JERSEY RESOLUTION AUTHORITY

Annual Report 2024

JERSEY RESOLUTION AUTHORITY

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Information

Members of the Jersey Resolution Authority	Mike Mitchell (Chair) Katherine Hitchins (Deputy Chair) Jill Britton Monique O'Keefe
Address	14 – 18 Castle Street St Helier, Jersey JE4 8TP
Independent auditors	PKF BBA Audit and Assurance Limited 9 Bond Street St Helier, Jersey JE2 3NP
Bankers	HSBC Bank plc HSBC House Esplanade St Helier, Jersey JE1 1HS

Report on Operations for the year ended 31 December 2024

Principal activities

The Members of the Jersey Resolution Authority (collectively “the Board”) present the report on operations and the audited financial statements for the year ended 31 December 2024.

The Jersey Resolution Authority (“the Authority” or “the JRA”) was established on 31 January 2022 under the Bank (Recovery and Resolution) (Jersey) Law 2017 (“the Resolution Law”).

The purpose and principal activity of the Authority is its statutory responsibility to prepare for and administer the resolution of banks in Jersey, Channel Islands (“the Island”). In doing so the Authority aims to:

- ensure continuity of banking services and provision of critical functions in Jersey;
- protect and enhance the stability of the financial system in Jersey, including preventing contagion and maintaining market discipline;
- protect and enhance public confidence in the stability of the financial system in Jersey;
- protect public funds;
- protect eligible depositors to the extent they have covered deposits (deposits covered by Jersey’s Deposit Compensation Scheme); and
- protect client assets.

Accountability

Chair Overview

I am pleased to report that 2024 was a year of continued progress towards our mission to operate a robust and credible recovery and resolution regime to manage bank failure effectively for the Island.

Despite some challenges, we remain broadly on track in relation to our 2024 to 2026 strategy (published in December 2023).

Whilst we operated with a vacancy for the first part of 2024, careful prioritisation and the use of additional external support kept our policy work on track.

Key achievements in 2024 have included:

› In February 2024 we finalised guidance notes in relation to Operational Continuity in Resolution (OCiR) and Communication Planning;

› In June we completed scoping work on our future functions relating to the Jersey Bank Depositors Compensation Scheme (JDCS) and with that determined our staffing and Board composition needs;

› We progressed development of our policy statement on the Minimum Requirement for own funds and Eligible Liabilities (MREL) and issued a consultation on this in September;

› We also developed, consulted on and finalised our Valuations Standard and guidance notes on Restructuring and Management and Governance; and

› Developing and implementing our new Risk Management Framework.

2024 has not been without its challenges. Whilst we made good progress preparing for the transfer of responsibility for the JDCS to the JRA, aspects of the project have taken longer than originally planned. Complexities in drafting the legislation required to facilitate this have resulted in a delay in the transfer to 31 December 2025. We continue to support Government in this important task.

Developments in the United Kingdom (UK) in respect of its timeline for implementing Basel 3 and the Bank of England's consultation on changes to its MREL Policy require us to take time to consider the implications on our approach to MREL in Jersey. Whilst this may require us to delay implementation of our MREL Policy, such reflection is important to ensure we strike the right balance between a robust resolution regime and maintaining the competitiveness of Jersey's banking sector.

2025 will be a very important year for us as we roll out the final pieces of policy and guidance relating to Jersey's resolution regime and perform our first interim resolvability assessments of Jersey Banks based on self-assessments submitted in December 2024 and June 2025.

The coming year will also see us finalise our preparations to take over the functions of the JDCS. Operational preparedness will consume significant resource and energy this year, and we have progressed well with recruitment of a third staff member to help support this work. The Board is determined to be fully prepared for this material expansion of our responsibilities.

I would like to thank Jersey's Banks, the Government of Jersey, and the Jersey Financial Services Commission ("JFSC"). All these stakeholders have found the time and capacity to support our work despite other significant priorities.

I am indebted to my Board who have again given me outstanding support and to our small executive team led by the Head of the JRA, and ably assisted by our Resolution Officer.

I am proud of our achievements in 2024 but recognise that we will need to work very hard in 2025 to deliver on our objectives. I am confident that we have the team to do so.

Corporate Governance

The Board comprises two independent members and two members who are also Commissioners of the JFSC. The JRA's Chair was appointed as Chair of the JDCS Board on 11 March 2023 with the aim to facilitate the transfer of responsibility for the JDCS to the JRA. The respective boards are aware of the potential conflict of interest and the Chair would recuse himself if it was deemed necessary. The organisations' aims are broadly aligned, reducing the likelihood of this situation arising.

The following persons were members of the Authority during the year and up to the date of this report:

Mike Mitchell (Chair)	Appointed 31 January 2022
Katherine Hitchins (Deputy Chair)	Appointed 31 January 2022
Jill Britton (JFSC Director General)	Appointed 31 January 2022
Monique O'Keefe (JFSC Deputy Chair)	Appointed 31 January 2022

The small size of the Authority has led the Board to conclude that, currently, it is not necessary to establish any sub-committees. However, the Board has considered and where appropriate delegated certain responsibilities to the Head of the JRA – such delegation remains subject to oversight from and periodic review by the Board.

The Board ordinarily plans to meet quarterly. During 2024 it met five times (four in person and one virtual) with a further three informal and educational sessions. All members of the Authority attended all five Board meetings during 2024.

The main topics considered by the Board during 2024 were:

- Our policy development relating to MREL, Valuations in Resolution, Restructuring and Management and Governance;
- The on-going project to transfer responsibility for the JDCS to the JRA (including legislative changes, future Board composition, staffing and training needs, and other preparatory activities);
- Jersey Banks' interim updates regarding OCiR and Communication Planning;
- Resolvability statements issued by Home Resolution Authorities such as the Bank of England;
- Our new Risk Management Framework; and
- Our 2025 budget and funding paper.

The Board is focused on maintaining high standards of governance and takes guidance from the principles set out in the Financial Reporting Council's UK Corporate Governance Code 2024.

During 2024 we performed a review of Board composition considering the on-going project to transfer responsibility for the JDCS to the JRA. This review recommended increasing the number of Board members to five, with the intention to recruit an additional independent member over the course of 2025. We plan to perform a review of board effectiveness in 2025 and are considering options for an external review of governance arrangements in 2026.

Remuneration and staff report

The JRA is a small organisation with two full time staff and four non-executive members of the Board. Staff are seconded to the JRA by the JFSC, and all are employed by the JFSC on a permanent basis. The JRA has leveraged the JFSC's existing knowledge and experience in respect of Human Resources, including adopting consistent internal policies and procedures in respect of remuneration and other staffing matters.

The JRA's staff benefit from access to the JFSC's internal training programmes as well as external training and seminars relating to bank resolution.

On the grounds of confidentiality, it is not felt appropriate to disclose details of staff remuneration. However, the table below sets out Board remuneration:

Members of the Authority	2024	2023
Mike Mitchell (Chair)	£27,500	£25,000
Katherine Hitchins (Deputy Chair)	£16,500	£15,000
Monique O'Keefe	£11,000	£10,000
Jill Britton	Nil*	Nil*
	£55,000	**£50,000**

* Jill Britton is a member of the Authority as a result of her role as the Director General of the JFSC.

Values

Aligned to the JFSC, the JRA has adopted the following set of values:

- Professionalism – We set high standards for ourselves and are positive role models in all that we do
- Integrity – We are trustworthy and act in good faith
- Excellence – We strive for excellence in all that we do
- Respect – We understand the value of a diverse workforce and we trust those we work with
- Teamwork – We work well together to achieve the same outcome, encouraging openness, sharing of knowledge and contribution from all colleagues

Diversity and Inclusion

The JRA has adopted the JFSC's Diversity and Inclusion Policy and is fully committed to a policy of treating all its employees and job applicants equally. The JRA's recruitment process aims to ensure diversity of thought and professional experience. Considering both members of the Board and staff, our female-to-male ratio as at 31 December 2024 was 50%:50% (2023: 60%:40%). However, for confidentiality reasons, publication of further statistics is not deemed appropriate.

Sustainability and the Environment

The JRA is committed to ensuring we operate in a sustainable manner and reduce our impact on the environment. We aim to make a positive contribution to Jersey's community and the wider environment.

Since inception we have operated a largely paperless office environment. Additionally, we make use of modern video meeting capabilities to reduce costs and help reduce the impact of business travel on the environment.

JRA staff participate in JFSC initiatives such as Mental Health Awareness week, Alternative Transport week, and other charitable events. A member of JRA staff sits on the JFSC's Green Team and contributes to JFSC wide environmental initiatives. Staff can dedicate up to two days every year to volunteer for their chosen charitable causes or environmental projects.

All staff benefit from private medical insurance, including mental health provisions, and attend JFSC led training on equality and anti-discrimination.

As a small organization we do not have the resource capacity to develop sustainability metrics, however, we plan to continue to leverage JFSC capabilities and green initiatives wherever possible. Additionally, as plans progress to transfer responsibility for the JDCS to the JRA, we will consider how we can contribute to financial literacy education.

Anti-bribery and Corruption

The JRA has implemented a Conflict of Interests Policy that clearly sets out expectations and requirements for all staff, including members of the Board. This policy requires all staff to act with honesty and integrity, disclose various outside interests and to annually confirm that all such interests have been disclosed. Conflict of Interests is a standing agenda item at all JRA Board meetings.

Additionally, the JRA operates an insider list and has implemented a Code of Conduct that builds on the Conflict of Interests Policy.

Staff are provided with annual training, via the JFSC, in respect of Anti-Money Laundering, Countering the Financing of Terrorism, Countering Proliferation Financing, and Anti-Bribery and Corruption.

Performance

Strategy

In December 2023 we updated our strategy for 2024 to 2026. This represented an evolution of our initial strategy set in May 2022. Our mission remains to operate a robust and credible regime to manage bank failure, reduce risk, and protect the Jersey economy.

Our updated strategy focuses on completing the three-year phased rollout of Jersey's resolution regime, which we set out in Policy Statement 2023/02 'Resolution Planning and Resolvability', as well as the transfer of responsibility for the JDCS to the JRA.

Strategic focus areas for 2024 were

› the continued development of our MREL Policy;

› consulting on our approach to determining Critical Functions (activities of banks that are critical to Jersey's economy);

› implementing policy and guidance relating to Valuations in Resolution, Restructuring and Management and Governance; and

› Preparing for the transfer of responsibility for the JDCS.

Despite some challenges and headwinds, we made strong progress in these areas, including:

› We progressed work on our MREL Policy and launched a consultation in September 2024. Developments in the UK in respect of Basel 3 and proposed changes to the Bank of England's MREL Policy will delay finalisation of this work.

› Whilst we delayed formal consultation on our approach to Critical Functions, we worked with the JFSC and Jersey Banks in respect of the associated data requirements. This will enable us to update our determination of Critical Functions in 2025 as planned.

› We developed, consulted on and implemented our Valuations Standard and guidance notes in respect of Restructuring and Management and Governance.

› We progressed our preparations for taking on responsibility for the JDCS. Challenges in respect of drafting of amending legislation mean the transfer has been delayed to the end of 2025.

The table on the following pages sets out our updated Strategic Goals, our performance against them during 2024 as well as the main priorities for the year ahead.

Our function as Jersey's Bank Resolution Authority combined with our mission and Strategic Goals support the Government of Jersey's strategic priorities by helping to:

› Maintain Jersey's reputation as a stable and well-regulated jurisdiction to do business;

› Ensure adherence to international standards; and

› Enhance Jersey's profile internationally.

We recognise the need to ensure we maintain a proportionate approach to implementing Jersey's resolution regime to help maintain the competitiveness of Jersey's banking sector and we will support the Government's strategic review of financial services regulation.

Strategic Goal	Progress during 2024	Priorities in 2025
Develop effective strategic relationships with our key stakeholders (especially international regulators, Jersey's banks, the JFSC and the Government of Jersey).	› Supported Government and worked closely with the JDCS Board and the JFSC in relation to the planned transfer of responsibility for the JDCS to the JRA. › Continued monthly engagement with the JFSC on policy and supervisory matters. › On-going monthly engagement with the Jersey Bankers Association, two workshops with banks on our Critical Functions data requirements held in August 2024, and on-going bilateral meetings with banks. › Coordination of Jersey's Bank Resolution Planning Group (BRPG), including a useful session on Early Intervention Powers. › We maintained international engagement with overseas Resolution Authorities and began engagement with overseas Deposit Compensation Schemes. However, there is room for greater engagement with Home Resolution Authorities in respect of the outcome of group resolvability assessments.	› Continued engagement with Government, the JDCS Board, the JFSC and Jersey Banks in relation to the transfer of responsibility for the JDCS to the JRA (planned to take place at the end of 2025). › Coordinate with the JFSC in relation to both policy and supervisory matters. Especially regarding its work on Basel 3 and systemically important banks, and our work on Critical Functions and MREL. › Improved engagement with Home Resolution Authorities, in relation to group resolution plans and MREL. › Stakeholder feedback survey, building on the survey we conducted in July 2023.

Strategic Goal	Progress during 2024	Priorities in 2025
Develop and maintain Jersey's Resolution Framework, where appropriate in line with international standards and developments.	› Liaising with Jersey Incorporated Banks, the JFSC and Home Resolution Authorities to further develop our approach to MREL. We consulted on our draft MREL Policy in Q4 2024. The UK's deferral of Basel 3 implementation and the Bank of England's plans to amend its MREL Policy mean our work on MREL will continue into 2025. › Using an external expert we developed our approach to Valuations in Resolution and, following consultation, we published our Valuations Standard and Valuations Data Set on 12 December 2024. › Developed and consulted on guidance notes relating to Restructuring and Management and Governance. Final versions were published 10 December 2024. › We deferred formal consultation on our approach to determining Critical Functions to allow us to consider overlapping work of the JFSC relating to systemically important banks. Despite this we progressed consideration of associated data needs so that we will be able to update our determination of banks' Critical Functions in 2025.	› Monitor UK MREL developments and Basel 3 implementation and consider the extent that we need to amend our draft MREL Policy as a result. Consult with banks in relation to any such amendments. › Develop and consult on policy and/or guidance in relation to: • Liquidity and Funding in Resolution; • Continuity of Financial Contracts (stays); and • Continuity of Access to Financial Market Infrastructure (FMI). › We previously planned to develop our Bail-in Execution Policy during 2025. Whilst we still plan to progress consideration of this policy, our wider programme of policy development and preparations for taking responsibility for the JDCS means we may defer this to 2026.

Strategic Goal	Progress during 2024	Priorities in 2025
Ensure each bank in Jersey has recovery (where required) and resolution plans for its Jersey domiciled activities, which we regard as effective and credible (with a definite plan to address any barriers to resolution).	› Reviewed Banks' interim updates on progress towards meeting requirements relating to OCiR and Communication Planning. › Bilateral engagement with Jersey Banks in relation to calibration of MREL, OCiR, separability and valuations capabilities (including in stress scenarios). › Monitored developments regarding group resolvability. Notable public disclosures were made by the Bank of England, authorities in the United States of America and the European Union's Single Resolution Board. › Maintained our understanding of group resolution strategies. As at 31 December 2024, 94% of Total Bank Deposits are covered by group bail-in resolution strategies (2023: 94%). › Other priorities meant we deferred development of a panel of professional firms to assist in a resolution event. › Progressed actions arising from the BRPG walkthrough conducted in November 2023. This included minor enhancements to our Resolution Playbook and liaising with the JFSC in respect of regulatory approvals during resolution.	› In February 2025 we issued an information request to Jersey Banks to request information and data relating to their activities in Jersey. This will enable us to update our determination of banks' Critical Functions and, therefore, ensure on-going appropriateness of resolution strategies. › Review and assess the quality of banks' self-assessments in respect of OCiR and Communication Planning. › Alongside the above, consider our internal approach to assessing resolvability, develop internal templates and categories of resolvability outcomes (e.g. shortcomings, deficiencies, material impediments). › Further bilateral engagement with Jersey Banks regarding calibration of MREL and valuations in stress scenarios. › Commence work to develop a panel of professional services firms that can assist the JRA in a resolution event. › Review and assess the quality of banks' self-assessments in respect of Valuations, Restructuring and Management and Governance (due 30 June 2025).

Strategic Goal	Progress during 2024	Priorities in 2025
Develop and maintain fit for purpose governance and operating frameworks including processes, systems and people.	› Recruitment of our new Resolution Officer, who joined in May. › Assessed our future resource and Board composition needs, which led to the decision to recruit a third staff member and an additional Board member during 2025, to support our future JDCS responsibilities. › On-going preparations regarding the JDCS including: • Supporting Government drafting of amending legislation; • Developing our understanding of the JDCS's payout tool and associated capabilities; • Discussions with third party suppliers with a view to novate and or extend existing service contracts; • Developing our understanding of existing JDCS records and considering the best approach to records migration; › Developed and implemented a new internal Risk Management Framework – see details on page 14. › Board and staff training sessions relating to the JDCS payout tool, resolution planning and media handling.	› Continue to prepare for the transfer of JDCS responsibilities to the JRA. This will include: • Recruitment of a third staff member, who will join us in Q2 2025; • On-boarding of the JDCS's payout tool and associated external provider; • Adopt the JDCS's operations manual including any changes to cater for enhancements made to the JDCS; • Preparations for transfer of JDCS records; • Updates to our website to ensure it reflects our combined functions and provide clear information for consumers in relation to the JDCS; and • Consider and adopt requirements associated with JDCS Strapline and Single Customer View file specifications (where necessary in consultation with Jersey Banks). › Internal Board performance evaluation and work with Government to recruit an additional Board member to help support our future JDCS responsibilities.

Risks

During 2024 we implemented a new Risk Management Framework based on international best practice set out by the International Standards Organisation ISO 31000:2018 and the Operational Risk Data Exchange. We also leveraged JFSC experience and Government of Jersey Risk Management Guidance when developing our Risk Management Framework.

Our Risk Management Framework includes a risk typology centred on three broad risk categories of Operational Risk, Financial Risk and Strategic Risk. Strategic Risk includes risks associated with our development and maintenance of Jersey's Resolution Framework as well as those related to the on-going project to transfer responsibility for the JDCS to the JRA.

Within these broad risk categories, 14 risks are assessed on a quarterly basis both in terms of inherent risk (excluding the impact of our processes and controls) and residual risk (after taking account of the processes and controls we have implemented). Assessment includes both the impact of the risk occurring and the likelihood of it crystalising.

The results of each Risk Assessment are summarised in a Risk Dashboard that is presented to the Board on a quarterly basis. The Risk Dashboard also tracks any changes in residual risk quarter on quarter. During implementation the full Risk Assessment is also being presented to the Board. The Board also conducts an annual risk deep dive.

Our first Risk Assessment under our new framework was completed in Q4 2024. The table below summarises our top risks from this assessment, along with the work underway or planned to help mitigate those risks.

Risk Area	Risk mitigation in place, in progress and planned
JDCS Transfer Risk *The risk that the project to transfer responsibility for the JDCS to the JRA is not completed on time and that the JRA is not adequately prepared for taking on the JDCS responsibilities.*	- Challenges drafting the amending legislation have delayed the overall project. - Any further delay would create several operational and governance challenges for both the JRA and the JDCS Board. - We continue to work with Government to finalise the amending legislation. - Whilst operational readiness is progressing broadly to plan, there remains a lot of work to complete in a short space of time. For this reason, we chose to recruit a third staff member in the first half of 2025, and we are now in the final stages of that recruitment process. - Alongside the JDCS Board discussions are progressing with the third-party provider of the underlying payout tool to both transfer this to the JRA and extend existing services beyond the end of the contract in February 2026. - We are working with the JFSC's Technology and Data team to ensure we have in place a process to transfer the JDCS Records to the JRA.

Risk Area	Risk mitigation in place, in progress and planned
Resolution Framework *The risk that the resolution framework is not sufficient or that the JRA is not adequately prepared for the failure of a Jersey Bank.*	- The Resolution Law provides the JRA with the required legal powers in line with international standards. - Our work on Critical Functions and resolution strategies, along with the nature of Jersey's banking sector, also provides comfort regarding this risk. - Nonetheless, this will remain a top risk until we have completed the three-year phased rollout of Jersey's resolution regime and our first full self-assessment of Jersey Banks' resolvability. - 2025 will see us finalise policy or guidance for the last three risks to resolution. - We continue to progress development of our MREL Policy with a view to finalising this during 2025. - Review of Jersey Banks' initial self-assessments will enable an interim assessment of resolvability in 2025 ahead of our first full assessment of resolvability in the second half of 2026. - We continue to engage with Home Resolution Authorities to maintain comfort that, where applicable, group resolution plans adequately protect Jersey Critical Functions. - We plan to put in place a panel of external firms that can support us during a bank resolution. - On-going internal preparations to ensure we could resolve a Jersey Bank if called upon to do so.
Information Security *The risk of unauthorised access, use, disclosure, modification or destruction of data or information whether accidental or deliberate (e.g. cyber-attack).*	- Robust baseline processes and controls are in place including user access controls and an incident response plan. - We leverage JFSC training and subject matter expertise in relation to cybersecurity and data protection. - In January 2025 we finalised implementation of our policy and procedures relating to handling of Rights of Individuals Requests. - Work is on-going to document our internal record retention and destruction policies and procedures. - Updates will take place during 2025 to reflect the JRA's expanded responsibility for the JDCS. - We continue to liaise with the JFSC's Technology and Data team and our Data Protection Officer to evolve and enhance our processes in line with industry practice.

External Factors

There are several external factors that may impact on the JRA's ability to meet its Strategic Goals. These include:

Macroeconomic conditions could put pressure on banks and hence increase the likelihood of a bank failure. Global macroeconomic conditions remain challenging: whilst there were no high-profile banking failures in 2024 and banks globally are generally well capitalised, global geopolitical tensions have increased further in 2024. Whilst there are no immediate concerns in relation to Jersey's banking industry, we continue to work closely with banks and the JFSC to understand what, if any, pressures are impacting Jersey Banks.

Evolving banking regulation could present challenges and bring benefits from a resolvability perspective. Global regulators are under increased pressure from governments to do more to support competitiveness and economic growth. This may reduce the prudential regulatory requirements imposed on banking groups with operations in Jersey and this could increase the risk of failure. The need for us to consider UK developments in respect of Basel 3 implementation timelines and the Bank of England's MREL Policy, may require us to delay our implementation of MREL in Jersey.

Fintech and the digitisation of banking services could impact resolution planning from several perspectives. Mobile banking and faster payment methods could increase the speed of future bank runs, requiring authorities to develop capabilities to act more quickly during a crisis. Concentration of cloud-based services with a small number of large tech firms increases risks to continuity of services. Use of Artificial Intelligence (AI) by banks may increase risks such as credit risk (e.g. AI underestimation of the probability of default), model risk (e.g. if AI models are not trained correctly), and may be a threat to financial stability through amplification of 'herding' behaviour in financial markets (e.g. flight to safer assets).

Operations

The JRA outsources operational activity to the JFSC by way of a Master Services Agreement (MSA) and associated Statements of Work. This includes services related to Human Resources, Information Technology, Facilities and Premises, Finance, Secretariat, Legal, Data Protection and Communications support.

This is both an efficient solution for the JRA and it also ensures we have access to subject matter experts that would not otherwise be cost effective for a small organisation to obtain.

We maintain an operations tracker that is discussed at monthly meetings with the JFSC. If needed, there are mechanisms in place to escalate if services received are not aligned to the MSA.

Financial Performance Review

The results for the year are set out in the Income Statement on page 24. During the year, the Authority generated a surplus of £52,948 (2023: deficit of £8,217).

The 2024 surplus has arisen from our vacancy in the first part of the year, partially offset by recruitment costs, and delays incurring some non-recurring costs in respect of our on-going project to transfer responsibility for the JDCS to the JRA.

The table below provides further analysis of our financial performance compared to our 2024 budget:

	2024 Budget	2024 Actual	Variance
Administration Levy	**£495,500**	**£495,500**	**Nil**
Board Members Fees	£55,000	£56,873	£1,873
Staff Costs	£225,000	£206,946	(£18,054)
JFSC Service Charge	£82,500	£82,500	Nil
Other Administrative Costs	£48,850	£50,443	£1,593
Non-recurring costs	£75,000	£45,790	(£29,210)
Total Costs	**£486,350**	**£442,552**	**(£43,798)**
Surplus	**£9,150**	**£52,948**	**£43,798**

Accumulated reserves of the Authority as at 31 December 2024 totalled £152,870 (2023: £99,922). Accumulated reserves are above the JRA's Minimum Reserves Level of £80,283 but below our Target Reserve Level of £160,567.

On 6 December 2024, the Authority issued a 2025 Funding Paper setting out its budget and proposed Annual Administration Levy for 2025. The JRA's budgeted expenditure for 2025 has been set at £506,700 (a 4% increase versus 2024 budgeted costs of £486,350).

As mentioned in our 2025 Funding Paper, we have chosen not to levy in respect of our budgeted non-recurring costs for 2025 as these relate to the on-going project to transfer responsibility for the JDCS to the JRA and can be funded from our 2024 surplus.

On 27 February 2025, the JRA issued notices to Jersey Banks in respect of the 2025 Annual Administration Levy, which totals £481,700. Accordingly, the Authority expects to generate a small deficit during 2025.

Going Concern

The Authority is established by the Resolution Law and is funded entirely by Jersey Banks. The Resolution Law gives the Authority power to raise administration levies to cover expenditure and to establish a reserve. The Authority has adopted an Administrative Reserves Policy designed to ensure it maintains a minimum level of reserves ("Minimum Reserve Level") equal to two month's budgeted recurring expenditure with a target level of reserve ("Target Reserve Level") equal to four month's budgeted recurring expenditure.

The Authority generated a surplus in 2024 and accumulated reserves remain above the Minimum Reserve Level.

The Board regularly reviews the Authority's actual and forecast reserves and the Resolution Law allows the Authority to make additional levies should it forecast a need to do so. On this basis, the Board expects that the Authority has adequate resources to continue in operational existence for the foreseeable future and, therefore, the Authority has adopted the going concern basis in preparing its financial statements.

Statement of Board responsibilities in respect of the financial statements

The Board is responsible for preparing the financial statements in accordance with applicable law and regulations.

The Resolution Law requires the Authority to keep proper accounts and proper records in relation to its accounts that permit its financial position to be ascertained with reasonable accuracy at any time and prepare accounts in respect of each financial year and a report on its operations during each financial year. The Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A).

Under the Resolution Law, the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Authority and of the surplus or deficit of the Authority for that year. In preparing the financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 Authority will continue in operation.

The Board is responsible for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is also responsible for keeping adequate accounting records that are sufficient to show and explain the Authority's transactions and disclose with reasonable accuracy at any time the financial position of the Authority and enable them to ensure that the financial statements comply with the Resolution Law.

The Resolution Law also requires that the Authority’s accounts must set out the income and expenditure of the Jersey Bank Resolution Fund (“the Fund”) separately from any other money received, held, or expended by the Authority. The Fund’s income and expenditure during the year is set out on page 35.

Confirmations of members of the Authority

In the case of each member in office at the date the report on operations is approved:

- so far as that member is aware, there is no relevant audit information of which the Authority's auditors are unaware; and
- they have taken all the steps that ought to have been taken as a member in order to be aware of any relevant audit information and to establish that the Authority's auditors are aware of that information.

Independent auditors

PKF BBA Audit and Assurance Limited act as independent auditors to the Authority.

This report was approved by the Board on 24 March 2025 and signed on its behalf by:

M. F. Mitchell (Chair)

Independent auditor's report to the members of the Jersey Resolution Authority for the year ended 31 December 2024

Opinion

We have audited the financial statements of the Jersey Resolution Authority (the 'Authority') for the year ended 31 December 2024 which comprise the Income Statement, the Statement of Financial Position, the Notes to the Financial Statements, including a summary of significant accounting policies and the Income and Expenditure Statement of the Jersey Bank Resolution Fund (the 'Fund'). The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including *Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland* ('United Kingdom Generally Accepted Accounting Practice').

In our opinion, the financial statements:

- give a true and fair view of the state of the Authority's affairs as at 31 December 2024 and of its result for the year then ended;
- give a true and fair view of the Fund's income and expenditure for the year ended 31 December 2024;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Bank (Recovery and Resolution) (Jersey) Law 2017.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Jersey, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information. Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the members

The members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory framework applicable to the Authority through enquiry of management, review of board minutes, industry research and the application of cumulative audit knowledge. We identified the following principal laws and regulations relevant to the Authority:

- Bank (Recovery and Resolution) (Jersey) Law 2017; and
- United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ('United Kingdom Generally Accepted Accounting Practice').

We developed an understanding of the key fraud risks to the Authority (including how fraud might occur), the controls in place to help mitigate those risks, and the accounts, balances and disclosures within the financial statements which may be susceptible to management bias. Our understanding was obtained through review of the financial statements for accounting estimates, analysis of journal entries, walkthrough of the key control cycles in place and enquiry of management.

Our procedures to respond to those risks identified included, but were not limited to:

- Identifying and assessing the design of key controls implemented by management to prevent and detect fraud;
- Enquiry of management and those charged with governance;
- Performance of analytical procedures to identify unusual relationships which may indicate a risk of fraud or an irregularity;
- Review of board minutes;
- Journal entry testing - including analysis of the general ledger to identify entries deemed to represent a higher risk of fraud or error; and
- Assessment of the reasonableness of judgements made by management in accounting estimates.

The inherent limitations of an audit mean that there will always be a risk that irregularities will go undetected, including those which may ultimately lead to a material misstatement. This risk is considered greater where an irregularity results from fraud including misrepresentation, collusion, and forgery.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members, as a body, in accordance with the requirements of the Bank (Recovery and Resolution) (Jersey) Law 2017. Our audit work has been undertaken so that we might state to the 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 Authority and the members as a body, for our audit work, for this report, or for the opinions we have formed.

PKF BBA Audit and Assurance Ltd.

PKF BBA Audit and Assurance Limited
9 Bond Street,
St Helier,
Jersey, JE2 3NP

Date: 27 March 2025

Income Statement

For the year ended 31 December 2024

	Notes	Year ended 31 December 2024 £	Year ended 31 December 2023 £
Income			
Administration Levy	5	495,500	416,500
Total income		495,500	416,500
Expenses			
Administrative service fee	12	82,500	75,000
Members' fees	12	56,873	50,000
Staff costs	12	206,946	212,413
Other administration costs	12	96,233	87,304
Total expenses		442,552	424,717
Net surplus/(deficit) for the year	6	**52,948**	**(8,217)**

All the items dealt with in arriving at the net surplus/(deficit) relate to continuing operations.

There are no recognised gains and losses in the current period other than those included in the net surplus/(deficit) above, therefore no separate statement of other comprehensive income and expenditure has been presented.

The notes on pages 26 to 34 form an integral part of the financial statements.

Statement of financial position

As at 31 December 2024

	Notes	2024 £	2023 £
Fixed assets			
Intangible assets	7	2,119	2,635
Tangible fixed assets	8	155	1,175
		2,274	3,810
Current assets			
Prepayments and Debtors	9	8,510	7,220
Cash and cash equivalents		228,863	171,169
		237,373	178,389
Creditors: amounts falling due within one year			
Creditors	10	86,777	82,277
		86,777	82,277
Net current assets		150,596	96,112
Net assets		**152,870**	**99,922**
Represented by			
Accumulated reserves		152,870	99,922
		152,870	**99,922**

The financial statements on pages 24 to 34 were approved and authorised for issue by the Authority on 24 March 2025, and signed on its behalf by:

M.F. Mitchell

K. Hitchins

The notes on pages 26 to 34 form an integral part of the financial statements.

Notes to the financial statements

For the year ended 31 December 2024

1 General Information

The Jersey Resolution Authority ("the Authority") was established under the Bank (Recovery and Resolution) (Jersey) Law 2017 ("the Resolution Law") on 31 January 2022.

The principal activity of the Authority is its statutory responsibility to prepare for and administer the resolution of banks in Jersey, Channel Islands ("the Island") by minimising the impact of bank failure in the Island and ensuring that public funds are protected.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied during the year under review.

Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention, and presented in pound sterling (£), which is the Authority's functional and presentational currency. All values stated in the financial statements are rounded to the nearest pound sterling.

The financial statements of the Authority have been prepared in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A ("FRS 102 Section 1A"), and the Resolution Law).

Other critical accounting estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Exemptions for small entities

Under FRS 102 Section 1A, the Authority is exempt from:

- Preparing a statement of changes in equity; and
- Preparing a cash flow statement.

Going concern

The Authority is established by the Resolution Law and is funded entirely by Jersey Banks. The Resolution Law gives the Authority power to raise administration levies to cover expenditure and to establish a reserve. The Authority has adopted an Administrative Reserves Policy designed to ensure it maintains a minimum level of reserves (“Minimum Reserve Level”) equal to two month’s budgeted recurring expenditure with a target level of reserve (“Target Reserve Level”) equal to four month’s budgeted recurring expenditure.

Notes to the financial statements (continued)

For the year ended 31 December 2024

2 Summary of significant accounting policies (continued)

Going concern (continued)
The Authority made a surplus in 2024. On 6 December 2024, the Authority issued a Funding Paper setting out its budget and proposed Annual Administration Levy for 2025. Based on this the Authority expects to make a small deficit during 2025. However, accumulated reserves are expected to remain well above the Minimum Reserve Level.

The Board regularly reviews the Authority's actual and forecast reserves and the Resolution Law allows the Authority to make additional levies should it forecast a need to do so. On this basis, the Board expects that the Authority has adequate resources to continue in operational existence for the foreseeable future and, therefore, the Authority has adopted the going concern basis in preparing its financial statements.

Income
Levy income is raised by the Authority on an annual basis to enable it to meet its expected administrative costs in a particular year and to provide or maintain a reserve as detailed under Article 16 of the Resolution Law. Annual administration levies raised by the Authority are recognised on a straight-line basis over that year.

Interest income is recognised using the effective interest method.

Article 22 of the Resolution Law establishes the Jersey Bank Resolution Fund (“the Fund”). Any monies received for the Fund are kept separate from the income of the Authority. See also page 35.

Expenses
All expenditure, including recharges, is recognised on an accruals basis.

Cash and cash equivalents
Cash and cash equivalents comprise of cash at banks. 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.

Financial instruments
The Authority has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets
Basic financial assets, including debtors and cash and bank balances, are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the effective interest method.

Notes to the financial statements (continued)

For the year ended 31 December 2024

2 Summary of significant accounting policies (continued)

Financial assets (continued)

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

Financial liabilities

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price plus attributable transaction costs.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled, or expires.

Trade and sundry creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business and are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes the original purchase price and expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Repairs and maintenance are charged to the income statement during the period in which they are incurred.

Depreciation of tangible fixed assets is calculated so as to write off their cost less estimated residual value on a straight-line basis over their expected useful lives. The estimated useful lives used for this purpose are:

Computer equipment	3 to 5 years

Gains and losses on disposals of fixed assets are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Intangible assets

Intangible assets are stated at historical cost less accumulated amortisation and any impairment losses. Historical cost includes the original purchase price and expenditure that is directly attributable to the development of the intangible asset. Subsequent maintenance and support costs are charged to the income statement during the period in which they are incurred.

Notes to the financial statements (continued)

For the year ended 31 December 2024

2 Summary of significant accounting policies (continued)

Intangible assets (continued)
Amortisation of intangible assets is calculated so as to write off their cost on a straight-line basis over their expected useful lives. The estimated useful lives used for this purpose are:

Computer software	Up to 7 years

The cost of computer software in respect of major systems is capitalised within intangible assets. All other computer software costs are expensed as incurred. Computer systems under development are not amortised until the system has been completed and is ready for use.

Gains and losses on disposal of intangible assets are determined by comparing any proceeds with their carrying amount and are recognised in the income statement.

Impairment
Assets that are subject to depreciation and amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is an indication that an asset may be impaired, it is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Non-financial assets that have been previously 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.

3 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key accounting estimates and assumptions
Management is required to make estimates and assumptions concerning the future. The resulting accounting estimates may not equal the actual outcomes.

However, none of the estimates and assumptions made in the preparation of these financial statements have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within this and the next financial year.

Notes to the financial statements (continued)

For the year ended 31 December 2024

4 Taxation

In accordance with Article 20 of the Resolution Law, the Authority is exempt from the provisions of the Income Tax (Jersey) Law 1961, as amended.

5 Administration levy

	2024 £	2023 £
Annual administration levies	495,500	416,500

Annual administration levies were levied in accordance with Article 16 of the Resolution Law.

6 Net surplus/(deficit) for the year

The net surplus for the year is stated after including the below:

	2024 £	2023 £
Audit fees	10,740	10,573
Depreciation and Amortisation	1,536	1,540
	12,276	**12,113**

Notes to the financial statements (continued)

For the year ended 31 December 2024

7 Intangible assets

	Computer systems £	Total £
Cost		
Balance at 1 January 2024	3,625	3,625
Additions during the year	-	-
At 31 December 2024	3,625	3,625
Amortisation		
Balance at 1 January 2024	(990)	(990)
Charge for the year	(516)	(516)
At 31 December 2024	(1,506)	(1,506)
Net book value at 31 December 2024	**2,119**	**2,119**
Net book value at 31 December 2023	2,635	2,635

Notes to the financial statements (continued)

For the year ended 31 December 2024

8 Tangible fixed assets

	Computer equipment £	Total £
Cost		
Balance at 1 January 2024	3,066	3,066
Additions during the year	-	-
At 31 December 2024	3,066	3,066
Accumulated depreciation		
Balance at 1 January 2024	(1,891)	(1,891)
Charge for the year	(1,020)	(1,020)
At 31 December 2024	(2,911)	(2,911)
Net book value at 31 December 2024	**155**	**155**
Net book value at 31 December 2023	1,175	1,175

9 Prepayments and Debtors and

	2024 £	2023 £
Debtors	1,301	-
Prepayments	7,209	7,220
	8,510	7,220

Notes to the financial statements (continued)

For the year ended 31 December 2024

10 Creditors

	2024	2023
	£	£
Trade creditors	3,128	2,135
Accruals	15,005	16,667
Other creditors	68,644	63,475
	86,777	**82,277**

Other creditors represent the amount payable to the Jersey Financial Services Commission ("the JFSC") regarding the basic services fee and other recharged costs as referred to in note 12.

11 Financial instruments

The Authority's financial instruments are analysed as follows:

	2024	2023
	£	£
Financial assets		
Financial assets measured at amortised cost	230,164	171,169
Financial liabilities		
Financial liabilities measured at amortised cost	86,777	82,277

Financial assets measured at amortised cost comprise cash and cash equivalents and debtors. The comparative figure has been restated to remove prepayments of £7,220.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

12 Related party transactions

Transactions with the Government of Jersey and the Jersey Financial Services Commission

The Authority has been established by the Resolution Law as an independent public body. However, under the Resolution Law the Authority is accountable to the Minister for External Relations. The Resolution Law allows for the Government of Jersey to make grants towards the expenses of the Authority in carrying out its functions. To date no grants have been received.

Notes to the financial statements (continued)

For the year ended 31 December 2024

12 Related party transactions (continued)

The Authority and the JFSC have common representation at governance level with Jill Britton and Monique O'Keefe (respectively the Director General and Deputy Chair of the JFSC) serving on the Board of the Authority. The Authority occupies an office within the JFSC and utilises the JFSC for certain support and administrative services. The Authority entered into an agreement, the Master Services Agreement ("the MSA"), with the JFSC on 31 January 2022 (last updated 13 October 2023) for the provision of various administrative and other support services, including premises, facilities, information technology and human resources. The Authority was charged a fee of £82,500 by the JFSC in 2024 for the services under the MSA (2023: £75,000).

During 2024 the JFSC also recharged the Authority for costs it paid on the Authority's behalf including reimbursement of staff costs of £185,860 (2023: £206,674); and other administration costs of £4,453 (2023: £6,935).

The amount payable to the JFSC as at the year-end was £68,644 (2023: £63,475) (Note 10).

Remuneration of key management personnel

Key management personnel includes all the members of the Board who together have authority and responsibility for planning, directing, and controlling the activities of the Authority. Total remuneration paid to Board members during the year was £55,000 (2023: £50,000). The Director General of the JFSC is not remunerated in respect of their position as a Member of the Authority.

13 Controlling party

In the opinion of the Board, there is no ultimate controlling party.

14 Events after the reporting period

On 27 February 2025, the Authority issued notices to all Jersey Banks setting out the 2025 Annual Administration Levy. The total amount levied of £481,700 (2024: £495,500) is in line with the 2025 Funding Paper issued by the Authority on 6 December 2024.

In the opinion of the Board, no adjustments are required to the financial statements for events after the current reporting period.

Jersey Bank Resolution Fund

For the year ended 31 December 2024

	2024 £	2023 £
Income	-	-
	-	-
Expenditure	-	-
	-	-
Retained funds as at 31 December	-	-

The Jersey Bank Resolution Fund ("the Fund") is established under the terms of Article 22 of the Bank (Recovery and Resolution) (Jersey) Law 2017 ("the Resolution Law") for the purpose of ensuring the effective exercise by the Authority of the resolution powers and application by the Authority of the resolution tools as defined in the Resolution Law. The Fund is controlled, managed, and administered by the Authority however any monies received, held, or expended for the Fund are not included in the income and expenditure of the Authority. The Fund is not pre-funded and, if required, would be funded by contributions from Jersey Banks up to a maximum of £100m in any five-year period. During the current period, no monies were received or expended by the Fund (2023: £nil).