

# **States of Alderney**



## **DELIBERATIONS**

WEDNESDAY 18<sup>TH</sup> OCTOBER 2017

**STATES OF ALDERNEY**  
**DELIBERATIONS FOR THE MEETING**  
**ON WEDNESDAY 18<sup>TH</sup> OCTOBER 2017 AT 17:30**

Present: Mr Stuart Trought, President  
Mr Ian Tugby  
Mr Matt Birmingham  
Mr Louis Jean  
Mr Steve Roberts  
Mrs Norma Paris  
Mr Graham McKinley  
Mr James Dent  
Mr Alex Snowdon  
Mr Mike Dean  
Mr Tony Barnes

**Item I**      **The Beneficial Ownership (Alderney) (Definition) (Amendment) Regulations, 2017**

**The States of Alderney resolved not to annul “The Beneficial Ownership (Alderney) (Definition) (Amendment) Regulations, 2017”.**

*Proposed by Mr Dent and seconded by Mr Barnes  
Approved unanimously*

**Item II**      **Electronic Transactions (Cheque Imaging) (Alderney) Ordinance, 2017**

**The States of Alderney resolved to approve “The Electronic Transactions (Cheque Imaging) (Alderney) Ordinance, 2017”.**

*Proposed by Mr Dent and seconded by Mr Dean  
Approved unanimously*

**Item III**      **The Same-Sex Marriage (Alderney) Law, 2017**

**The States of Alderney resolved to approve “The Same-Sex Marriage (Alderney) Law, 2017” and to request the President to seek the Sanction of Her Most Excellent Majesty in Council for it to have force of Law in the Island of Alderney.**

*Proposed by Mr McKinley and seconded by Mr Dent*

*Approved by a majority:*

*FOR: Messrs Birmingham, Jean, Roberts, McKinley, Dent, Snowdon, Dean, Barnes and Mrs Paris*

*ABSTAIN: Mr Tugby*

**Item IV**      **Budgets for 2018 and Revised Budgets 2017**

**The States resolved, after consideration of the Budget Report :-**

- 1. To accept the States of Alderney Revenue and Capital Budgets for 2018**
- 2. To accept the States of Alderney Water Board Revenue and Capital Budgets for 2018**
- 3. To approve The Occupier's Rate (Level for 2018) Ordinance, 2017**
- 4. To approve The States Water Supply (Rates of Charge) (Alderney) Ordinance, 2017**

*Proposed by Mr Dent and seconded by Mr Barnes*

*Approved by a majority:*

*FOR: Messrs Roberts, McKinley, Dent, Snowdon, Dean, Barnes and Mrs Paris*

*AGAINST: Messrs Tugby and Jean*

*ABSTAIN: Mr Birmingham*

**Item V**      **Traffic Survey**

The above Report was presented by Mrs Paris and was debated without resolution.

*Proposed by Mrs Paris and seconded by Mr Dean*

**Item VI**      **Questions and Reports**

**Mr Dent presented the following reports which are attached:-**

- (a) Royal Connaught Residential Home Limited – Financial Statements 2016**
- (b) Alderney Commission for Renewable Energy – Financial Statements 2016**

**Meeting Closed: 1915hrs**

**Issued: 19<sup>th</sup> October 2017**

**ROYAL CONNAUGHT RESIDENTIAL HOME LIMITED**

**FINANCIAL STATEMENTS 2016**

**FOR INFORMATION PURPOSES**

## **Royal Connaught Residential Home Limited**

### **Chairman's Statement – 2016 Accounts**

Following resolution of our problems in 2015, Occupancy steadily increased during 2016 from 71.9% to 82.7%. As a result, as can best be seen on page 14 of the Annual Report and Financial Statements, Care Fee Income in 2016 increased by £137,725 from £878,413 to £1,016,422, whilst our principal expense, i.e. wage costs, rose £98,550, from £633,276 to £731,826. Largely as a result of these two factors, the Total Comprehensive Income deficit reduced, from (£35,439) in 2015 to (£13,114) in 2016.

In 2016, the Connaught Board and the States of Alderney signed a new Operating Contract commencing January 1, 2017, where the States cancelled the rental paid by the Connaught for use of the States owned buildings and the Board operate the Connaught on behalf of the States. [The Connaught is a not-for-profit charity]. In 2017, Occupancy has continued to rise and in August 2017 the facility was full. The Connaught Board and States are in discussion as to how and when capacity can be increased. As a result of these two factors, i.e. removal of rent and increased Occupancy, the Connaught is now generating a surplus which can be used to develop the facility. For example, a full time Activities Co-ordinator has been recruited.

In 2016 Milly's Foundation carried out a further series of three, week long, training sessions in April, July and October on dementia for professional staff, business folk and the public. Further sessions have been and will be held in 2017 as part of our objective of creating a dementia friendly island. Discussions are also being held with folk from Health and Social Care Department in Guernsey to develop an integrated care system for the island.

The joint Working Party of the States of Alderney and the Connaught Board met throughout 2016 and continue to do so in 2017.

**Colln Willlams**

**Royal Connaught Residential Home Limited**

**Annual report and financial statements**

**For the year ended 31 December 2016**

# **Royal Connaught Residential Home Limited**

## **Annual report and financial statements**

**For the year ended 31 December 2016**

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# **Royal Connaught Residential Home Limited**

## **Corporate information**

### **Directors**

Mr. F. Dean  
Mrs. E. J. Maxwell  
Mr. C. Williams  
Miss B. Benfield  
Mrs. C. Ireland  
Mrs. B. Hope-Smith

Director (Chairman) - appointed 29 January 2016 and  
resigned 31 May 2017

Director

Director (Chairman from 31 May 2017)

Director - appointed 28 July 2016

Director - appointed 13 September 2016

Director - resigned 17 June 2016

### **Secretary**

Mrs. C Ireland  
Mr. C Williams

Secretary - appointed

Secretary - resigned

### **Auditor**

KPMG Channel Islands Limited  
Chartered Accountants  
Glategny Court  
Glategny Esplanade  
St Peter Port  
Guernsey  
GY1 1WR

### **Banker**

National Westminster Bank  
35 High Street  
St Peter Port  
Guernsey  
GY1 4BE

### **Company registration number**

1313

### **Registered office**

New Connaught Care Home  
The Val  
Alderney  
GY9 3UL



# **Royal Connaught Residential Home Limited**

## **Directors' report**

### **For the year ended 31 December 2016**

The Directors present their report and financial statements for the Royal Connaught Residential Home Limited (the Company) for the year ended 31 December 2016.

#### **Incorporation**

The Company was registered in Alderney, Channel Islands on 10 December 1999 under The Companies (Alderney) Law, 1994, registration number 1313.

#### **Principal activities**

The primary purpose of the Company is to provide assistance to residents of Alderney through the provision of residential and sheltered accommodation services.

#### **Going concern**

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### **Financial results and dividends**

The financial results of the Company for the year are set out in detail on pages 6 and 7 supported by the notes to the financial statements on pages 8 to 13 inclusive.

The Directors do not propose the payment of an ordinary dividend (2015: nil).

#### **Statement of Directors' responsibilities in respect of the Directors' report and the financial statements**

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and UK Accounting Standards, including Financial Reporting Standard Section 1A of 102, The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing those financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

# Royal Connaught Residential Home Limited

## Directors' report (continued)

For the year ended 31 December 2016

### Statement of Directors' responsibilities in respect of the Directors' report and the financial statements (continued)

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with The Companies (Alderney) Law, 1994. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

### Disclosure of information to auditors

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

### Independent Auditor

KPMG Channel Islands Limited were reappointed as auditor of the Company during the period. A resolution for the re-appointment of KPMG Channel Islands Limited as auditor of the Company will be proposed at a future Board meeting.

By order of the Board

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

Date: 30<sup>th</sup> June 2017

## **Independent auditor's report to the members of Royal Connaught Residential Home Limited**

**For the year ended 31 December 2016**

We have audited the financial statements (the "financial statements") of Royal Connaught Residential Home Limited (the "Company") for the year ended 31 December 2016 which comprise the Statement of comprehensive income, the Statement of financial position and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the Company's members, as a body, in accordance with section 79 of the Companies (Alderney) Law, 1994. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and its return for the year then ended 31 December 2016;
- are in accordance with United Kingdom Accounting Standards and Companies (Alderney) Law, 1994.

**Independent auditor's report to the members of Royal Connaught Residential Home Limited  
(continued)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies (Alderney) Law, 1994 requires us to report to you if, in our opinion:

- proper accounting records in accordance with section 74 have not been kept; or
- the balance sheet or the profit and loss account is not in agreement with the accounting records; or
- the director's report is inconsistent with the balance sheet or the profit and loss account; or
- we have failed to obtain all access, information and explanations necessary for the audit.

*KPMG Channel Islands Limited*

**KPMG Channel Islands Limited**  
**Chartered Accountants, Guernsey**

Date: *5 July 2017*

# Royal Connaught Residential Home Limited

## Statement of comprehensive income

For the year ended 31 December 2016

	Note	2016 £	2015 £
Income			
Care fees	5	1,016,422	878,697
Less: administrative expenses	5	<u>(1,042,079)</u>	<u>(945,290)</u>
Operating profit		(25,657)	(66,593)
Other interest receivable and similar income		<u>24,519</u>	<u>43,250</u>
Loss on ordinary activities before interest payable and similar expenses		(1,138)	(23,343)
Interest payable and similar expenses		(11,976)	(12,096)
Total comprehensive income for the year		<u><u>(13,114)</u></u>	<u><u>(35,439)</u></u>

All activities are derived from continuing activities.

The Company has no components of "other comprehensive income".

The notes on pages 8 to 13 form an integral part of these financial statements.

# Royal Connaught Residential Home Limited

## Statement of financial position

As at 31 December 2016

	Notes	2016 £	2015 £
<b>Fixed Assets</b>			
Property, plant and equipment	8	<u>254,430</u>	<u>277,595</u>
<b>Current assets</b>			
Cash at bank and in hand		170,743	147,620
Debtors	9	<u>31,703</u>	<u>27,108</u>
<b>Total current assets</b>		<u>202,446</u>	<u>174,728</u>
<b>Current liabilities</b>			
Creditors: Amounts falling due within one year	10	<u>72,736</u>	<u>55,069</u>
<b>Total current liabilities</b>		<u>72,736</u>	<u>55,069</u>
<b>Net assets</b>		<u>384,140</u>	<u>397,254</u>
<b>Capital and reserves:</b>			
Shareholder's capital	11	2	2
Profit and loss reserves	12	<u>384,138</u>	<u>397,252</u>
<b>Total shareholder's funds</b>		<u>384,140</u>	<u>397,254</u>

The notes on pages 8 to 13 form an integral part of these financial statements.

The financial statements on pages 6 to 13 were approved by the Board of Directors on 30 June 2017 and are signed on their behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# Royal Connaught Residential Home Limited

## Notes to the financial statements

For the year ended 31 December 2016

### 1 Reporting entity

Royal Connaught Residential Home Limited (the "Company") was established on 10th December 1999 and is registered in Alderney. The Company is governed by the provision of the Companies (Alderney) Law, 1994. The principal activity of the Company is to manage the Residential Home and Sheltered accommodation. The company obtained Charitable Status in 2014 from the States of Guernsey income tax.

### 2 Basis of preparation

The Company's financial statements give a true and fair view, comply with the Companies (Alderney) Law, 1994 and were prepared in compliance with FRS 102 (Section 1A), the Financial Reporting Standard applicable to the UK and Republic of Ireland ("FRS 102"). The financial statements have been prepared on a historical cost basis.

The financial statements are prepared in sterling which is the functional currency of the Company. The Directors consider sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

#### Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### 3 Accounting Policies

#### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is charged to the Statement of comprehensive income. Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Leasehold improvements	5% per annum
Motor vehicles	25% reducing balance per annum
Fixtures and fittings	20% reducing balance per annum
Computer equipment	20% reducing balance per annum

Depreciation is charged in the year of purchase or sale and is calculated in proportion to the period the property, plant or equipment is held.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

# **Royal Connaught Residential Home Limited**

## **Notes to the financial statements**

**For the year ended 31 December 2016**

### **3 Accounting Policies (continued)**

#### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Company recognises annual rent expense equal to amounts owed to the lessor.

#### **Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position, comprise cash at banks and in hand. There are no bank overdraft facilities in place.

#### **Short term debtors and creditors**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price, less attributable transaction costs. Any losses arising from impairment are recognised in the statement of comprehensive income in other operating expenses. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

#### **Income recognition**

Income is recognised on an accruals basis.

#### **Care fees income**

Fee income includes care fees and associated fees charged for related services.

#### **Other income**

Other income includes income received from casual meals, meals on wheels, deposit interest, States of Alderney grant and donations, fundraising and legacies.

#### **Interest receivable**

Interest receivable is recognised as interest accrues using the effective interest method.

#### **Expenses**

Expenses, including administration and other expenses are accounted for on an accruals basis and are recognised in the statement of comprehensive income on the transaction date.

#### **Taxation**

The Company has charitable status and is a wholly owned by the States of Alderney and is thus not liable to Guernsey company tax.

#### **Financial instruments**

##### **Basic financial instruments**

##### **Trade and other debtors/creditors**

Trade and other debtors are classified as financial assets and are measured at cost less impairment. Creditors are classified as financial liabilities and are measured at amortised cost.



# Royal Connaught Residential Home Limited

## Notes to the financial statements

For the year ended 31 December 2016

### 3 Accounting Policies (continued) Financial Instruments (continued)

#### Recognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets are derecognised when and only when the contractual rights to the cash flow from the financial assets expire or are settled. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

#### Measurement

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carry amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

#### Derecognition

Where indicators exist for a decrease in impairment loss, and the decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

### 4 Use of judgements and estimates

In preparing these financial statements, the Company has made judgements that affect the application of accounting policies and the reported amounts of assets. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

#### Critical Accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

# Royal Connaught Residential Home Limited

## Notes to the financial statements

For the year ended 31 December 2016

### 4 Use of judgements and estimates (continued)

#### Critical Accounting judgements and key sources of estimation uncertainty (continued)

##### Establishing useful economic lives for depreciation purposes of property and equipment

The annual depreciation charge of long-lived assets depends primarily on the estimated lives of each type of asset and estimates of residual values. The Directors regularly review these asset lives. Detail of the useful lives is included in the accounting policies.

##### Providing for doubtful debts

The Company makes an estimate of the recoverable value of trade debtors. The Company uses estimates based on historical experience in determining the level of debts which, it believes, will not be collected. These estimates include such factors as the ageing profile of debtors and historical experience. The level of provision required is reviewed on an on-going basis.

### 5 Income and operating profit

The income and operating profit is derived wholly from continuing activities.

	2016	2015
	£	£
Income		
Care fees	1,016,422	878,697
	<u>1,016,422</u>	<u>878,697</u>

	Note	2016	2015
		£	£
Administrative expenses			
Rent and rates		83,954	83,413
Wages and social security	7	731,826	633,276
Heat, light and power		54,256	57,790
Depreciation		23,776	28,696
Administration expenses		34,161	43,456
Operational expenses		109,086	97,076
Bad debt provision		5,020	1,583
		<u>1,042,079</u>	<u>945,290</u>

### 6 Auditor's remuneration

The remuneration of the auditors is further analysed as follows:

	2016	2015
	£	£
Audit of financial statements	8,000	8,500

### 7 Staff costs

	2016	2015
	£	£
Wages and salaries	688,282	594,912
Social security costs	43,544	38,364
	<u>731,826</u>	<u>633,276</u>

The average monthly number of employees during the year was as follows:

	2016	2015
	No.	No.
Employees	<u>36</u>	<u>34</u>

# Royal Connaught Residential Home Limited

## Notes to the financial statements

For the year ended 31 December 2016

8 Fixed assets	Leasehold improvements	Motor vehicles	Fixtures & equipment	Computer equipment	Total
Cost or valuation	£	£	£	£	£
As at 1 January 2016	301,676	25,428	181,658	3,990	512,752
Disposals	-	-	(64,454)	-	(64,454)
Additions	-	-	-	610	610
As at 31 December 2016	<u>301,676</u>	<u>25,428</u>	<u>117,204</u>	<u>4,600</u>	<u>448,908</u>
Depreciation					
As at 1 January 2016	65,364	24,285	144,510	998	235,157
Disposals	-	-	(64,454)	-	(64,454)
Charge for the year	15,084	286	7,486	920	23,776
As at 31 December 2016	<u>80,448</u>	<u>24,571</u>	<u>87,542</u>	<u>1,918</u>	<u>194,479</u>
Net book value					
As at 31 December 2016	<u>221,228</u>	<u>857</u>	<u>29,662</u>	<u>2,682</u>	<u>254,430</u>
Net book value					
As at 31 December 2015	<u>236,312</u>	<u>1,143</u>	<u>37,148</u>	<u>2,992</u>	<u>277,595</u>

Disposals relate to items of fixtures and equipment which were written off during the year. These fixed assets were fully depreciated on date of derecognition.

9 Debtors	2016	2015
	£	£
Trade debtors	20,757	23,045
Prepayments and other accrued income	10,946	4,063
	<u>31,703</u>	<u>27,108</u>
10 Creditors - amounts falling due within one year	2016	2015
	£	£
Trade creditors	10,502	42,708
Accruals	17,830	8,000
Other creditors	44,404	4,361
	<u>72,736</u>	<u>55,069</u>

The Company has a NatWest credit card facility of £6,000. This facility is paid off in full on a monthly basis. There was £861 (2015: £62) outstanding at year end.

### 11 Share Capital

There are 2 authorised ordinary shares of £1 each. Two ordinary shares of £1 (2015: two ordinary shares) has been issued and fully paid as at 31 December 2016.

### 12 Reconciliation of movements in capital and reserves

	Share capital	Profit and less reserves	Total
	£	£	£
Balance as at 31 December 2015	2	397,252	397,254
Total comprehensive income	-	(13,114)	(13,114)
Balance as at 31 December 2016	<u>2</u>	<u>384,138</u>	<u>384,140</u>

# **Royal Connaught Residential Home Limited**

## **Notes to the financial statements**

**For the year ended 31 December 2016**

**13 Dividends paid and other appropriations**

The directors of the Company do not propose to pay an ordinary dividend (2015: £nil).

**14 Related party transactions**

100% of the share capital is held by the States of Alderney and therefore they are the ultimate controlling party. The Company is managed by an independent Board of directors.

During the course of the year lease payments of £83,954 (2015: £83,413) have been made to the States of Alderney.

During 2015 a grant of £8,500 was received from the States of Alderney, to cover audit fees. No grant was received in respect of 2016. There is £4000 in debtors which relates to the grant for 2015.

**15 Operating lease commitments**

The Company had an operating lease ("the Lease") in respect of the occupation of the Royal Connaught Care Home payable to the States of Alderney. The Lease ran for 20 years from 1 August 2011. There was an annual rent review on 1 July each year and at this date, rent was increased by the Guernsey RPIX. Rent was payable to the States of Alderney.

On 5 May 2016, a new operating lease was signed in respect of the occupation of the Royal Connaught Care Home. This lease runs for 5 years. Under the new lease, no rental payments will fall due. The commencement date of the new lease is 1 January 2017.

**16 Events after the reporting period**

There are no events to note after the end of the reporting period and up to the date of the signing of these financial statements that require further disclosure.

# Royal Connaught Residential Home Limited

## Detailed profit and loss account (for information only)

For the year ended 31 December 2016

	Note	2016 £	2015 £
<b>Income</b>			
Care fees		1,016,422	878,697
<b>Administration expenses</b>			
Rent and rates		(83,954)	(83,413)
Telephone and post		(4,696)	(4,526)
Insurance		(8,851)	(10,544)
Advertising, printing and stationery		(1,724)	(1,403)
Accounting, computer and legal fees		(12,525)	(21,303)
Travel		(1,398)	(2,215)
Bank charges		(2,623)	(1,955)
Sundries		(2,489)	(1,508)
Wages and social security		(731,826)	(633,276)
Training		(4,013)	(6,150)
Food and catering		(48,698)	(43,274)
Heat, light and power		(54,257)	(57,790)
Repairs and maintenance		(39,203)	(23,443)
Building maintenance		(7,595)	(12,267)
Cleaning and laundry		(7,695)	(6,063)
Bad debt provision		(5,020)	(1,583)
Medical expenses		-	(4,195)
Vehicle expenses		(1,736)	(1,686)
		<u>(1,018,303)</u>	<u>(916,594)</u>
<b>Profit on ordinary activities</b>		(1,881)	(37,897)
<b>Interest receivable and other income</b>			
Casual meals		4,493	4,010
Meals on wheels		18,714	18,232
Deposit interest		236	446
States of Alderney grant re audit fee		-	8,500
Donations, fundraising and legacies		1,076	12,062
		<u>24,519</u>	<u>43,250</u>
<b>Interest payable and similar expenses</b>			
Meals on wheels		(11,976)	(12,096)
<b>Total other comprehensive income</b>		12,543	31,154
Depreciation		(23,776)	(28,696)
<b>Total comprehensive income/(loss) for the year</b>		<u><u>(13,114)</u></u>	<u><u>(35,439)</u></u>

**ALDERNEY COMMISSION FOR RENEWABLE ENERGY**

**FINANCIAL STATEMENTS 2016**

**FOR INFORMATION PURPOSES**

**Alderney Commission for Renewable Energy**  
**Commissioners' Report and Financial Statements**  
**For the year ended 31 December 2016**

**Alderney Commission for Renewable Energy**

**Commissioners' Report and Financial Statements**

**For the year ended 31 December 2016**

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## **Alderney Commission for Renewable Energy**

### **Commission information**

#### **Commissioners**

**Captain R. P. Barton** (Appointed interim Chairman 24 March 2017)  
**Professor J. V. Sharp**  
**Mrs. R. Gaudion** (Appointed interim Commissioner 24 March 2017)  
**Mr. M. Wordsworth** (Resigned 22 March 2017)

**Chairman**  
**Commissioner**  
**Interim Commissioner**  
**Chairman**

#### **Secretary**

**Mrs. R. Gaudion**

#### **Independent Auditor**

**KPMG Channel Islands Limited**  
**Chartered Accountants**  
**Glategny Court**  
**Glategny Esplanade**  
**St Peter Port**  
**Guernsey**  
**GY1 IWR**

#### **Banker**

**HSBC**  
**53a Victoria Street**  
**Alderney**  
**GY9 3TA**

#### **Office**

**A6 Ollivier Court**  
**Ollivier Street**  
**Alderney**  
**GY9 3TD**

# **Alderney Commission for Renewable Energy**

## **Chairman's Statement**

### **For the year ended 31 December 2016**

The Renewable Energy (Alderney) Law, 2007 established the Alderney Commission for Renewable Energy ('the Commission') with powers to license and regulate the operation, deployment, use or management of all forms of renewable energy on the island of Alderney and in its territorial waters.

The Commission is an independent statutory body that is separate from the States of Alderney ('the States'). Since its establishment the Commission has been primarily focused on the development of tidal power, Alderney having one of the largest tidal power resources in Europe.

In 2008 Alderney Renewable Energy Limited ('ARE') was granted a 65 year licence from the States and the Commission over 48 square miles, or approximately 50%, of Alderney's waters in order to begin to plan for the development of a large scale tidal power operation. ARE is a private commercial company funded by its shareholders and is unconnected to the States or the Commission.

The UK renewables sector has been hard hit by the recent changes in Governmental policy with new onshore wind projects at risk, following the planned scrapping of subsidies and new planning obstacles. The latest auction round in the UK contract for difference (CfD) support system has removed the ring-fence for wave and tidal energy, which means that they will be competing directly with offshore wind for allocations. Tidal energy development continues with Atlantis Resources' MeyGen project in Scotland leading with their first phase turbine array up and running in 2016 and the Perpetuus Tidal Energy Centre – a multi-technology array project in the Isle of Wight – gaining a marine licence and consent in April 2016.

France continues its investment in tidal energy with new development projects of 50-100MW planned off the Normandy and Brittany coasts. The French government have recently announced a competitive tender for these tidal development rights. EDF's Normandie Hydro 14MW array project will be located at Raz Blanchard on the French side of the Alderney Race. The second Raz Blanchard tidal energy project was dropped by General Electric in January 2017. EDF's Paimpol –Brehat demonstration project features two Open Hydro L'Arcouest tidal turbines which stopped producing electricity in late 2016 and are due to be removed for repairs.

FAB Link Ltd, a joint venture company between ARE and Transmission Investment, continue to work on the FAB Link Interconnector project with a focus on public consultations during autumn 2016. FAB Link is an interconnector (undersea electricity transmission cable) between France and Britain via Alderney. It is an important element of the financial viability of large scale tidal development in Alderney waters as it provides a cost effective route to market in either France or the UK. However, this being an interconnector system, it does not fall within the remit of the Commission, hence FAB Link Ltd is dealing directly with the States.

During 2016 a Convertible Loan Agreement between ARE and the Commission was finalised to cover the Block Fees for 2015 and the first half year of 2016. Block Fees for the second half of 2016 have not been paid by ARE despite an extension until the end of 2016 being granted by the States. Non-payment of Block Fees is a breach of the 2008 Agreement. As a result the States resolved to take back the non-statutory (commercial) responsibilities of the 2008 Agreement, previously delegated to the Commission in 2008, leaving the Commission to function solely in its statutory capacity, a move wholly welcomed by the Commission. The breach of Agreement was not remedied within the contractual period of notice given by the Commission. The Agreement was subsequently terminated on 16 May 2017. Consequently the Commission has had no income stream since the beginning of 2015 and as a result will continue to minimise expenditure during this period of uncertainty and policy evolution. Meanwhile the Commission will continue to act in its non-statutory capacity solely upon explicit instruction from the States of Alderney.

## Alderney Commission for Renewable Energy

### Chairman's Statement (continued)

For the year ended 31 December 2016

There were no changes in the structure of the Commission during 2016 although Commissioners accepted contracts on a rolling one month notice period reflecting the intention of the States of Alderney at that time to reconsider the regulatory regime and Commission set up. The Commission was advised that as a result of the review, the States of Alderney are amending the legislation to reform the model of regulation for renewable energy, which is being drafted to allow the Commission to be reduced to a minimum of one Commissioner. Mark Wordsworth resigned as Chairman on 22 March 2017 and on 24 March 2017 the States of Alderney appointed Capt. Robert Barton as Interim Chairman and Ruth Gaudion as Interim Commissioner. As of 1 July 2017, the Commissioners proposed their fees be reduced for the time being by 50% to reflect the reduced workload following the termination of the 2008 Agreement. This proposal was accepted by the States of Alderney.

As a result of being required to pay a non-budgeted recharge to the States of Alderney for fees incurred by the States for services related to renewable energy, the Commission no longer has sufficient funds to meet future debts as they fall due. The payment of this invoice is subject to the States of Alderney indemnifying the Commission against all its ongoing operating expenses (where all reasonable efforts will be made to keep within the mutually agreed budget) that it is unable to satisfy as a result of having paid its financial reserves to the States. The Law Officers have prepared a formal Agreement which the States of Alderney have accepted. This indemnifies the Commission against its ongoing operating costs and as such these financial statements have been prepared on a going concern basis.



Chairman

Date: 13.9.17

## **Alderney Commission for Renewable Energy**

### **Statement of the Commission's responsibility**

**For the year ended 31 December 2016**

The Alderney Commission for Renewable Energy ('the Commission') acknowledges that it is responsible for preparing financial statements for each financial year. The Commission has prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Section 1A of Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

The financial statements are required by law to give a true and fair view of the state of affairs of the Commission and of the profit or loss of the Commission for that year.

In preparing those financial statements the Commission is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Commission will continue in business.

The Commission is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Commission. The Commission also has a general responsibility for taking such steps as are reasonably open to it, to safeguard the assets of the Commission, and to prevent and detect fraud and other irregularities.

#### **Disclosure of information to the auditor**

The Commissioners who held office at the date of approval of this Commission's report confirm that, so far as they are each aware, there is no relevant audit information of which the Commission auditor is unaware; and each Commissioner has taken all the steps that they ought to have taken as a Commissioner to make themselves aware of any relevant audit information and to establish that the Commission's auditor is aware of that information.

#### **Independent Auditor**

KPMG Channel Islands Limited were reappointed as auditor of the Commission during the period.

## **Independent auditor's report to the Commissioners of Alderney Commission for Renewable Energy**

We have audited the financial statements of Alderney Commission for Renewable Energy (the "Commission") for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, Statement of Financial Position and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and Section 1A of FRS102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland*.

This report is made solely to the Commissioners, as a body, in accordance with our engagement letter dated 2 March 2016. Our audit work has been undertaken so that we might state to the Commissioners 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 Commission and the Commissioners as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Commissioners and auditor**

As explained more fully in the Statement of the Commission's Responsibilities set out on page 4, the Commissioners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Commission's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Commissioners; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Basis for Qualified Opinion on financial statements**

We qualified our audit opinion on the financial statements for the year ended 31 December 2015 with regard to an outstanding trade debtor balance of £345,000 which we were unable to obtain sufficient audit evidence in order to evaluate the Commissioners' assessment of recoverability. This balance has been fully impaired in the current year ended 31 December 2016.

### **Qualified Opinion on financial statements**

In our opinion, except for the possible effect solely on the comparative information for the year ended 31 December 2015 of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the Commission's affairs as at 31 December 2016.

In our opinion, except for the possible effect of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the Commission's result for the year ended 31 December 2016; and
- have been properly prepared in accordance with United Kingdom Accounting Standards.

**Independent auditor's report to the Commissioners of Alderney Commission  
for Renewable Energy (continued)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters, in our opinion:

- the Commission has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

*KPMG Channel Islands Limited*

**KPMG Channel Islands Limited**  
*Chartered Accountants*  
Guernsey

*14 September 2017*

# Alderney Commission for Renewable Energy

## Statement of comprehensive income

For the year ended 31 December 2016

	Notes	2016 £	2015 £
<b>Operating income and expenses</b>			
Income	2	574,326	545,000
Administrative expenses	2	(531,468)	(361,624)
Impairment of assets	7	(734,979)	-
Operating (deficit)/surplus		<u>(692,121)</u>	<u>183,376</u>
<b>Other interest receivable and similar income</b>			
Interest receivable		<u>15,653</u>	<u>4,180</u>
		<u>(676,468)</u>	<u>187,556</u>
<b>Interest payable and similar expenses</b>			
Interest payable		(3,367)	-
Bank charges		(143)	(158)
(Deficit)/surplus on ordinary activities before taxation		<u>(679,978)</u>	<u>187,398</u>
<b>Total comprehensive (loss)/income for the year</b>		<u><u>(679,978)</u></u>	<u><u>187,398</u></u>

All activities are derived from continuing activities.

The Commission has no components of 'other comprehensive income'.

The notes on pages 9 to 15 form an integral part of these financial statements.

# Alderney Commission for Renewable Energy

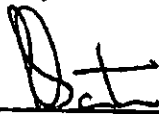
## Statement of Financial Position

As at 31 December 2016

	Notes	2016 £	2015 £
<b>Non current assets</b>			
Convertible loan	1 & 10	-	-
Tangible fixed assets	5	<u>281</u>	<u>778</u>
		<u>281</u>	<u>778</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	-	345,000
Prepayments		2,500	4,155
Cash and cash equivalents	6	<u>261,944</u>	<u>429,654</u>
<b>Total current assets</b>		<u>264,444</u>	<u>778,809</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	8	<u>208,870</u>	<u>43,754</u>
<b>Total current liabilities</b>		<u>208,870</u>	<u>43,754</u>
<b>Net assets</b>		<u>55,574</u>	<u>735,055</u>
<b>General reserves:</b>			
Reserves	9	<u>55,574</u>	<u>735,055</u>
Shareholders' funds		<u>55,574</u>	<u>735,055</u>

The notes on pages 9 to 15 form an integral part of these financial statements.

The financial statements on pages 7 to 15 were approved by the Alderney Commission for Renewable Energy on 11 September 2017 and are signed on their behalf by:



Captain Robert P Barton  
Chairman



# Alderney Commission for Renewable Energy

## Notes to the financial statements

For the year ended 31 December 2016

### 1 Accounting policies

#### Basis of preparation

The Alderney Commission for Renewable Energy ("the Commission") was established by the Renewable Energy (Alderney) Law, 2007. The Commission has offices at A6 Ollivier Court, Alderney, GY9 3TD.

The Commission's financial statements have been prepared in compliance with United Kingdom Accounting Standards including FRS 102 (Section 1A), the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The Financial statements were prepared on a historical cost basis.

The financial statements are prepared in sterling which is the functional currency of the Commission. The Commissioners consider sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

#### Going concern

As a result of being required to pay a non-budgeted recharge to the States of Alderney for fees incurred by the States for services related to renewable energy, the Commission no longer has sufficient funds to meet future debts as they fall due. The payment of this invoice is subject to the States of Alderney indemnifying the Commission against all its ongoing operating expenses (where all reasonable efforts will be made to keep within the mutually agreed budget) that it is unable to satisfy as a result of having paid its financial reserves to the States. The Law Officers have prepared a formal Agreement which the States of Alderney have accepted. This indemnifies the Commission against its ongoing operating costs and as such these financial statements have been prepared on a going concern basis.

#### Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Computer equipment and related equipment	33% per annum
Office furniture	25% per annum
Office refitting	20% per annum

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### Revenue recognition

Revenue is recognised to the extent that the Commission has the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty.

#### Income: Block Fees

The Commission receives income in the form of Block Fees. These are due six monthly in advance on 1 January and 1 July. This is paid under the terms of the Agreement granted on 13 November 2008 to Alderney Renewable Energy Limited ("ARE"). The fees are non-refundable and are recognised in the Income account on an accrual basis. Block Fees due from 1 July 2016 onwards are subject to cumulative RPI increase by instruction of the States of Alderney on 1 February 2017. See note 13 for additional detail.

# **Alderney Commission for Renewable Energy**

## **Notes to the financial statements**

**For the year ended 31 December 2016**

### **1 Accounting policies (continued)**

#### **Income: Electricity Subsidy**

Under the terms of the Agreement dated 13 November 2008, Alderney Renewable Energy Limited ("ARE") agreed to pay an annual sum of £200,000 to the Commission. The £200,000 payment was previously made by ARE to the Commission, but in 2016 it was instead remitted directly to Alderney Electricity Limited where it was used to subsidise the fuel cost component on electricity bills for residents and businesses on Alderney.

#### **Interest receivable**

Interest receivable is recognised as interest accrues using the effective interest method.

#### **Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position, comprise cash at bank and in hand and short term deposits with an original maturity date of three months or less.

#### **Short term debtors and creditors**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price less attributable costs. Any losses arising from impairment are recognised in the Statement of Comprehensive Income. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

#### **Expenses**

Expenses, including administration and other expenses are accounted for on an accruals basis and are recognised in the Statement of Comprehensive Income on the transaction date.

Included within expenses, is a management fee payable to the States of Alderney. This covers costs incurred by the States of Alderney for items such as sponsoring visits to other jurisdictions by the President, Chief Executive and other States members, and processing of appropriate legislation via the Law Offices as necessary with onward submission to the full States of Alderney, in support of renewable energy developments initiatives.

#### **Reserves**

As the Commission is wholly reliant upon a six monthly income it is considered prudent to hold a minimum of six months operational costs in a General Reserve on an ongoing basis. In addition it is the Commission's policy to ensure that any contracts entered into where the time span exceeds the current year be provided in their entirety by means of creation of a Specific Reserve. As the Commission no longer holds reserves an indemnity arrangement has been agreed by the States of Alderney as stated under the Going Concern heading of Note 1 above.

#### **Convertible loan agreement**

The Commission entered in to a convertible loan agreement ("CLA") with ARE on 30 September 2016. The CLA is a financial instrument and is measured at amortised cost using the effective interest method less any impairment losses.

The CLA was initially recorded at its fair value, the transaction price. At the end of the financial reporting period, the Commissioners have carried out an impairment review of the fair value of the CLA. Following their impairment review, the Commissioners have determined that the full value of the CLA should be impaired. The impairment loss has been recognised within the Statement of Comprehensive Income during the financial reporting period.

## Alderney Commission for Renewable Energy

### Notes to the financial statements

For the year ended 31 December 2016

#### 1 Accounting policies (continued)

##### Lease commitments

Rentals payable under operating leases are recognised in the Statement of Comprehensive Income on a straight line basis over the lease term.

##### Taxation

The Commission is not liable to Guernsey income tax.

#### 2 Income and operating surplus

The income and operating surplus is derived wholly from continuing activities.

		2016	2015
		£	£
Income			
Income from block fees		374,326	345,000
Income electricity subsidy		200,000	200,000
		<u>574,326</u>	<u>545,000</u>
	Notes	2016	2015
		£	£
Administrative expenses			
Commissioners fees	4	42,175	41,924
Staff salaries	4	21,533	21,399
Premises		1,283	1,260
Rent	12	10,344	10,208
I.T. costs		506	424
Consultancy		2,613	9,190
Conferences and general travel		3,867	4,320
Postage, stationery and telephone		2,568	2,129
Insurance		2,435	1,516
Audit and accountancy fees	3	5,860	11,750
Legal fees		652	15,000
Seabird study Liverpool University PhD		-	4,750
Publications and subscriptions		1,340	2,140
Depreciation		497	614
Sundry		45	-
States of Alderney management fee	11	35,000	35,000
States of Alderney recharge	11	200,750	-
Subsidy payment to Alderney Electricity Limited	1	200,000	200,000
		<u>531,468</u>	<u>361,624</u>

#### 3 Auditor's remuneration

The remuneration of the auditor's is further analysed as follows:

	2016	2015
	£	£
Audit		
Audit of financial statements	<u>5,860</u>	<u>11,000</u>

## Alderney Commission for Renewable Energy

### Notes to the financial statements

For the year ended 31 December 2016

<b>4 Staff costs</b>	<b>2016</b>	<b>2015</b>
(a)	£	£
Salaries	20,219	20,093
Social security costs	1,314	1,306
	<u>21,533</u>	<u>21,399</u>

The average monthly number of employees during the year was as follows:

	<b>2016</b>	<b>2015</b>
	No.	No.
Employees	<u>1</u>	<u>1</u>

(b)	<b>2016</b>	<b>2015</b>
Commissioners fees	£	£
	<u>42,175</u>	<u>41,924</u>

During the course of the year, Commissioners' fees of £42,175 (2015: £41,924) were paid to two Commissioners. Commissioner Mark Wordsworth provided his services to the Commission without charge and was therefore not paid Commissioner fees (except for incidental expenses).

<b>5 Fixed assets</b>	<b>Computer equipment</b>	<b>Office furniture</b>	<b>Total</b>
Cost or valuation	£	£	£
As at 1 January 2016	8,512	8,785	17,297
Write off/disposals	(2,045)	-	(2,045)
As at 31 December 2016	<u>6,467</u>	<u>8,785</u>	<u>15,252</u>
<b>Depreciation</b>			
As at 1 January 2016	7,734	8,785	16,519
Charge for the year	497	-	497
Write off/disposals	(2,045)	-	(2,045)
As at 31 December 2016	<u>6,186</u>	<u>8,785</u>	<u>14,971</u>
<b>Net book value</b>			
As at 31 December 2016	<u>281</u>	<u>-</u>	<u>281</u>
<b>Net book value</b>			
As at 31 December 2015	<u>778</u>	<u>-</u>	<u>778</u>

## Alderney Commission for Renewable Energy

### Notes to the financial statements

For the year ended 31 December 2016

<b>6 Cash and cash equivalents</b>	<b>2016</b>	<b>2015</b>
	£	£
Cash at bank	261,844	65,520
Petty cash	100	100
States of Guernsey Treasury Investment Account	-	364,034
	<u>261,944</u>	<u>429,654</u>

The Commission's Treasury Investment Account with the States of Guernsey was closed on 22 December 2016. The balance was transferred into the Commission's account with HSBC.

<b>7 Impairment of assets</b>	<b>Amount</b>	<b>Impairment</b>	<b>Total</b>
	£	£	£
Trade debtors	201,826	(201,826)	-
Convertible Loan	517,500	(517,500)	-
Interest receivable	15,653	(15,653)	-
	<u>734,979</u>	<u>(734,979)</u>	<u>-</u>

Trade debtors represents the block fees for 1 July 2016 payable by ARE Ltd, that were deferred by arrangement with the States of Alderney and the Commission and were due to be paid by 31 December 2016 (£201,826). This payment was not received. (See note 13). As the Commission has no evidentiary support to the contrary it has reasonable doubt as to the recoverability of this debtor balance. It has therefore made the assessment that the only course of action is to recognise the impairment of the balance to account for the doubtful debt. The debt has not been written off. See note 10 for additional detail.

<b>8 Creditors - amounts falling due within one year</b>	<b>2016</b>	<b>2015</b>
	£	£
Trade creditors	200,750	35,000
Accruals	5,860	6,500
Social security and taxation	2,260	2,254
	<u>208,870</u>	<u>43,754</u>

Trade creditors represents the recharge by the States of Alderney for the cost of services incurred by the States of Alderney in connection with the renewable energy industry in the sum of £200,750. At the end of 2016 this non-budgeted amount was outstanding, however arrangements are in place for the amount to be paid in 2017.

<b>9 Reconciliation of movements in general reserves</b>	<b>2016</b>
	£
Balance as at 31 December 2015	735,833
Loss for the year	(679,978)
Balance as at 31 December 2016	<u>55,855</u>

# Alderney Commission for Renewable Energy

## Notes to the financial statements

For the year ended 31 December 2016

### 10 Convertible Loan Agreement

The Commission, in its non-statutory capacity under the powers conferred upon them on 10 November 2008 by Resolution of the States of Alderney, thereby executed a Convertible Loan Agreement ("CLA") with ARE on 30 September 2016. The CLA effectively rolled up Block Fees from 1 January 2015 to 31 December 2015 of £345,000 and from 1 January 2016 to 30 June 2016 of £172,500; a total of £517,500. The sum repayable on the maturity date can alternatively be converted into shares if decided by the States of Alderney. The Commission is unable to provide evidentiary support of the recoverability of this debtor balance. The impairment of this debt of £517,500 and the interest receivable to 31 December 2016 of £15,653 have been recognised to account for the doubtful debt (see note 7). The debt has not been written off.

### 11 Related party transactions

During the year, the Commission paid contributions to the States of Alderney of £35,000 in the form of a management fee (2015: £35,000).

The Commission has been recharged by the States of Alderney for the cost of services incurred by the States of Alderney in connection with the renewable energy industry in the sum of £200,750. Arrangements are in place for the non-budgeted amount to be paid in 2017.

### 12 Tenancy agreement

On 18 February 2014, the Commission entered into a tenancy agreement for an office located at A6 Ollivier Court, Ollivier Street, Alderney commencing on 1 March 2014. The annual rental was £10,000. A deposit of £2,500 was paid on 1 March 2014 and this is included in prepayments. The lease was renewed on 8 February 2016, for an additional year. The revised annual rental was £10,363. On 9 February 2017, the lease was renewed on a three month rolling basis at a new annual rental of £10,529.

	2016	2015
	£	£
Amounts falling due in less than 1 year	4,359	10,344
Amounts falling due in more than 1 year	-	1,727

### 13 Events after the reporting period

Block Fees of £204,248 due on 1 January 2017 were not received. The annual sum of £200,000 due 1 January 2017 (which is paid on to Alderney Electricity Limited) was not received. The matter of these arrears and the Block Fee arrears of £201,826 at 31 December 2016 was referred to the States of Alderney for discussion at their meeting on 17 January 2017. The Commission subsequently issued a notice of breach of the Agreement to ARE on 3 February 2017. The States of Alderney further instructed the Commission to terminate the Agreement and notice of immediate termination was issued to ARE on 16 May 2017.

The Commission will continue to act in its non-statutory capacity solely upon explicit instruction from the States of Alderney. It is understood that the States of Alderney have requested amending legislation to allow the the number of Commissioners to be reduced to one. On 18 May 2017 the States of Alderney accepted a formal proposal from the Commissioners that their pay be reduced by 50% of the current agreed rates from 1 July 2017 and their notice period be re-instated to three months.

Mark Wordsworth resigned as Chairman on 22 March 2017 and on 24 March 2017 the States appointed Capt. Robert Barton as Interim Chairman and Ruth Gaudion as Interim Commissioner.

On 18 August 2017 the Commission issued statutory notice of revocation of ARE's Statutory Licence.

**Alderney Commission for Renewable Energy**

**Notes to the financial statements**

**For the year ended 31 December 2016**

**13 Events after the reporting period (continued)**

The indemnity agreement between the Commission and the States of Alderney dated 23 August 2017 has been signed by all parties.

There are no other events of note after the end of the reporting period and up to the date of the signing of these financial statements that require further disclosure.