific investments which wouldn't otherwise meet the SIB's investment criteria. Any such situations will be clearly identified with indications of expected levels of capital commitment and the specific objectives set by the Committee.

The SIB will assist with the implementation of these investments and help ensure they achieve the specific objectives set. The SIB are not accountable for the performance of these investments. They will, however, endeavour to target the best return available within the limited discretion they are set by the Committee.

Special Situations will be separately benchmarked and investor participation will be assessed against the wider objectives and risk profile to ensure they are appropriate for each stakeholder/investor.

Appendix II

Performance of Underlying Managers

General Investment Portfolio

	Inception Date	2025 Performance	Annualised Since Inception
Growth Assets - Developed Equity			
BlackRock iShares Developed World Index Fund	31/08/2020	12.4	13.3
<i>MSCI World</i>		12.8	13.3
<i>Relative</i>		-0.4	0.1
BlackRock iShares US Index Fund	14/05/2024	9.4	14.2
<i>S&P 500</i>		9.8	14.5
<i>Relative</i>		-0.4	-0.3
Canaccord Global Equity Mandate*	28/02/2025	8.4	-
<i>FTSE World Index</i>		12.4	-
<i>Relative</i>		-4.0	-
Generation IM Global Equity Fund	30/06/2023	7.3	12.0
<i>MSCI World Index (Net)</i>		12.8	16.4
<i>Relative</i>		-5.5	-4.3
GQG Partners Global Equity Fund	07/07/2023	-9.5	9.3
<i>MSCI World Index (Net)</i>		12.8	17.6
<i>Relative</i>		-22.3	-8.3
Julius Baer Global Excellence Mandate	31/12/2024	4.5	-
<i>MSCI World Index (Net)</i>		12.8	-
<i>Relative</i>		-8.3	-
Silchester International Equity Exclusion UCITS	01/10/2023	21.1	11.2
<i>MSCI EAFE Index (Net)</i>		22.2	14.9
<i>Relative</i>		-1.1	-3.7
Titan Global Blue Chip Fund	01/12/2023	12.1	7.2
<i>MSCI World Index (Net)</i>		12.8	17.9
<i>Relative</i>		-0.7	-10.7
Two Sigma Active Extension U.S All Cap Equity Cayman Fund	31/08/2024	12.7	17.6
<i>Russell 3000 Index</i>		9.1	14.6
<i>Relative</i>		3.6	3.0

	Inception Date	2025 Performance	Annualised Since Inception
Growth Assets - Emerging Markets Equity			
ARGA Emerging Market Equity Fund	22/11/2023	36.0	21.8
<i>MSCI Emerging Markets Index (Net)</i>		24.4	16.8
<i>Relative</i>		11.6	5.0
Invesco Asian Equity Fund	13/02/2025	21.8	-
<i>MSCI All Country Asia ex Japan Index (Net)</i>		20.1	-
<i>Relative</i>		1.7	-
Northern Trust EM Screened Equity	19/12/2025	2.0	-
<i>MSCI Emerging Markets Index (Net)</i>		0.5	-
<i>Relative</i>		1.5	-
Diversifiers - Absolute Return			
Alphadyne International Fund, Ltd.	29/02/2024	-2.7	3.3
<i>Hedge Fund Research Fund of Funds Diversified Index</i>		2.9	5.7
<i>Relative</i>		-5.6	-2.5
AQR Lux Funds - AQR Diversified Risk Premia Fund	01/02/2024	22.0	21.2
<i>Hedge Fund Research Fund of Funds Diversified Index</i>		2.9	6.4
<i>Relative</i>		19.1	14.7
Davidson Kempner International (BVI)	31/01/2024	3.3	7.2
<i>Hedge Fund Research Fund of Funds Diversified Index</i>		2.9	6.7
<i>Relative</i>		0.4	0.5
Electron Global Fund	28/02/2025	7.5	-
<i>Hedge Fund Research Fund of Funds Diversified Index</i>		2.1	-
<i>Relative</i>		5.4	-
HBK Multi-Strategy Offshore Fund Ltd.	31/01/2024	1.3	5.8
<i>Hedge Fund Research Fund of Funds Diversified Index</i>		2.9	6.7
<i>Relative</i>		-1.6	-0.9
Holocene Advisors Offshore Fund Ltd.	29/02/2024	6.7	8.8
<i>Hedge Fund Research Fund of Funds Diversified Index</i>		2.9	5.7
<i>Relative</i>		3.8	3.0
iSAM Vector A Limited	31/01/2024	12.2	9.9
<i>Hedge Fund Research Fund of Funds Diversified Index</i>		2.9	6.7
<i>Relative</i>		9.3	3.2
P/E Funds SPC	29/02/2024	-19.4	-6.4
<i>Hedge Fund Research Fund of Funds Diversified Index</i>		2.9	5.7
<i>Relative</i>		-22.3	-12.1
ROW Diversified 2X Offshore Fund Ltd	31/01/2024	-27.8	-18.3
<i>Hedge Fund Research Fund of Funds Diversified Index</i>		2.9	6.7
<i>Relative</i>		-30.8	-25.0
Viking Global Equities III Ltd.	30/11/2023	0.9	6.2
<i>Hedge Fund Research Fund of Funds Diversified Index</i>		2.9	7.2
<i>Relative</i>		-2.0	-1.0

	Inception Date	2025 Performance	Annualised Since Inception
Diversifiers - Liquid Credit			
BlueBay Global Investment Grade Corporate Bond.	12/12/2023	7.0	7.2
<i>Bloomberg Global Aggregate Corporate Bond Index (Hedged) - £</i>		7.0	6.2
<i>Relative</i>		0.0	1.0
FTF Brandywine Global Income Optimiser Fund	12/12/2023	6.7	5.5
<i>Bloomberg Global Aggregate Bond Index (Hedged) - £</i>		4.8	4.8
<i>Relative</i>		1.9	0.7
M&G Total Return Credit Fund	26/08/25	1.3	-
<i>Bloomberg Global Aggregate Corporate Bond Index (Hedged) - £</i>		2.1	-
<i>Relative</i>		-0.8	-
NinetyOne Emerging Markets Transition Debt	31/01/2025	5.6	-
<i>J.P. Morgan Corporate Emerging Markets Bond Index - CEEMEA Region Subindex</i>		-0.4	-
<i>Relative</i>		6.0	-
Palmer Square Income Plus Offshore Fund	30/09/2024	3.9	3.6
<i>Bloomberg Global Aggregate Bond Index (Hedged) - £</i>		4.8	3.0
<i>Relative</i>		-0.8	0.6
RAW Mortgage Fund	30/06/2025	3.2	-
<i>Sterling Overnight Interbank Average Rate (SONIA)</i>		2.1	-
<i>Relative</i>		1.1	-
Rocq Multi Asset Bond Mandate	30/11/2024	6.7	6.0
<i>iBoxx Sterling Non-Gilts 3-5 Year Index</i>		6.9	6.3
<i>Relative</i>		-0.2	-0.3
Real Assets			
Wellington Enduring Assets Fund	04/04/2025	13.1	-
<i>MSCI World Core Infrastructure Index (Net)</i>		3.2	-
<i>Relative</i>		9.9	-
Inflation Linked Bonds			
iShares Global Inflation-Linked Bond Index Fund (IE)	27/02/2024	4.6	3.6
<i>Bloomberg World Government Inflation-Linked Bond Index (Hedged) - £</i>		4.6	3.7
<i>Relative</i>		0.0	-0.1
iShares Index Linked Gilt Index Fund (UK)	15/09/2025	4.3	-
<i>FTSE British Government Index-Linked Over 5 Years Index</i>		5.4	-
<i>Relative</i>		-1.1	-

Inception Date 2025 Performance Annualised Since Inception

Nominal Bonds

iShares 20+ Year Treasury Bond	18/12/2023	-2.7	-4.0
ICE U.S. Treasury 20+ Year Bond Index		-2.9	-4.6
Relative		0.2	0.6
<hr/>			
Payden Global Government Bond Index Fund	23/05/2023	3.4	3.2
FTSE World Government Bond Index (Hedged) - £		3.7	3.5
Relative		-0.3	-0.3

Please see Appendix III for breakdown of new investments made during 2025.

* Canaccord Opportunity Strategy prior to Q1 2025.



Public Servants' Pension Scheme Portfolio

	Inception Date	2025 Performance	Annualised Since Inception
Growth Assets - Developed Equity			
BlackRock iShares Developed World Index Fund	22/03/2024	12.4	13.2
<i>MSCI World Index (Net)</i>		12.8	12.9
<i>Relative</i>		-0.4	0.3
BlackRock iShares US Index Fund	28/05/2024	9.4	14.7
<i>S&P 500 Index</i>		9.8	15.1
<i>Relative</i>		-0.4	-0.4
Generation IM Global Equity Fund	30/06/2023	7.3	12.0
<i>MSCI World Index (Net)</i>		12.8	16.4
<i>Relative</i>		-5.5	-4.3
GQG Partners Global Equity Fund	07/07/2023	-9.5	9.3
<i>MSCI World Index (Net)</i>		12.8	17.6
<i>Relative</i>		-22.3	-8.3
Silchester International Equity Fund	01/10/2023	21.1	11.2
<i>MSCI EAFE Index (Net)</i>		22.2	14.9
<i>Relative</i>		-1.1	-3.7
Two Sigma Active Extension U.S All Cap Equity Cayman Fund	18/04/2024	12.7	16.3
<i>Russell 3000</i>		9.1	15.8
<i>Relative</i>		3.6	0.5
Growth Assets - Emerging Markets Equity			
ARGA Emerging Market Equity Fund	22/11/2023	36.0	21.8
<i>MSCI Emerging Markets Index (Net)</i>		24.4	16.8
<i>Relative</i>		11.6	5.0
Invesco Asian Equity	13/02/2025	21.8	-
<i>MSCI All Country Asia ex Japan Index (Net)</i>		20.1	-
<i>Relative</i>		1.7	-
Northern Trust EM Screened Equity	19/12/2025	2.0	-
<i>MSCI Emerging Markets NTC Screened Index (Net)</i>		1.5	-
<i>Relative</i>		0.5	-

	Inception Date	2025 Performance	Annualised Since Inception
Diversifiers - Absolute Return			
Alphadyne International Fund Ltd	29/02/2024	-2.7	3.3
<i>Hedge Fund Research Fund of Funds</i>		2.9	5.7
<i>Diversified Index</i>			
<i>Relative</i>		-5.6	-2.5
AQR Lux Funds - AQR Diversified Risk Premia Fund	01/02/2024	22.0	21.1
<i>Hedge Fund Research Fund of Funds</i>		2.9	6.4
<i>Diversified Index</i>			
<i>Relative</i>		19.1	14.7
Davidson Kempner International (BVI)	31/12/2023	3.3	7.4
<i>Hedge Fund Research Fund of Funds</i>		2.9	6.9
<i>Diversified Index</i>			
<i>Relative</i>		0.4	0.5
Electron Global Master Fund	28/02/2025	7.5	-
<i>Hedge Fund Research Fund of Funds</i>		2.1	-
<i>Diversified Index</i>			
<i>Relative</i>		5.4	-
HBK Multi Strategy Offshore Fund Ltd	31/12/2023	1.3	5.9
<i>Hedge Fund Research Fund of Funds</i>		2.9	6.9
<i>Diversified Index</i>			
<i>Relative</i>		-1.6	-1.0
Holocene Advisors Offshore Fund Ltd	29/02/2024	6.7	8.8
<i>Hedge Fund Research Fund of Funds</i>		2.9	5.7
<i>Diversified Index</i>			
<i>Relative</i>		3.8	3.0
ISAM Vector A Limited	31/12/2023	12.2	11.0
<i>Hedge Fund Research Fund of Funds</i>		2.9	6.9
<i>Diversified Index</i>			
<i>Relative</i>		9.3	4.1
P/E Funds PSC	29/02/2024	-19.4	-6.4
<i>Hedge Fund Research Fund of Funds</i>		2.9	5.7
<i>Diversified Index</i>			
<i>Relative</i>		-22.3	-12.1
ROW Diversified 2X Offshore Fund Ltd	31/12/2023	-27.8	-16.5
<i>Hedge Fund Research Fund of Funds</i>		2.9	6.9
<i>Diversified Index</i>			
<i>Relative</i>		-30.8	-23.4
Viking Global Equities III Ltd.	30/11/2023	0.9	6.2
<i>Hedge Fund Research Fund of Funds</i>		2.9	7.2
<i>Diversified Index</i>			
<i>Relative</i>		-2.0	-1.0

	Inception Date	2025 Performance	Annualised Since Inception
Diversifiers - Liquid Credit			
Bluebay Global IG Corporate Bond Fund	12/12/2023	7.0	7.2
<i>Bloomberg Global Aggregate Corporate Bond Index (Hedged) - £</i>		7.0	6.2
<i>Relative</i>		0.0	1.0
FTF Brandywine Global Income Optimiser Fund	12/12/2023	6.7	5.5
<i>Bloomberg Global Aggregate Bond Index (Hedged) - £</i>		4.8	4.8
<i>Relative</i>		1.9	0.7
M&G Total Return Credit Fund	26/08/25	1.3	-
<i>Bloomberg Global Aggregate Corporate Bond Index (Hedged) - £</i>		2.1	-
<i>Relative</i>		-0.8	-
NinetyOne Emerging Markets Transition Debt	31/01/2025	5.6	-
<i>J.P. Morgan Corporate Emerging Markets Bond Index - CEEMEA Region Subindex</i>		-0.4	-
<i>Relative</i>		6.0	-
Palmer Square Income Plus Offshore Fund	30/09/2024	3.9	3.6
<i>Bloomberg Global Aggregate Corporate Bond Index (Hedged) - £</i>		4.8	3.0
<i>Relative</i>		-0.8	0.6
Real Assets			
Wellington Enduring Assets Fund	04/04/2025	13.1	-
<i>MSCI World Core Infrastructure Index (Net)</i>		3.2	-
<i>Relative</i>		9.9	-
Inflation Linked Bonds			
iShares Global Inflation-Linked Bond Index Fund	27/02/2024	4.6	3.6
<i>Bloomberg World Government Inflation-Linked Bond Index (Hedged) - £</i>		4.6	3.7
<i>Relative</i>		0.0	-0.1
iShares Index Linked Gilt Index Fund (UK)	15/09/2025	4.3	-
<i>FTSE British Government Index-Linked Over 5 Year Index</i>		5.4	-
<i>Relative</i>		-1.1	-
Nominal Bonds			
iShares 20+ Year Treasury Bond ETF	18/12/2023	-2.7	-4.0
<i>ICE US Treasury 20+ Year bond index</i>		-2.9	-4.6
<i>Relative</i>		0.2	0.6
Payden Global Government Bond Index Fund	23/05/2023	3.4	3.2
<i>FTSE World Government Bond Index (Hedged) - £</i>		3.7	3.5
<i>Relative</i>		-0.3	-0.3

Source: Cambridge Associates

2025 performance is the absolute performance for each investment for the relevant holding period.

Private and Illiquid Investments

	INCEPTION DATE	INTERNAL RATE OF RETURN
General Investment Portfolio		
AMP Capital Global Infrastructure Fund (Non-US), L.P.	23/09/2021	5.9%
Blackstone Strategic Capital Holdings II L.P.	23/09/2021	13.5%
Cambridge Associates Discretionary Portfolio	31/10/2022	12.0%
CBRE Global Real Estate Securities Strategy	26/11/2008	6.0%
Morgan Stanley Multi-Alternative Strategy	31/03/2013	4.8%
Partners Group Direct Equity IV (USD) C-I, L.P	26/04/2021	7.5%
PG Impact Investments I, L.P	30/12/2020	6.0%
Special Situations ¹		
GIF Property Cell	30/09/2020	-0.9%
GIF Technology and Innovation Cell	31/03/2018	-8.0%
Total Private Investments Time Weighted Return for 2025		5.3%
Public Servants' Pension Scheme Portfolio		
Cambridge Associates Discretionary Portfolio	31/10/2022	11.2%
CBRE Global Real Estates Securities Strategy	26/11/2008	6.0%*
Morgan Stanley Global Asset Allocation Strategy	28/02/2011	0.7%*
PEG Global Private Equity Institutional Investors V LLC	15/05/2015	18.2%
Partners Group Direct Equity 2016 (USD) C, L.P.	15/11/2015	16.9%
Sustainable Growth Fund	15/11/2017	6.1%
White Star Capital II Guernsey L.P.	15/08/2017	9.8%
White Star Capital III International L.P.	03/03/2021	4.0%
Total Private Investments Time Weighted Return for 2025		7.0%

*Annualised Rate of Return since inception

1 - Please see Appendix 1 - SIB Investment Objectives for more information on Special Situations

Source: Cambridge Associates. Data as at 30th September 2025.

Definitions

Volatility is the annualised standard deviation of returns.

Predicted return is the aggregated expected portfolio return on the asset allocation shown and 25 year estimated returns as provided by Cambridge Associates.

Predicted volatility is the expected portfolio annualised standard deviation of returns based on estimated asset class volatility provided by Cambridge Associates.

Appendix III

New Investments

Investments in the following public markets funds were implemented during 2025.

Growth Assets – Emerging Markets Equity

- Northern Trust IF Emerging Markets Screened Fund (invested December 2025)

Absolute Return

- Electron Global Fund (invested February 2025)

Liquid Credit

- M&G Total Return Credit Fund (invested August 2025)
- Ninety One Emerging Markets Transition Debt Fund (invested January 2025)
- RAW Mortgage Fund (invested June 2025)

Nominal Bonds

- iShares Index Linked Gilts Index fund (invested September 2025)



Appendix IV - ESG & Net Zero

Current Policies and Metrics

ESG

Material environmental, social and governance issues are incorporated into the SIB's investment decision making processes.

How?

- By avoiding narrowly focused strategies with exposure or potential for controversial areas
- Considering the Portfolio's investments which may have a positive ESG impact
- Reporting annually and flagging potential issues
- Considering ESG when making new investments

This is intentionally broad

Limiting or Eliminating Exposure to Controversial Businesses

- Civilian firearms (producers and retailers)
- Controversial weapons
- Adult entertainment
- Gambling
- Exposure to labour norms violations or watch list
- Exposure to companies with no female directors
- Exposure to Companies violating UN Global Compact and seeking exposure to companies with revenues from business activities with positive impact on society

Net Zero

Two main objectives:

- Managing climate risk and opportunity
- Contributing to net zero goals

How?

- By providing capital to businesses that can accelerate or otherwise support the low carbon transition
- By supporting and encouraging portfolio companies to adopt business plans and strategies consistent with the goals of the Paris agreement
- By encouraging and requiring our investment managers to support us in these goals to the extent practical

Climate

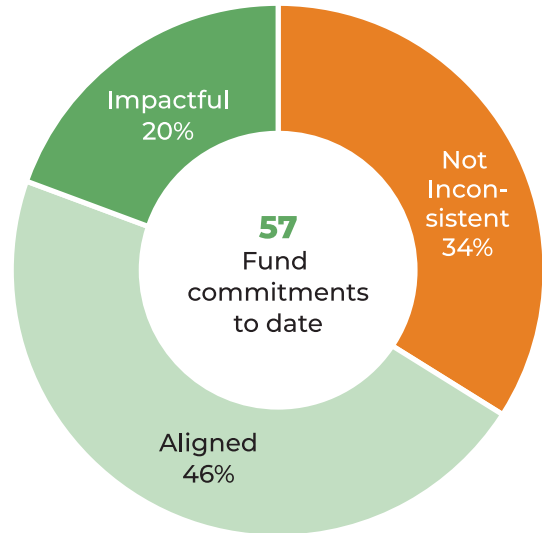
- Proportion of emissions invested with businesses with Science-Based Targets
- Exposure to climate solutions
- Carbon footprint (carbon emissions and carbon intensity vs. benchmark)
- Exposure to companies with any fossil fuel reserves (vs. benchmark)
- Exposure to companies with revenues from business activities with positive impact on the environment (vs. benchmark)

ESG Analysis of Private Investments Portfolio

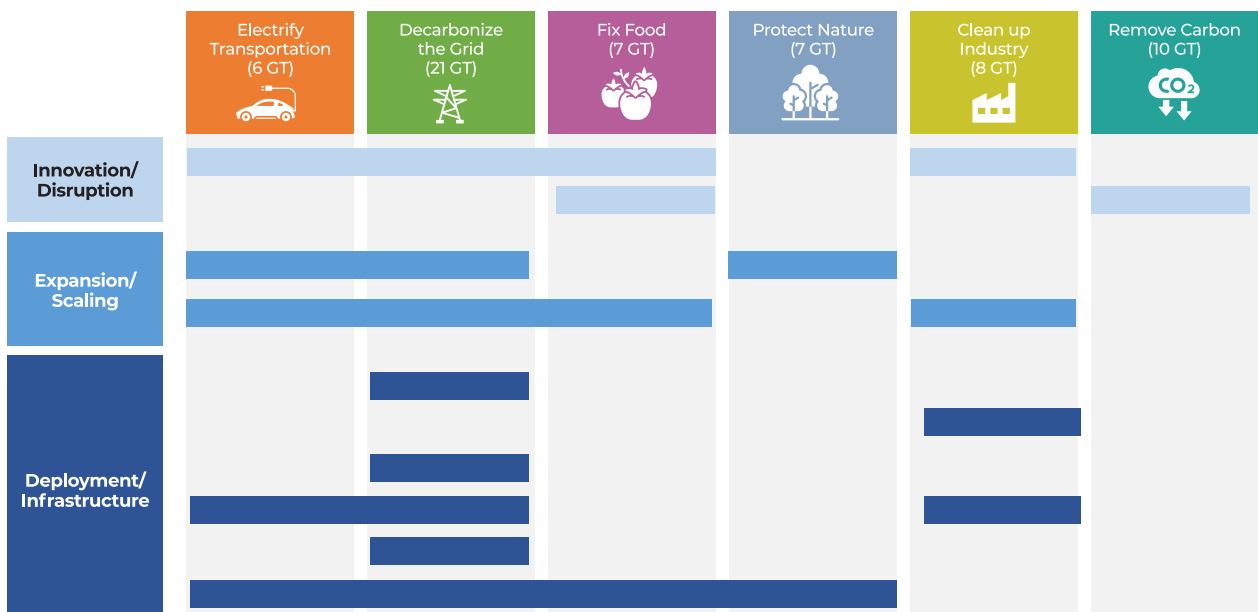
Private investments are typically the best way to finance impactful strategies, due to their long-term nature and ability to focus on innovation.



ESG ALIGNMENT BY FUND COMMITMENT



Within the portfolios are several impact-oriented strategies, with a particular emphasis on financing a more sustainable future, in alignment with our Net Zero policy. These are mapped out below by theme and strategy.



EXAMPLES OF IMPACTFUL INVESTMENTS

UK

Clean Energy

Builds scalable microgrids for resilient power, enabling integration of cleaner energy technologies.

EUROPE

Clean Energy

Helps business customers make a cost-effective transition to clean energy.

Clean Energy

Renewable energy developer focused on wind, solar, and storage projects

US

Clean Energy

Replaces steam boilers with an air-sourced electrified solution with zero carbon emissions.

Clean Energy

Accelerates renewable power deployment via a cost-advantaged grid interconnection strategy.

Healthcare

Clinical-stage biotech developing nanotechnology for age-related macular degeneration.

Healthcare

Provider of private, tech-enabled in-home care for seniors.

Healthcare

Platform boosting potency and overcoming resistance for hard-to-treat cancers.

Sustainable Agriculture

Vision-based AI automation for agriculture machinery, improving efficiency for growers.

Net Zero Goals

The SIB Net Zero goals fall under two broad headings as explained below:

1. MANAGING CLIMATE RISK AND OPPORTUNITY

Transition to a low carbon economy will be a dominant feature of industrial and commercial life for the next several decades. Irrespective of the pace of this transformation, increasing physical effects and damage from climate change are inevitable. Accordingly, The States of Guernsey will ensure the risks and opportunities arising from a low carbon transition are reflected in the way investments are chosen for our Portfolio, making it “climate aware”.

Building climate awareness into our investment approach supports portfolio resilience by protecting the Portfolio from the risks of uncontrolled climate change while simultaneously benefitting from the investment opportunities present in a low carbon transition.

2. CONTRIBUTING TO NET ZERO GOALS

The overarching “Net Zero” goal refers to CO₂ emissions from the global economic system as a whole by 2050. From an investor’s perspective, simply transferring greenhouse gases emissions from our balance sheet to someone else’s has limited to no real-world impact, though it may play a role in portfolio risk management. Accordingly, our goals are not simply portfolio decarbonisation – reducing the emissions associated with our portfolio, since in any case no diversified portfolio can achieve net zero by itself, without the companies in the market changing their behaviour. Rather we aim to contribute to broad economic decarbonisation, recognising the material systemic risk that uncontrolled climate change creates for all asset classes and for society in general. Contributing to Net Zero within the global economy helps to ensure that we preserve the economic returns that drive the Portfolio and, consequently, our ability to spend into the future.

As part of our contribution to Net Zero goals we set three specific sub-goals:

- 1.** Provide capital to businesses that can accelerate or otherwise support the low carbon transition.
- 2.** Support and encourage Portfolio companies to adopt business plans and strategies consistent with the goals of the Paris agreement.
- 3.** Encourage and require our investment managers to support us in these goals to the extent practical.

NET ZERO STRATEGY

To implement our goals in the most practical way our strategy has the following elements:

- a)** Explicitly considering climate impact, risks, and opportunities as we decide allocations to assets and strategies.
- b)** Setting Paris-aligned targets for the GHG emissions of the total Portfolio.
- c)** Setting an explicit target for “climate solutions”, that is, investment opportunities that can support and accelerate transition to a low carbon economy while meeting our return goals.
- d)** Selecting investment managers who will be good partners in delivering our goals in a manner appropriate for their mandate.

Since The States of Guernsey invests its Portfolio through third-party investment managers, they are the primary tool through which our goals can be realised. Accordingly, we prioritise these considerations when deciding to select or retain an investment manager:

- **Transparency:** This is a foundational requirement. We expect our managers to report portfolio emissions to us on a regular basis or, at a minimum, to provide sufficient position level information to enable us to calculate this. Ideally, we would also like them to report the breakdown of their portfolio in terms of businesses with Paris-aligned plans, those in the process of aligning, and the remainder.
- **Climate Competence:** We expect our managers to demonstrate understanding of the potential impact of climate change on their investments as well as the impact of those investments on the climate. These considerations should be fully integrated into investment decision-making and into their client reporting.

- Stewardship: Where possible, we expect managers to exercise good stewardship on our behalf in line with our Net Zero goals. We expect managers to vote their shares in support of appropriate climate friendly resolutions and to be prepared to vote against directors where inadequate progress is being made. We further expect managers to engage substantively with Portfolio companies to encourage both emissions transparency and the setting of Paris-aligned targets. We prefer managers to exercise this level of stewardship across all their asset base, not just our mandate or the strategy in which we are invested.

The States of Guernsey will review its managers annually against the above criteria. We wish to implement our Net Zero strategy in the most efficient and effective way possible. Accordingly, we will consider the materiality of climate considerations as well as practicality when setting expectations for any specific asset, strategy, or manager.

NET ZERO TARGETS AND MEASUREMENT

To hold ourselves accountable against the long-term goal of Net Zero emissions by 2050, The States of Guernsey is adopting three high-level Targets, which we can, to at least some degree, control and one Milestone which we cannot by ourselves change but which is fundamental to the goal of our policy. For robustness these were developed to be consistent with the Net Zero Framework of the Paris Aligned Investment Initiative (PAII) (see collaborative frameworks). We recognise that approaches and methodologies in this area are evolving, and we will adapt as new information becomes available, but these robust interim targets account for the fact that emission reductions cannot be back-end loaded.

TARGET 1: Portfolio emissions coming from companies which are aligned with Net Zero or with whom the States of Guernsey or its managers are engaging toward that objective should represent an increasing share of the Portfolio's overall emissions:

- 2030: 70%
- 2040: 100 %

Measurement: The degree to which Portfolio holdings are Paris-aligned will be tracked on an annual basis via manager reporting. The States of Guernsey will also rely upon managers to report where engagement is happening with non aligned holdings.

TARGET 2: "Climate solutions" investments increasing by 5% by the end of 2030.

Measurement: Climate solutions refers to funds investing in both public and private companies whose products support a low carbon transition.

TARGET 3: In-scope asset class emissions at or below relevant benchmarks on an ongoing basis.

Currently, assets considered in scope include public equity. Measurements depend on availability of emissions data, methodologies for target setting, and the means of control for the relevant asset class.

For other asset classes, the States of Guernsey will use its best efforts to understand how climate considerations impact exposure and to communicate to managers any changes consistent with the policy. The States of Guernsey will evaluate all investment opportunities according whether they contribute to or hinder climate goals.

Private Investments

Methodologies and data for Net Zero are less developed around private investments so it is more challenging to include them in a measurement framework. Nevertheless, in an effort to prevent committing any new capital to long-term investments that will impede our Net Zero goals, The States of Guernsey aims to invest new capital in private investment managers who commit to disclosing robust data on emissions from portfolio companies as well as supporting portfolio companies that adopt Paris-aligned targets.

MILESTONE 1: Emission reduction of 50% by 2030

These are milestones rather than targets since achievement is in significant part dependent on the pace of change in the economy as a whole, which we can only influence in a small way.

Measurement: Portfolio GHG emissions will be tracked on an annual basis. See below for details. Paris-alignment of holdings is also tracked on an annual basis via manager reporting. The States of Guernsey is also reliant upon managers to report where engagement is happening with non-aligned holdings.

MEASUREMENT DETAILS

Portfolio GHG emissions are measured in CO₂ equivalent (CO_{2e}), with a baseline of 2022 and tracked on an annual basis at manager and Portfolio level. The source is either manager reporting or at the security level using MSCI data provided by Cambridge Associates.

Climate Solutions refers to funds investing in both public and private companies whose products support a low carbon transition.



States of
Guernsey