
STATES OF JERSEY



DRUG TRAFFICKING CONFISCATIONS FUND: FINANCIAL STATEMENTS FOR YEAR ENDED 31ST DECEMBER 2007

**Presented to the States on 22nd February 2011
by the Minister for Treasury and Resources**

STATES GREFFE

DRUG TRAFFICKING
CONFISCATIONS FUND
FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2007

DRUG TRAFFICKING CONFISCATIONS FUND

Year Ended 31 December 2007

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DRUG TRAFFICKING CONFISCATIONS FUND

Year Ended 31 December 2007

FUND INFORMATION

Accounting Officer

Treasurer of the States

Banks

HSBC Bank PLC
PO Box 14
St Helier
Jersey
JE4 8NU

Kleinwort Benson
PO Box 76
St Helier
Jersey
JE4 8PQ

Auditors

PricewaterhouseCoopers LLP
80 Strand
London
WC2R 0AF

DRUG TRAFFICKING CONFISCATIONS FUND

Year Ended 31 December 2007

TREASURER'S REPORT

Financial Report & Accounts:

These accounts reflect the income and expenditure of the Drug Trafficking Confiscations Fund for the year ended 31 December 2007.

The income and expenditure of the Drug Trafficking Confiscations Fund is not consolidated into the States of Jersey annual Accounts.

Income into the fund is made up of amounts recovered under, or in satisfaction of, a confiscation order; or received under an assets-sharing agreement for offences against the Drug Trafficking Offences (Jersey) Law 1988. Total confiscated funds received in 2007 amounted to £690,205 (2006: £1,258,792); bank interest received in 2007 amounted to £95,549 (2006: £78,748).

Expenditure from the Fund must be authorised by the Treasury and Resources Minister, as per the Drug Trafficking Offences (Jersey) Law 1988, and is delegated to the DTCF Steering Committee. Expenditure must be used to promote or support measures that prevent, suppress or otherwise deal with drug trafficking or misuse of controlled drugs, that deal with the consequences of the misuse of controlled drugs or facilitate in the enforcement of any enactment dealing with drug trafficking or the misuse of controlled drugs. Funds may also be used to discharge Jersey's obligations under asset-sharing agreements and to meet the expenses of administering the Fund. Total grants paid during the year 2007 amounted to £2,639,088 (2006: £527,029).

Under the terms of an asset-sharing agreement with the United States of America, the States of Jersey are obligated to pay over to the US authorities 50% of monies confiscated. The liability under this asset-sharing agreement, including accrued interest and after revaluation, amounted to £1,397,013 as at the Balance Sheet date (2006: £1,360,875).

In accordance with the Comptroller and Auditor General's recommendation, the Financial Report and Accounts for the year ended 31 December 2007 will be approved by the Minister for Treasury and Resources and presented to the States for publication and distribution by the Greffier.



L. Rowley
Treasurer of the States

DRUG TRAFFICKING CONFISICATIONS FUND

Year Ended 31 December 2007

STATEMENT OF RESPONSIBILITIES FOR PREPARING THE ACCOUNTS

The Treasurer of the States has prepared these Accounts following a recommendation by the Comptroller and Auditor General. The Accounts are to be prepared in accordance with Generally Accepted Accounting Principles and Treasury and Resources Ministerial Orders.

In preparing the Accounts, which are set out on the following pages, the Treasurer has:

- Applied the going-concern principle;
- Applied appropriate accounting policies in a consistent manner; and
- Made reasonable and prudent judgements and estimates.

The Treasurer has responsibility for ensuring that proper financial records are kept which disclose with reasonable accuracy the financial position of the Drug Trafficking Confiscations Fund and enable the Treasurer to ensure that the Accounts comply with the requirements of the Drug Trafficking Offences (Jersey) Law 1988.



L. Rowley
Treasurer of the States

DRUG TRAFFICKING CONFISCATIONS FUND

Year Ended 31 December 2007

INDEPENDENT AUDITORS' REPORT TO THE TREASURER OF THE DRUG TRAFFICKING CONFISCATIONS FUND

We have audited the non-statutory financial statements of the Drug Trafficking Confiscations Fund for the year ended 31st December 2007 which comprise the Income and Expenditure Account, the Balance Sheet, Accounting Policies and the related notes. These non-statutory financial statements have been prepared on the basis of preparation and accounting policies in note 1 to the non-statutory financial statements. The accounting policies used and disclosures made are not intended to, and do not, comply with all the requirements of United Kingdom Generally Accepted Accounting Practice.

Respective responsibilities of the Treasurer and auditors

As explained more fully in the Statement of Responsibilities for Preparing the Accounts set out on page 4, the Treasurer of the States of Jersey is responsible for the preparation of the non-statutory financial statements in accordance with the basis of preparation and accounting policies in note 1 to the non-statutory financial statements. Our responsibility is to audit 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.

This report, including the opinion, has been prepared for and only for the Treasurer for management purposes in accordance with our engagement letter dated 1st February 2010 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come including without limitation under any contractual obligations of the States of Jersey, save where expressly agreed by our prior consent in writing.

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 fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the non-statutory financial statements for the year ended 31st December 2007 have been properly prepared, in all material respects, in accordance with the basis of preparation and accounting policies in note 1 to the non-statutory financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants

Date: 4/2/2011
London

DRUG TRAFFICKING CONFISCATIONS FUND

Year Ended 31 December 2007

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	31-Dec-07 £	£	31-Dec-06 £	£
Income					
Confiscated Funds	2	690,205		1,258,792	
Interest Received	3	<u>95,549</u>		<u>78,748</u>	
			785,754		1,337,540
Expenditure					
Administration Fee		(2,247)		10,033	
Grants	4	2,639,088		527,029	
Loss on Revaluation		<u>-</u>		<u>17,641</u>	
			(2,636,841)		(554,703)
Transfer (from)/to Revenue Reserve	8		<u>(1,851,087)</u>		<u>782,837</u>

DRUG TRAFFICKING CONFISCATIONS FUND

Year Ended 31 December 2007

BALANCE SHEET AS AT 31 DECEMBER 2007

	Notes	31-Dec-07 £	£	31-Dec-06 £	£
Current Assets					
Bank Accounts	5	2,940,874		4,438,540	
Debtors	6	<u>-</u>		<u>40</u>	
			2,940,874		4,438,580
Current Liabilities					
Creditors	7	<u>1,844,606</u>	(1,844,606)	<u>1,491,225</u>	(1,491,225)
Total Assets less Liabilities			<u>1,096,268</u>		<u>2,947,355</u>
Represented by:					
Reserves	8		1,096,268		2,947,355
			<u>1,096,268</u>		<u>2,947,355</u>

Signed:



L. Rowley
Treasurer of the States

Date: 24th January 2011

Signed:



P. Ozouf
Minister for Treasury and Resources

Date: 31 JANUARY 2011

DRUG TRAFFICKING CONFISCATIONS FUND

Year Ended 31 December 2007

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

- i) **GOVERNING LAW**
The Drug Trafficking Confiscations Fund was established under Article 24 of the Drug Trafficking Offences (Jersey) Law 1988.
- ii) **BASIS OF ACCOUNTS**
The accounts have been prepared under the historic cost convention and in accordance with Generally Accepted Accounting Principles.
- iii) **INCOME**
Income is recognised and accounted for when amounts become due to the Fund. Income from confiscations is accounted for in accordance with the Drug Trafficking Offences (Jersey) Law 1988 which requires that all amounts recovered under or in satisfaction of a confiscation order, or received under an asset sharing agreement, shall be included in the monies which are paid into the Fund
- iv) **EXPENDITURE**
Expenditure is recognised and accounted for when goods or services are received. Grants are provided for under the terms of the Drug Trafficking Offences (Jersey) Law 1988, which requires that monies in the Fund shall be applied for the following purposes:
(a) in promoting or supporting measures that may assist in preventing, suppressing or otherwise dealing with criminal conduct; in dealing with the consequences of criminal conduct, or in facilitating the enforcement of any enactment dealing with criminal conduct;
(b) discharging Jersey's obligations under asset sharing agreements; and
(c) meeting the expenses incurred by the Minister in administering the Fund.
- v) **FOREIGN CURRENCIES**
Assets and liabilities denominated in foreign currencies are translated to sterling at rates current at the Balance Sheet date. All foreign exchange differences are included in income and expenditure for the year.
- vi) **PROVISIONS FOR LIABILITIES AND CHARGES**
Provisions are made in the accounts in respect of obligations arising from past events where the predicted outcome of the event is considered probable and there is a reliable estimate of the amount of the liability.
- vii) **CREDITORS**
Creditors are recognised on an accruals basis; seized funds are accounted for as creditors where monies have been received into the Fund but where a successful confiscation has not yet been secured, i.e. a case is still under investigation.
- viii) **CONTINGENT LIABILITIES**
Contingent liabilities are disclosed where:
 - A possible obligation that arises from a past event and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Fund's control; or
 - A present obligation arises from past events but has not been recognised because:
 - i. it is not probable that a transfer of economic benefits will be required to settle the obligation; or
 - ii. the amount of the obligation cannot be measured with sufficient reliability.

DRUG TRAFFICKING CONFISCATIONS FUND

Year Ended 31 December 2007

NOTES TO THE ACCOUNTS**2 Confiscated Funds**

	2007	2006
	£	£
Confiscated during 2007	690,205	1,258,792

3 Interest Received

	2007	2006
	£	£
Bank interest	95,549	78,748

4 Grants

	2007	2006
	£	£
Home Affairs	1,219,800	-
Building a Safer Society	610,650	527,029
Police	350,000	-
Customs	304,200	-
Other	154,438	-
	<u>2,639,088</u>	<u>527,029</u>

5 Bank Accounts

	2007	2006
	£	£
HSBC US Dollar Deposit Accounts (see Note 7)	1,397,013	1,360,875
Kleinwort Benson Sterling Deposit Account	1,543,861	3,077,665
	<u>2,940,874</u>	<u>4,438,540</u>

6 Debtors

	2007	2006
	£	£
Due from States of Jersey	-	40

7 Creditors

	2007	2006
	£	£
Asset-sharing creditor – due to US authorities (see Note 5)	1,397,013	1,360,875
Due to States of Jersey	228,890	-
Seized Funds pending investigation	111,369	130,350
Grant payable	100,000	-
Accruals	7,334	-
	<u>1,844,606</u>	<u>1,491,225</u>

DRUG TRAFFICKING CONFISCATIONS FUND

Year Ended 31 December 2007

8 Reserves

	2007 £	2006 £
Balance brought forward 1 January 2007	2,947,355	2,164,518
Transfer from/(to) Income and Expenditure Account	(1,851,087)	782,837
Balance as at 31 December 2007	<u>1,096,268</u>	<u>2,947,355</u>