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# **STATES OF JERSEY**



## **CRIMINAL OFFENCES CONFISCATIONS FUND: FINANCIAL STATEMENTS FOR YEAR ENDED 31ST DECEMBER 2007**

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

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**STATES GREFFE**



CRIMINAL OFFENCES  
CONFISCATIONS FUND  
FINANCIAL STATEMENTS  
FOR YEAR ENDED 31 DECEMBER 2007

# CRIMINAL OFFENCES CONFISCATIONS FUND

Year Ended 31 December 2007

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# **CRIMINAL OFFENCES CONFISCATIONS FUND**

Year Ended 31 December 2007

## **FUND INFORMATION**

### **Accounting Officer**

Treasurer of the States

### **Banks**

BNP Paribas Jersey Branch  
PO Box 158  
BNP House  
Anley Street  
St Helier  
Jersey  
JE4 8RD

Kleinwort Benson (Channel Islands) Limited  
PO Box 76  
West's Centre  
St. Helier  
Jersey  
JE4 8PQ

### **Auditors**

PricewaterhouseCoopers LLP  
80 Strand  
London  
WC2R 0AF

# CRIMINAL OFFENCES CONFISCATIONS FUND

Year Ended 31 December 2007

## TREASURER'S REPORT

### Financial Report & Accounts:

These Accounts reflect the income and expenditure of the Criminal Offences Confiscations Fund for the year ended 31 December 2007.

The income and expenditure of the Criminal Offences 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, confiscation orders, or received under an assets-sharing agreement for offences against the Proceeds of Crime (Jersey) Law 1999; bank interest is also earned on bank account balances. Total confiscated funds in 2007 amounted to £10,166,044 (2006: £775,396), including a large confiscation in the sum of £9,730,152; bank interest received in 2007 amounted to £601,599 (2006: £497,947).

Expenditure from the Fund must be authorised by the Treasury and Resources Minister, as per the Proceeds of Crime (Jersey) Law 1999, and is delegated to the COCF Steering Group. Expenditure must be used to promote or support measures that prevent, suppress or otherwise deal with criminal conduct, that deal with the consequences of criminal conduct or facilitate in the enforcement of any enactment dealing with criminal conduct. 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 £4,607,587 (2006: £1,006,873); Viscount's fees and expenses relating to the large confiscation referred to above amounted to £376,467 (2006: Nil); other expenditure in 2007 amounted to £357 (2006: £6,975).

Further to a Confiscation Order dated 4 December, 2007, a provision has been made in the 2007 Accounts in respect of funds receivable into the Criminal Offences Confiscation Fund (£616,000) and a potential transfer of these funds to the Swiss authorities.

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.



24<sup>th</sup> January 2011

**L. Rowley**  
**Treasurer of the States**

## **CRIMINAL OFFENCES CONFISCATIONS 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 Criminal Offences Confiscations Fund and enable the Treasurer to ensure that the Accounts comply with the requirements of the Proceeds of Crime (Jersey) Law 1999.



24<sup>th</sup> January 2011

**L. Rowley**  
**Treasurer of the States**

# CRIMINAL OFFENCES CONFISCATIONS FUND

Year Ended 31 December 2007

## INDEPENDENT AUDITORS' REPORT TO THE TREASURER OF THE CRIMINAL OFFENCES CONFISCATIONS FUND

We have audited the non-statutory financial statements of the Criminal Offences Confiscations Fund for the year ended 31<sup>st</sup> 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 1<sup>st</sup> 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 31<sup>st</sup> 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



# CRIMINAL OFFENCES 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 £	£
<b>Income</b>					
Confiscated Funds	2	10,166,044		775,396	
Bank Interest		<u>601,599</u>		<u>497,947</u>	
			10,767,643		1,273,343
<b>Expenditure</b>					
Grants	3	4,607,587		1,006,873	
Viscount's Fees and Expenses	4	376,467		-	
Administration Expenses		<u>357</u>		<u>6,975</u>	
			(4,984,411)		(1,013,848)
<b>Net Income</b>	9		<u>5,783,232</u>		<u>259,495</u>

# CRIMINAL OFFENCES CONFISCATIONS FUND

Year Ended 31 December 2007

## BALANCE SHEET AS AT 31 DECEMBER 2007

	Notes	31-Dec-07 £	£	31-Dec-06 £	£
<b>Current Assets</b>					
Bank Accounts	5	8,438,208		8,570,277	
Debtors	6	<u>9,969,685</u>		<u>2,074,501</u>	
			18,407,893		10,644,778
<b>Current Liabilities</b>					
Creditors	7	1,373,446		9,563	
Provision	8	<u>616,000</u>		<u>-</u>	
			(1,989,446)		(9,563)
<b>Total Assets less Liabilities</b>					
			<u>16,418,447</u>		<u>10,635,215</u>
<b>Represented by:</b>					
Reserves	9		16,418,447		10,635,215
			<u>16,418,447</u>		<u>10,635,215</u>

Signed:



L. Rowley  
Treasurer of the States

Date: 24<sup>th</sup> January 2011

Signed:



P. Ozouf  
Minister for Treasury and Resources

Date: 31 JANUARY 2011

# CRIMINAL OFFENCES CONFISCATIONS FUND

Year Ended 31 December 2007

## NOTES TO THE ACCOUNTS

### 1. ACCOUNTING POLICIES

- i) **GOVERNING LAW**  
The Criminal Offences Confiscations Fund was established under Article 24 of the Proceeds of Crime (Jersey) Law 1999.
- 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 Proceeds of Crime (Jersey) Law 1999 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 Proceeds of Crime (Jersey) Law 1999, 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.

# CRIMINAL OFFENCES CONFISCATIONS FUND

Year Ended 31 December 2007

## NOTES TO THE ACCOUNTS

### 2 Confiscated Funds

	2007	2006
	£	£
Confiscated during the year (see Note 10)	10,166,044	775,396

### 3 Grants

	2007	2006
	£	£
Law Officers' Department	1,768,224	551,873
Judicial Greffe/Viscount's Dept.	1,379,998	310,000
Home Affairs	612,354	145,000
Other	847,011	-
	<u>4,607,587</u>	<u>1,006,873</u>

### 4 Viscount's Fees and Expenses

	2007	2006
	£	£
Fees and expenses re X case (see Note 10)	376,467	-

### 5 Bank Accounts

	2007	2006
	£	£
BNP Paribas Deposit Account	8,438,208	8,570,277

### 6 Debtors

	2007	2006
	£	£
Net funds receivable re X case (see Note 10)	9,353,685	-
Funds receivable re Y/Z case (see Note 11)	616,000	-
Due from States of Jersey	-	1,954,765
Deposit interest receivable	-	119,736
	<u>9,969,685</u>	<u>2,074,501</u>

### 7 Creditors

	2007	2006
	£	£
Due to States of Jersey	1,013,526	-
Seized funds held pending investigation	2,588	2,588
Accruals	357,332	6,975
	<u>1,373,446</u>	<u>9,563</u>

## CRIMINAL OFFENCES CONFISCATIONS FUND

Year Ended 31 December 2007

### 8 Provision

	2007	2006
	£	£
Provision re Y/Z case (see Note 11)	616,000	-

### 9 Reserves

	2007	2006
	£	£
Balance brought forward 1 January 2007	10,635,215	10,375,720
Transfer from Income and Expenditure Account	5,783,232	259,495
Balance as at 31 December 2007	16,418,447	10,635,215

## 10. POST BALANCE SHEET EVENTS - CONFISCATED FUNDS AND COSTS ORDERS (X CASE)

### (a) Confiscated Funds

A Confiscation Order was made in October 2007 in respect of the X case. A gross confiscation amount of £9,730,152 was reduced by Viscount's fees and expenses of £376,467, resulting in a net confiscation recorded in these Accounts of £9,353,685. Confiscated funds amounting to £9,337,313 were transferred to the Criminal Offences Confiscations Fund in December 2008; a sum of £16,372 remained outstanding as at the end of 2008, and was received in January 2009. X appealed against the Confiscation Order in January 2010, and a provision was made in the 2009 COCF Accounts in respect of a sum amounting to £7,998,452, representing the gross confiscation of £9,730,152 less the confiscation element not appealed against (£1,731,700). A re-trial was held in June 2010, whereby the amount subject to appeal (£7,998,452) was allocated as to a confirmed confiscation amount of £6,528,707 and a gross refund to X amounting to £1,469,745; this gross refund was reduced by way of an £800,000 Costs Order awarded in favour of the States of Jersey.

### (b) Costs Order

A Costs Order was made in May 2008 and amended in December 2008, and funds amounting to £1,665,598 were transferred to the Criminal Offences Confiscations Fund in December 2008, pending further transfer to the Law Officers' Department in compensation for prosecution costs incurred. X subsequently successfully appealed the Costs Order, and an amount of £1,674,100 (including interest) was returned to X in February 2010.

Please refer to (a) above in relation to a Costs Order made in 2010.

## 11. POST BALANCE SHEET EVENT – Y/Z CASE

As expected and provided for in the current year, notification was received from the Attorney General on 24 January 2008 that it was very likely that confiscated funds totalling £616,000 would have to be transferred to the Swiss authorities in relation to the Y/Z case. The funds were subject to a Confiscation Order dated 4 December 2007, and have been reflected in these Accounts as funds receivable as at the Balance Sheet date; a provision has also been included in respect of the claim by the Swiss authorities. Funds were subsequently transferred to the Swiss authorities in two tranches, in June 2009 and May 2010.