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## ISLAND OF SARK

EXTRAORDINARY MEETING of the CHIEF PLEAS to be held on  
WEDNESDAY 19<sup>th</sup> FEBRUARY 2020 at 7.00 PM  
in the ASSEMBLY ROOM

### AGENDA

1. MATTERS ARISING from the Extraordinary Meeting of Chief Pleas held on Wednesday, 17<sup>th</sup> December 2019.
2. To CONSIDER a Report with two Propositions from the POLICY & FINANCE COMMITTEE entitled "**Agreement to Purchase and Loan Guarantee for Isle of Sark Replacement Passenger Vessel Corsaire Des Iles 2**" (copy attached or to follow).

7<sup>th</sup> February 2020

Paul Armorgie  
Deputy Speaker of Chief Pleas

#### NOTES:

1. This meeting has been called under The Reform (Sark) Law, 2008, Section 32 (2) (b) "by the Deputy Speaker, with the consent of the Seigneur."
2. Under the Provisions of Rule 12(11) of the Rules of Procedure of the Chief Pleas of Sark the Deputy Speaker of Chief Pleas has waived the notice required and allowed this meeting to be called.
3. Anyone wishing to see any of the Reports and Supporting Papers may do so at the Committee Offices, Monday to Friday, 10.30 - 12.30 and 2 - 4.30 and at other times when the offices are open; copies may be obtained from the Committee Office. The Agenda, Reports and Supporting Papers may also be seen on the Sark Government Website at [www.gov.sark.gg](http://www.gov.sark.gg)

## **ITEM 2**

### **POLICY & FINANCE COMMITTEE**

**Report with propositions to Extraordinary Chief Pleas, February 2020**

## **AGREEMENT TO PURCHASE AND LOAN GUARANTEE FOR ISLE OF SARK REPLACEMENT PASSENGER VESSEL CORSAIRE DES ILES 2**

Members of Chief Pleas will be aware of the decision made by the Board of Directors of Isle of Sark Shipping Company Ltd to decommission and dispose of the vessel Bon Marin de Serk and to seek a replacement. Such a replacement has been found which is acceptable to the company. The vessel currently named the Corsaire des Iles 2 is operating under the French flag out of St Malo. The cost of the vessel together with essential modifications and essential spares is £750,000, and the Board have allocated the sum of £450,000 from the company cash reserves, and the bank have agreed to loan the company £300,000. The bank require that Chief Pleas undertakes to guarantee this amount.

Under the Memorandum of Understanding Chief Pleas or a committee on behalf of Chief Pleas have to sanction capital expenditure in excess of £50,000. The prime cost of the vessel is c.£630,000.

With the impending visitor season the replacement vessel is essential to maintain the service to the Island.

Detailed information received from the Company in support of the proposition is attached.

**Proposition 1** – That Chief Pleas approves the purchase of the vessel currently named Corsaire des Iles 2, by Isle of Sark Shipping Company Ltd, for the price of Euros 740,000.

**Proposition 2** - That Chief Pleas authorises the Chairman of the Policy and Finance Committee to execute a guarantee to the lending bank to Isle of Sark Shipping Company Ltd in an amount of £300,000.

**Conseiller Peter la Trobe-Bateman**  
**Chairman, Policy & Finance Committee**

# **Memorandum of Understanding**

## **Between Chief Pleas of Sark and Isle of Sark Shipping Company Limited**

### **1. Purpose**

- 1.1 The Seigneur, Prevot and Treasurer of Sark are shareholders (the 'shareholders') of all the issued shares in the Isle of Sark Shipping Company Limited (the 'Company') holding them in trust on behalf of the Chief Pleas of Sark. The Finance & Resources Committee ('Finance & Resources Committee') is a properly constituted committee of Chief Pleas.
- 1.2 Finance & Resources Committee has been mandated by Chief Pleas to advise Chief Pleas on matters relating to the administration of shareholder functions and duties in respect of the Company.
- 1.3 The purpose of this document is to formalise the relationship between Finance & Resources Committee and the Company by detailing the protocols to be observed in their on-going relationship and setting out the expectations, rights and duties of both parties. In the event that there is an inconsistency between the rights and duties of the Company and the shareholders under the memorandum and articles of incorporation of the Company and those set out in this memorandum of understanding, this memorandum of understanding shall prevail.

### **2. Scope**

This memorandum of understanding:

- 2.1 covers the current expectations placed on the Company by the shareholders and details the documentation, levels of disclosure and liaison expected to enable the Finance & Resources Committee to discharge its duties and to ensure that the Company discharges its corporate governance duties; and
- 2.2 sets out the institutional arrangements that the Finance & Resources Committee has established to exercise its role and responsibilities on behalf of the shareholders in the Company;
- 2.3 details the objectives of the Company agreed between the Board of the Company and the Finance & Resources Committee;
- 2.4 establishes arrangements setting out how the Company will report its performance against those objectives; and
- 2.5 establishes arrangements in relation to the appointment of directors.



This memorandum of understanding shall not act so as to enable or authorise the shareholders or the Finance & Resources Committee to act in any manner that might constitute any of them (including any individual members or employees of those bodies) as, or capable of being regarded as, a shadow director within the meaning of Section 132 of the Companies (Guernsey) Law, 2008.

### **3. Finance & Resources Committee**

3.1 The Finance & Resources Committee shall in its dealings with the Company, have the following objectives, and will,

- (a) Establish clear shareholder objectives for the Company;
- (b) Monitor the Company's performance against appropriate industry benchmarks and quality standards to ensure that the Company delivers cost effective and innovative services which are responsive to their customer's needs and that the Company operates efficiently and responsibly in the best interests of the community and mindful of its responsibilities to its staff;
- (c) Ensure that Chief Pleas is an effective shareholder in the Company; and
- (d) Seek value and appropriate return that provides best value to the Sark economy from the Company for the community, whilst striking a balance with the enabling role the Company plays in supporting the Island and its social, economic and environmental objectives for the long-term benefit of the Island and its community.

3.2 For the avoidance of doubt these objectives do not include the procurement or the setting of the operational and commercial terms upon which the Company provides services, which duties are the mandated responsibility of the Harbours & Shipping Committee. It is however recognised that these issues may from time to time indirectly be a consideration for the Finance & Resources Committee if they arise in the context of the achievement of the objectives in clause 3.1(b) and 3.1(d) above. Notwithstanding that, the procurement and negotiation of operational and commercial terms shall not be a matter for the Finance & Resources Committee unless Chief Pleas shall decide otherwise.

3.3 Chief Pleas have agreed the following specific terms of reference for Finance & Resources Committee:

- (a) Regularly review the guidance ('Guidance') to the Company that Chief Pleas may wish to give on the policies that they wish the Company to pursue in connection with its activities;
- (b) Establish clear shareholder objectives for the Company, including but not limited to, pricing and pricing controls, dividend policies, financial performance, quality of customer service, corporate governance,

sustainability, reputation and compliance with environmental, safety and similar standards;

- (c) Establish the financial, operational and strategic parameters within which the Company can operate with and without reference to the Finance & Resources Committee;
- (d) Engage with the Company on financial matters and hold it to account in terms of its performance against its business plan and shareholder objectives;
- (e) Scrutinise the process employed for the appointment of the Company's Chairman and directors.

3.4 Finance & Resources Committee will appoint a liaison officer who will act as the principal point of liaison between Chief Pleas, Finance & Resources Committee, Harbours & Shipping Committee and the Company on a day to day basis. The liaison officer will assist and support the Company in meeting its obligations under this memorandum of understanding and will provide a sounding board for the Company and its executive directors on matters of shareholder interest. Finance & Resources Committee will take into account the views of the Harbours and Shipping Committee in relation to operational costs, and the pricing structures and levels for passenger and freight services. Nothing in this Memorandum of Understanding shall render the liaison officer as an employee of the Company.

3.5 Finance & Resources Committee and the Company agree that a contribution to the costs reasonably incurred by Finance & Resources Committee in exercising its oversight responsibilities through the liaison officer and Finance & Resources Committee will be charged to the Company. Finance & Resources Committee will provide an estimate to the Company of the anticipated costs to be charged for each year not later than 30<sup>th</sup> October in the preceding year.

#### **4. Strategic Guidance Chief Pleas**

4.1 The Guidance to the Company as at the date of this memorandum of understanding is set out in Schedule 1 and which incorporates six key principles of corporate governance which will be adopted by Finance & Resources Committee. Schedule 1 will be updated from time to time to take account of any changes in legislation or regulation.

4.2 Finance & Resources Committee believes that one of the intended purposes for the original acquisition of the Company was to enable the Company to run more efficiently, provide a resilient financial base for a key strategic transport link, capitalise on opportunities that can make full use of the Company's asset base and investigate new business areas that may be conveniently combined with essential lifeline services to passengers (both Island residents and visitors) and freight.



- 4.3 Finance & Resources will take these matters into consideration in performing the shareholder role.

## **5. Company Objectives**

- 5.1 Finance & Resources Committee has established and agreed shareholder objectives with the Company. These are set out in Schedule 2. This also sets out the Key Performance Indicators and other criteria on which the Company will report to demonstrate its performance against these shareholder objectives.
- 5.2 Schedule 2 also sets out the guaranteed service standards agreed by the Company and the consequences for not achieving them. Schedule 2 will be updated from time to time to take account of any changes to the objectives or in performance agreed between the Finance & Resources Committee and the Company.
- 5.3 The Company will, if required by Finance & Resources Committee, commission a triennial external efficiency review of its operations, the arrangements and terms of reference for which will be subject to the approval of the Finance & Resources Committee. The Company will be responsible for meeting the costs of this review.
- 5.4 The Company will establish and maintain an independent user group to supplement existing methods of communication with its customers. The user group will provide an opportunity for the Company's customers to convey issues, idea and observations on the provision of the Company's services. In addition, as soon as practicable after the Company's Annual General Meeting and the approval of its accounts and in any event within three months of that meeting, the Directors will hold a public meeting to present the accounts, make such comment to the public as they feel appropriate and give the opportunity for the community to make representations regarding the Company (including those relating to the existing service and ideas for new services) to be aired.

## **6. Documentation**

The Company will provide the Finance & Resources Committee with the following documented information:

- 6.1 An annual confidential Shareholder Report which should cover, as a minimum, the following areas:
- (a) a review of the Company's performance against its key objectives and strategic goals;
  - (b) a brief description of the principal challenges and other relevant issues that the Company has dealt with in the preceding year;
  - (c) a review of the principal risks being managed by the Company and the steps being taken to mitigate these risks;

- (d) a review of the Board's effectiveness;
  - (e) an overview of the employment and board appointments of the Company including any changes made during the year or anticipated.
- 6.2 the Company's annual report and accounts;
  - 6.3 the business plan and Company strategy of the Company prepared on a rolling two years basis showing as a minimum, performance against the current year and projections and proposals for the forthcoming year;
  - 6.4 quarterly key performance indicators and financial information reports including profit and loss, balance sheet and cash flow to date and forecast.

A timetable showing the timing of the submission of these reports is shown at Schedule 3. It is acknowledged that some of the documentation will contain confidential or commercially sensitive information which will not be appropriate for publication.

## **7. Meetings and liaison**

- 7.1 The following calendar of shareholder contact shall continue during the period of this memorandum of understanding unless varied by the Finance & Resources Committee:
  - (a) Annual meeting between the Finance & Resources Committee and representatives of the Company (to include the Chairman, Managing Director and Finance Director) to review and discuss the shareholder report, the annual report and accounts and the remuneration report;
  - (b) Annual meeting between the Finance & Resources Committee and representatives of the Company (to include the Chairman, Managing Director and Finance Director) to review and discuss:
    - Strategic issues, including company performance;
    - Financial matters including the latest management accounts;
    - Risk and assurance issues
    - Current or upcoming events;
    - Developments and updates to the strategic plan for the following calendar year; and
    - Development of and updates to the Business Plan.
  - (c) Annual AGM.
- 7.2 A timetable showing the timetable of these meetings is included in Schedule 3.



- 7.3 Regular dialogue and liaison will be maintained between the Company and the Finance & Resources Committee's liaison officer to ensure that there are no surprises for either party and to ensure that any matters that may have political implications can be discussed with Finance & Resources Committee in advance.

**8. Matters to be referred to Finance & Resources Committee**

- 8.1 From time to time matters will need to be referred to the Finance & Resources Committee either for approval or for information. Those matters that are reserved for decision by the Finance & Resources Committee are set out in Schedule 4.
- 8.2 Prior sight should be given to the Finance & Resources Committee, for information only, of any press release that deals with a significant announcement on the basis that there should be no surprises for either party.

**9. Corporate Governance Issues**

Finance & Resources Committee is required by Chief Pleas to ensure that the Company complies with best practice on corporate governance, including financial management and controls and, as such, Finance & Resources will expect the following minimum requirements to be in place within the Company:

**9.1 Appointment of Directors**

- (a) The appointment of the appropriate Non-Executive and Executive Directors is essential to the performance of the Board and to the Shareholder in achieving its objectives. Therefore, there should be a formal, rigorous and transparent procedure for the appointment of new Non-Executive and Executive Directors to the Board, which should be agreed beforehand with Finance & Resources Committee;
- (b) All such appointments shall be in accordance with the Company's Articles of Incorporation and any relevant legislation except that the Chairman (and any Deputy Chairman) of the Board of Directors who chair director's and shareholder meetings shall be those persons agreed by Finance & Resources to be the Chairman and Deputy Chairman unless they are not present at that meeting and in which case the provisions of the Articles shall apply;
- (c) Any Director appointments will need to be approved by Chief Pleas on the recommendation of Finance & Resources Committee;
- (d) Current guidance from the Finance & Resources Committee is that there will be a general presumption that Non-Executive Directors will serve for two consecutive terms of three years. The Company's board of directors are entitled to request Finance & Resources Committee to agree to the appointment of a Non-Executive for a third term of up to three years where such re-appointment would be in the best interests of the Company, having

regard to the Non-Executive Directors performance and contribution, and the need for continuity. Where a request is agreed, it is unlikely that Finance & Resources Committee will consent to any further period beyond the nine years period.

## **9.2 Internal Control**

A sound system of internal control including financial, operational, compliance and risk management controls, must be in place to ensure effective governance of the Company's finances and resources.

## **9.3 Remuneration and Nominations Committee**

The Company is responsible for ensuring that there is a formal and transparent procedure for developing policy on executive remuneration and for framing the remuneration packages of individual directors and employees. No director or employee must be involved in deciding his or her own remuneration.

Levels of remuneration should be sufficient to attract, retain and motivate directors of the quality required to run the Company successfully while avoiding paying more than is necessary for the purpose. A proportion of the Executive Directors' remuneration may be structured so as to link rewards to corporate and individual performance.

The Company will be responsible for leading on the process for appointing new Non-Executive Directors, such process to be subject to the approval of the Finance & Resources Committee. No recommendations shall be put forward to the Finance & Resources Committee without supporting evidence of a thorough and effective skills analysis and the support of the Company's board of directors.

## **9.4 Periodic review of the Company's Articles of Incorporation**

The Company and the Finance & Resources Committee shall co-operate to review periodically but at least once every five years, the Company's Articles of Incorporation to ensure that they are fit for purpose and take due regard to changes in company and other legislation and the requirements of the Finance & Resources Committee generally.

## **10. Dividend Policy**


The Finance & Resources Committee will issue periodic guidance to the Company setting out its expectations in respect of dividends. The Company's board of directors will recommend the dividend for approval by Finance & Resources Committee at the Annual General Meeting, taking into account any such guidance, as well as the Company's strategic plans, its investment plans and available financial resources, its current and projected future debt levels and the overall best interests of the Company.




## 11. Period and Legal Status of Memorandum of Understanding

This memorandum of understanding will be reviewed after a period of three years from the date of its signature or at such earlier time at the instigation of the Finance & Resources Committee.

This memorandum of understanding is not intended by the parties to be legally binding.

Signed:   
For and on behalf of Chief Pleas acting by  
and through Finance & Resources  
Committee Finance  
Name W G Raymond  
Title Deputy Chairman  
Date 24/1/19

Signed:   
For and on behalf of The Isle of Sark  
Shipping Company Limited  
Name PAUL MARTIN BURWARD  
Title EXECUTIVE DIRECTOR  
Date 18 SEPTEMBER 2018

## Schedule 1

### Chief Pleas Guidance to The Isle of Sark Shipping Company (the 'Company')

1. The extent of the services of the Company shall be to carry on business as a shipping company operating in relation to both passengers and freight all the year round and primarily between Sark and Guernsey (the shipping services). Services to other Channel Islands, together with other services that are ancillary or related to or may be conveniently combined with the shipping services may be carried on with the prior approval of the Finance & Resources Committee.
2. The services are a lifeline service and are therefore of fundamental importance to the economic development and the wellbeing of the Island of Sark and its residents, visitors and businesses.
3. The Company shall at all times maintain its operating licence (operating licence) issued under the Alderney and Sark (Licensing of Vessels) Law 1951.
4. The operational requirements of Chief Pleas in relation to the services are contained in a Service Level Agreement made between Chief Pleas acting by and through the Harbours & Shipping Committee and the Company. The detail and specification of the operational requirements for the services are outside the terms of this memorandum of understanding, but it is a requirement of this memorandum that the Company shall at all times comply with its obligations contained in the Service Level Agreement.
5. Financial performance targets for the Company shall be set so as to:

- 5.1 deliver improved efficiency in fulfilling the requirements of the Service Level Agreement and the operating licence; and
- 5.2 achieve as soon as is practicable an appropriate commercial return on the resources employed in the provision of the services.
- 6. Policies and strategies for the Company shall be consistent with the economic, social and environmental policies adopted from time to time by Chief Pleas.
- 7. The Company shall be required to comply with best practice on corporate governance, financial management and controls.

The following are the six principles of Corporate Governance to be adopted by Finance & Resources Committee in its dealings with the Company:

**1. Governance Frameworks**

Where appropriate ensure that corporate governance of the Company is compliant with the principles of the UK Corporate Governance Code (formerly known as the Combined Code) and fits the needs of Chief Pleas and the Company.

**2. Strategy**

Set overall objectives for the Company, including taking responsibility for resolving any conflict with the strategies of the government, agree plans with the Company for delivering those objectives and be politically accountable for their delivery.

**3. Appointments**

Recommend to Chief Pleas appointments for the Chairman of the Company (and Deputy Chairman) and actively participate in other Board appointments.

**4. Remuneration and Incentivisation**

Set or agree remuneration principles so that management and shareholder interests are aligned.

**5. Financing and investments**

Work with the Company to optimise capital structures, agree dividend policy and approve significant investments and realisations.

**6. Monitoring and intervention**

Monitor performance to ensure that the strategic plan is on track and that shareholder interventions are timely and well informed.



## Schedule 2

### Shareholder Objectives

The objectives set for the Company in this memorandum of understanding are as follows:

- Provide a rate of return on shareholder capital employed to be agreed between the Company and Chief Pleas;
- A commercial return on any loan finance from Chief Pleas;
- Competitive passenger fares and freight rates;
- Customer satisfaction feedback and or scores at or above a level to be agreed;

With overall summary of objectives being to:

- Demonstrate good and externally benchmarked customer satisfaction;
- Provide a reliable transport service for passengers and freight at competitive and, where appropriate benchmarked, prices;
- Demonstrate good customer and environmental behaviour in all respects, establishing externally benchmarked measurements where possible;
- Deliver its business plan and report to Finance & Resources Committee on progress.

The specific objectives agreed between Harbours & Shipping Committee and the Company are set out in more detail in the Service Level Agreement.

### Key Performance Metrics

In support of the above objectives, the following Key Performance Indicators apply:

Area	Objective	Key Performance Indicator	Notes
People	Employer of Choice	Staff Turnover (Voluntary) Employee Survey	% turnover  Employee Engagement Rating (3 yearly)
	Health and Safety	Lost Time Injury Frequency Rate	Time Lost and Day accidents
	Well Being	Absence	Working Days lost to sickness %
	Maximising Potential	Achievement of Development Goals	Performance Management System
Operations	Effective Use of Assets	Availability of Vessels	Time available for service
	Operational Efficiency	Reliable Service	Compliance with

			published timetables passengers % Compliance with published timetables freight %
		Repairs and maintenance	No of days unplanned for which vessels taken out of service
Customer	Customer Satisfaction Meet Expectation	Number of bookings Service Standards Customer Satisfaction  Price	Breakdown of type Guaranteed and overall Customer Survey Results Benchmarks with similar services
	Manage Perceptions	Media Coverage	Planned v Unplanned media coverage
	New Business	Opportunity Identified	New services planned / implemented
Finance	Margins	Profit / Loss	Financial analysis
	Effective costs control	Budget expenditure analysis	Variance
	Grow the business	Sales	% increase
	Financial Covenants	Loan repayments	Compliance with loan obligations
	Return	Return on capital employed	Meet targets
Community	Being a good neighbour	Complaints about core activities	Resolution within agreed time frame
	Caring for the Environment	Environmental Objectives	Compliance with agreed KPI's
	Community Engagement	Money / Time participation	Record
	Tourist Opportunities	New Initiatives	Record

### Schedule 3

#### Timetables

#### Timetable for Submission of Reports and Documentation

Item	Frequency	Guide Date
Shareholder Report	Annual	30 <sup>th</sup> June
Remuneration Report	Annual	30 <sup>th</sup> June
Annual Report & Accounts	Annual	30 <sup>th</sup> June
Business Plan (and Strategic	Annual	3 months before the start of



Plan)		the financial year
KPI's and Financial Performance Report	Quarterly	Within 6 weeks of quarter – end

#### Timetable for Meetings

Meeting	Topic	Guide Date
Finance & Resources Committee	Shareholder Report, Remuneration Report Annual Report & Accounts	April / May
Finance & Resources Committee	Strategic issues, including company performance; financial matters; risk and assurance; current and upcoming events; annual business plan.	November / December
AGM		July /August

## Schedule 4

### Matters for Referral to Shareholder

The Articles of Incorporation contain formal restrictions on the power of the Directors to act without the consent of the Authority. However, the following more extensive matters are reserved to the shareholder for decision / approval (which include those items specified in the Articles) unless otherwise agreed by Finance & Resources:

1. Allotment and transfer of Company shares;
2. Alteration of the Company's Share Capital;
3. Appointment and Remuneration of Non-Executive Chairman and Directors;
4. The removal of any Director;
5. Annual Strategic Plan, including tariff strategy, and any material derivations from it;
6. Determination of dividend policy;
7. Approval of a dividend;
8. Approval of the annual report to the shareholder and the accounts;
9. Alteration of the Company's memorandum and articles of incorporation;
10. Appointment, re-appointment or removal of external auditor;
11. Establishment of any subsidiary company;
12. Any proposed sale, lease or encumbrance of any vessel or property;
13. Material litigation prosecuted or defended by the Company;
14. The sale or acquisition of any corporate entity (including the Company);
15. Material investments or divestments greater than £50,000;
16. Merger with or takeover by another Company;
17. Change of Company name;
18. Winding up of Company;
19. The creation of any indebtedness other than non-material matters in the normal course of business;

The Company is also required to bring all matters which have the potential to attract political interest to the Finance & Resources Committee's attention prior to them being made the subject of any formal media releases. Examples of these include (but not limited to:

- Cessation of any services;
- Disposal of a Vessel
- Potential industrial action
- Material service issues
- Redundancies



**From:** Paul Burnard <Paul.Burnard@SarkShipping.gg>

**Sent:** 17 April 2020 15:55

**To:** 'Rito, Duarte (Local Banking, RBS International)' <duarte.rito@natwestint.com>

**Cc:** 'Gill' <p.gill@cwgsy.net>; Yan Milner <yan@sarkshipping.gg>; 'Richard Graham' <rgraham@cwgsy.net>; Andrew Cook <andycook@cwgsy.net>; 'mark.dunster@careyolsen.com' <mark.dunster@careyolsen.com>; Conseiller William Raymond <william.raymond@sarkgov.co.uk>

**Subject:** Request for funding under States Loan Guarantee Scheme

Hi again Rafael

Chief Pleas have instructed us to immediately make an application for funding under the States backed loan guarantee scheme.

In the event of the agreed loan funding not being forthcoming, our requirement will be for an aggregate facility of £775k, as per the attached.

I look forward to hearing from you as to how we can progress this further.

Have a good weekend.

Kind regards

Paul Burnard  
Executive Director  
The Isle of Sark Shipping Co. Limited

01481-724059; 07781-112336

paul.burnard@sarkshipping.gg

# Corsaire Purchase Update 31<sup>st</sup> Jan 2020

Update following IOSS meeting with Sark Policy and Finance representatives and IOSS Board meeting.

- Business case has been updated/corrected.(copy attached to e mail)

Subsequent to meeting

- We have had confirmation from Bureau Veritas that we need to re-submit details/drawings for the following four items before BV will undertake the physical confirmation on the build see extract of e mail below:

The "to be dealt with" comments can be left until the surveys, the "to be resubmitted" have to be closed prior to surveys.

For LPO1613019 – valves are to be operable from above the main deck

LPO1612717 – An air pipe drawing showing location or pipes/vents, height and type of head need to be provided

LPO1612718 – Drip trays are to be provided under filters/filling points etc to avoid oil spillages and catch any overflow

LPO1611918 – Propeller drawing to be submitted

I will pass the annotated comments sheet back to Plan Approval, but you will need to provide further responses, drawings and updated drawings.

As above we can't undertake the surveys until the drawing review is completed and all "to be resubmitted" comments closed by Plan Approval.

- IOSS have commissioned a Naval architect (Ian Swan) to visit the vessel and compile the required plans/drawings. We are awaiting firm date but indicated first week of February.
- Vessel certification. The expiry of the French certification will not be an issue as the Affaire Maritime certification will not be required for the re-flagging.
- Atlantique Marine Services (the brokers) have informed us that the owners are getting concerned with regards to the time that the sales process is taking. It is likely that they will require us to sign a contract in the next week to ten days. (Given the information we have had from the surveys and the feedback from BV I am confident that we could go ahead with the sale before we complete all the required paperwork with very little risk to the outcome.
- The bank have confirmed that we will be able to take the loan for £300,000 and confirmed that the money guaranteed will not be ring-fenced in the Sark finances. We expect to have the heads of terms by end of first week of February.

# Timeline & Status

## The process:-

To obtain a UK/Guernsey passenger certificate the vessel requires a certificate to certify that the vessel was built to class rules and standards. The certificate covers Hull, Machinery, Electrical, Control and Bilge pumping systems MSF1218, under either EU Domestic Passenger Shipping Directive 2009/45 or the MCA Small Seagoing passenger Ships Code.

In order to obtain the certification we are working with Bureau Veritas:

BV have completed the first part of a plan/drawing review using the vessel builders original drawings. We have been asked for further information/feedback on a few of the drawings and we are dealing with these this week.

None of the queries relate to major items or issues, however, if any corrective actions are required we will not be able to carry them out until we have purchased the vessel.

In parallel to the work with Bureau Veritas we have also commissioned and completed two independent surveys, using the P&F preferred surveyors. The initial reports from both surveyors are encouraging and no major issues have been highlighted. The bank have also undertaken a condition and valuation survey that can/will be used against any loan.

Before taking any further steps we will be waiting for the surveyors full reports.

Once the reports have been assessed and the Company is confident that the vessel could be put into operation and any finance required obtained the Company will apply to P&F for permission to spend the money for the purchase and apply for any approvals required from Chief Pleas for guarantee against any bank loan.

## Timeline:-

1	13 <sup>th</sup> - 19 <sup>th</sup> January	<ul style="list-style-type: none"> <li>Review of survey reports and assessment of work required.</li> <li>Response to Bureau Veritas observations from the drawing/plan review – awaiting information and feedback from current owners.</li> <li>Arrange meeting with P&amp;F.</li> </ul>
2	20 <sup>th</sup> – 26 <sup>th</sup> January	<ul style="list-style-type: none"> <li>Board to approve purchase and modifications.</li> <li>Discuss any loan finance options with Bank. ( 30<sup>th</sup> January - Bank loan has been approved and bank have confirmed that amount guaranteed will not require ring fencing in Sark Accounts)</li> </ul>
4	27 <sup>th</sup> – 31 <sup>st</sup> January	<ul style="list-style-type: none"> <li>Meet with P&amp;F to discuss purchase and Finances</li> <li>Obtain required permissions.</li> </ul>
5	3 <sup>rd</sup> – 16 <sup>th</sup> February	<ul style="list-style-type: none"> <li>Chief Pleas (loan guarantee)</li> <li>If all Ok sign contract for purchase</li> </ul>
6	21 <sup>st</sup> February 3 <sup>rd</sup> -21 <sup>st</sup> February	<ul style="list-style-type: none"> <li>Vessels current certification expires.</li> <li><del>Work to be undertaken to maintain certification and assuming purchase agreed; any work required to comply with UK flag/code requirements. BV have advised that the Affaire Maritime certification will not be require. Owners have indicated that they do not have the resource to do the work.</del></li> <li>Surveyor has been commissioned to provide required drawing for BV as indicated in the feedback from the drawing/plan review.</li> </ul>
7	1 <sup>st</sup> week April target date for service	

# **Sark Venture Update**

- The re engine project on the Sark Venture is on the timeline. And currently within the budget.
- Engine room and tank spaces have been blasted cleaned and re-painted
- Gearboxes have been serviced/refurbished and will be delivered back to the vessel for fitting Monday 3<sup>rd</sup> February.
- Exhausts and silencers will also be fitted week commencing 3<sup>rd</sup> February.
- Cabin has been blasted and re-painted, seats refurbished for re-fitting.
- Radar and plotter due to be fitted week commencing 3<sup>rd</sup> February

Target for engine commissioning 3<sup>rd</sup> week of February.

MCA have been booked for the first week of March (first available date for the MCA)



---

**From:** rsdebt [mailto:rsdebt@gov.gg]  
**Sent:** 30 March 2020 14:47  
**To:** Paul Burnard  
**Subject:** RE: Deferral

Good Afternoon Paul,

**Isle of Sark Shipping Co Ltd – 204530**

Further to your email below, I can confirm that it is acceptable that you will be deferring the payments of the first and second quarter 2020 employer social security contributions.

You will still be required to submit the social security returns as usual before the relevant deadlines (15 April and 15 July), but you will only be required to pay the employee share.

In due course we will need to discuss a reasonable payment plan in respect of the employer contributions for these periods.

In respect of the **ETI (Income Tax)** and the **employee social security contributions**, unfortunately we cannot allow deferral of these payments. However, that said, I accept that you are wanting to enter into some form of late payment plan.

This payment plan will take the form of paying the employees deductions for the first quarter over the following three months (e.g. if first quarter liability is £3,000.00 then we would allow the firm to pay that liability off at £1,000.00 per month for April/May & June).

In addition to the above there is other financial support open to you and I attach a document outlining those. Please ensure that you direct those requests to the correct e-mail as we are just dealing with the tax and Social aspect.

Kind Regards

**Sabrina Carre**  
**Debt Management Officer**  
**Revenue Service**  
**States of Guernsey**

Tel: +44 (0)1481 705753  
Internal: (680) 2253

---

**From:** Paul Burnard [mailto:Paul.Burnard@SarkShipping.gg]  
**Sent:** 27 March 2020 11:04  
**To:** financial Support <financial.Support@gov.gg>  
**Cc:** Yan Milner <yan@sarkshipping.gg>; Jeanine Fallaize <accounts@sarkshipping.gg>  
**Subject:** Deferral

Good morning

Whilst your offer of deferring rent and employer social security contributions, it would be very much appreciated if you would permit us to additionally defer payment of the employee social security and ETI contributions for the following reasons:

1. As you will appreciate we are very much a seasonal tourist related business; as such, we retain all of our permanent staff and crew during the winter (when we generally lose in the region of £300k) to enable us to deliver the best possible service during the season;

2. We generally start to generate positive cash flow in the lead up to Easter, with many people booking their tickets online, and paying for them, 3 to 4 months in advance. Due to the virus, no such bookings have been forthcoming;
3. Due to the lockdown, we have no passenger traffic at present;
4. We would normally have sufficient cash reserves to get us through the next couple of months but those have been exhausted by our purchasing a new vessel for £650,000, which has been fully paid for; as an aside, we are unable to get the vessel to Guernsey, as it is in St Malo and is itself locked down.

We would therefore be grateful if you would permit us to defer payment of all ETI, Social Security and rent payments which fall due for payment in April.

Kind regards

Paul Burnard  
Executive Director  
The Isle of Sark Shipping Co. Limited

01481-724059; 07781-112336

[paul.burnard@sarkshipping.gg](mailto:paul.burnard@sarkshipping.gg)

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## Alison Wilson

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**From:** Paul Burnard <Paul.Burnard@SarkShipping.gg>  
**Sent:** 09 April 2020 12:27  
**To:** 'Treasurer Sarah Hudson'  
**Cc:** Conseiller Sandra Williams; Policy & Finance; Peter Gill; rgraham@cwgsy.net; Mark Dunster; Andrew Cook; Yan Milner; Rito, Duarte (Local Banking, RBS International)  
**Subject:** RE: Covid 19 - notification of Financial support application to States of Guernsey.  
**Attachments:** Updated Freight forecast 9.4.pdf  
**Importance:** High

Hi Sarah

The bank has just called me to advise that they have requested sanction for a partial drawdown of the loan, amounting to £200k.

I am copying our relationship manager in on this e-mail so that he can confirm my understanding, or advise otherwise if it is incorrect.

They expect to have approval in principle before close of business today. The drawdown will be subject to Chief Pleas consent because, whilst their guarantee is in place, the mortgage over the vessel won't be, as it cannot be executed until the vessel is on the British Ship Registry, or local equivalent. Such registration cannot be achieved until lockdown is over, as it is necessary for the Registration authority to travel to inspect the vessel, which is currently marooned in St Malo.

Following the conversation with the bank, I revisited the freight only forecast and took out the £5,000 allowance for completing the works on the Venture (on hold until the Registration authority is able to visit to carry out its inspection); the 2 x £9,500 rent to States of Guernsey (their support document stated that rent payable to SOG could be deferred); and I have changed the insurance premium of £42k in July to a monthly payment of £3,500.

The revisited forecast is attached and you will note that we will not hit our overdraft facility of £150,000 until the end of August, 4.5 months hence. We will clearly have a good deal more certainty about our position in the next two/three months, well ahead of when additional support may be required.

In regard to that support, we do need an early indication of what Sark is willing to do, as that will influence the Board's decisions in this matter.

I hope this is of assistance, and am happy to discuss with you over the phone.

Kind regards

Paul Burnard  
Executive Director  
The Isle of Sark Shipping Co. Limited

01481-267359; 07781-112336

paul.burnard@sarkshipping.gg

---

**From:** Treasurer Sarah Hudson [mailto:treasurer@sarkgov.co.uk]  
**Sent:** 08 April 2020 19:33  
**To:** Paul Burnard  
**Cc:** Conseiller Sandra Williams; Policy & Finance  
**Subject:** RE: Covid 19 - notification of Financial support application to States of Guernsey.

Thanks for getting back to me so quickly Paul.

P&F are hoping to meet tomorrow.

Please can you keep me updated on the loan situation, so I can keep P&F informed.

Thanks again

Best wishes

Sarah Hudson  
Treasurer of Sark  
La Chasse Marette  
Sark  
GY10 1SF  
Tel: 01481 832576  
Fax: 01481 832577



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**From:** Paul Burnard <Paul.Burnard@SarkShipping.gg>  
**Sent:** 08 April 2020 19:25  
**To:** Treasurer Sarah Hudson <treasurer@sarkgov.co.uk>  
**Cc:** Conseiller Sandra Williams <sandra.williams@sarkgov.co.uk>; Policy & Finance <policy.finance@sarkgov.co.uk>  
**Subject:** Re: Covid 19 - notification of Financial support application to States of Guernsey.

Thanks very much Sarah.

I would be grateful if when P & F meet it could be made clear to William that we are not blackmailing you in any way at all, as has alleged to one of our Board.

It is our duty as directors not to trade whilst insolvent and we will be in that position without support.



In regard to the loan funds I escalated this to the bank's head of local lending today, and am expecting a result tomorrow.

Kind regards

Stay safe and well

Sent from Paul Burnard's iPhone

On 8 Apr 2020, at 18:50, Treasurer Sarah Hudson <[treasurer@sarkgov.co.uk](mailto:treasurer@sarkgov.co.uk)> wrote:

Dear Paul

In response to Yan's email, Policy and Finance will be meeting to discuss.  
Before this, please can you confirm you have now received the £300k loan funds from Natwest.

Best wishes

Sarah Hudson  
Treasurer of Sark  
La Chasse Marette  
Sark  
GY10 1SF  
Tel: 01481 832576  
Fax: 01481 832577

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**From:** Yan Milner <[yan@sarkshipping.gg](mailto:yan@sarkshipping.gg)>  
**Sent:** 08 April 2020 15:46  
**To:** Conseiller William Raymond <[william.raymond@sarkgov.co.uk](mailto:william.raymond@sarkgov.co.uk)>; Paul Burnard <[paul.burnard@sarkshipping.gg](mailto:paul.burnard@sarkshipping.gg)>; Treasurer Sarah Hudson <[treasurer@sarkgov.co.uk](mailto:treasurer@sarkgov.co.uk)>; Policy & Finance <[policy.finance@sarkgov.co.uk](mailto:policy.finance@sarkgov.co.uk)>  
**Cc:** Conseiller Sandra Williams <[sandra.williams@sarkgov.co.uk](mailto:sandra.williams@sarkgov.co.uk)>  
**Subject:** RE: Covid 19 - notification of Financial support application to States of Guernsey.

Dear William

Thank you for your response we do appreciate that these are extraordinary times and it was for this reason that we chose to make an initial approach to the Guernsey Authorities for support rather than direct to the shareholders.

However, we feel that it is only appropriate that Chief Pleas and indeed the residents of the island itself are apprised of the extremely serious financial situation that, due to the current situation, we find ourselves in.

Financial support from Guernsey and indeed our bank is not guaranteed and far from certain; please be assured that the management and the Board will continue to pursue this option as far as we can

but Guernsey is facing similar challenges to Sark at this time and therefore we must be realistic with regard to the amount of assistance that may be forthcoming.

For this reason we urgently need some comfort and re-assurance from Sark that support will be available by the end of this month rather than risk losing the Company and the service.

As is indicated in our forecasts we are unlikely to be able to continue any operations including the cargo service beyond the end of April or sooner. The Company's financial liabilities will continue to grow in spite of our best cost saving efforts. The cargo service is integrated into the operation as a whole and supported by the revenue from the passenger ticket sales. Even if it were possible to remove any current debt and operate the cargo service completely independently we have calculated that it is not self-sustaining in the medium to long term even when cargo volumes are at a "normal" level.

Sark's economy is almost totally reliant on tourism. The passenger part of the business is crucial to the future and current livelihood of a very large proportion of the residents of Sark; even a temporary loss, as now, has a huge negative impact. If IOSS was to go out of business it would be extremely difficult to re-institute or rebuild a passenger service. If a replacement passenger service could be put in place the time scale required would undoubtedly extend the time it would take to rebuild the visitor economy back to the current levels and put further strain on Sark's finances.

We do appreciate your personal views and comments but given the seriousness of the situation and the potential consequences we would request that the forecasts and covering letter are put before the full committee and indeed Chief Pleas. The Directors would be more than happy to answer any questions or queries and to investigate with yourselves any alternative strategies to carry us through the current crisis.

In view of the seriousness of the situation we find ourselves in would you please confirm soonest that Policy and Finance are in possession of the facts and Chief Pleas as a whole are aware of the situation.

For your information we have copied in the Lieutenant-Governor Vice Admiral Sir Ian Corder as the licensor for the Guernsey Sark shipping route.

Thank you for your time and attention.

Yours sincerely

*Yan Milner*

Isle of Sark Shipping  
Managing Director  
Mobile 07781 161744  
Office 01481 724059

[www.sarkshipping.gg](http://www.sarkshipping.gg)

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**From:** Conseiller William Raymond [<mailto:william.raymond@sarkgov.co.uk>]

**Sent:** 07 April 2020 11:44

**To:** Paul Burnard; Treasurer Sarah Hudson; Yan Milner; Policy & Finance

**Cc:** Conseiller Sandra Williams

**Subject:** Re: Covid 19 - notification of Financial support application to States of Guernsey.

Dear Paul

Whilst the balances shown in the accounts look healthy, we were forced to agree to construct a new slaughterhouse following the Bailiwick Food and Feed legislation and that will cost about £400k. We have still to resolve the maintenance of the electricity supply, and that is shrouded in mystery as the company has apparently changed hands.

You will appreciate that the lock down has deprived many here of an income as they cannot work. This will place a considerable financial strain on the Procureurs (our Social Security) and whilst a hardship fund has been launched it is currently well short of any meaningful figure.

Tax revenues for the current year will also be short of budget, not just the indirect taxes, diminished by the lack of visitors, but also the personal taxes due to people being laid off.

My own view is that we should safeguard the community here ensuring that they are cared for and fed before we alleviate the banking position of IOSS. I realise of course that the freight service is key to the aim, but that operates at a positive gross margin.

We are currently evaluating the island position and so this opinion is prior to any form of revised forecast. But I would suggest that Chief Pleas as the shareholder of IOSS is not like a normal investor and has duties to the community here which place it in a special category which I would expect the bank to understand. I would hope that you would feel able to approach the bank saying that because of its other commitments Chief Pleas does not feel able to offer financial support at this time.

I will place this before the committee if you wish, but they will have a copy of my views.

Best wishes

William

---

**From:** Paul Burnard <[Paul.Burnard@SarkShipping.gg](mailto:Paul.Burnard@SarkShipping.gg)>

**Sent:** 07 April 2020 10:26

**To:** Treasurer Sarah Hudson <[treasurer@sarkgov.co.uk](mailto:treasurer@sarkgov.co.uk)>; Yan Milner <[yan@sarkshipping.gg](mailto:yan@sarkshipping.gg)>; Policy & Finance <[policy.finance@sarkgov.co.uk](mailto:policy.finance@sarkgov.co.uk)>

**Cc:** Conseiller Sandra Williams <[sandra.williams@sarkgov.co.uk](mailto:sandra.williams@sarkgov.co.uk)>

**Subject:** RE: Covid 19 - notification of Financial support application to States of Guernsey.

Hi Sarah

We have sent the forecasts etc to the bank but, in the first instance, any company seeking finance should ascertain if its shareholder/s is/are both in a position, and willing, to offer support – this is something which the bank will no doubt ask.

Therefore, if I may be so bold, would Chief Pleas be willing to assist our lifeline service financially in any way at all, as I note from your 2019 financial statements that you had bank balances of £1.5 million at 31 December 2019?



As you will no doubt appreciate, IOSS borrowing the money from Chief Pleas will avoid our paying money to an external third party.

Kind regards

Paul Burnard  
Executive Director  
The Isle of Sark Shipping Co. Limited

01481-724059; 07781-112336

[paul.burnard@sarkshipping.gg](mailto:paul.burnard@sarkshipping.gg)

---

**From:** Treasurer Sarah Hudson [<mailto:treasurer@sarkgov.co.uk>]  
**Sent:** 03 April 2020 16:17  
**To:** Yan Milner; Policy & Finance  
**Cc:** Conseiller Sandra Williams; Paul Burnard  
**Subject:** RE: Covid 19 - notification of Financial support application to States of Guernsey.

Dear Yan

Thank you for the latest forecasts for the company.  
I will have a look at them and get back to you if I have any queries.

In the meantime, I have attached a media release from the States of Guernsey in relation to their Loan Guarantee scheme.  
I understand that you would approach your bank in the first instance, for support during the duration of Covid-19's impact.

Best wishes

Sarah Hudson  
Treasurer of Sark  
La Chasse Marettte  
Sark  
GY10 1SF  
Tel: 01481 832576  
Fax: 01481 832577

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**From:** Yan Milner <[yan@sarkshipping.gg](mailto:yan@sarkshipping.gg)>  
**Sent:** 03 April 2020 15:57  
**To:** Policy & Finance <[policy.finance@sarkgov.co.uk](mailto:policy.finance@sarkgov.co.uk)>  
**Cc:** Conseiller Sandra Williams <[sandra.williams@sarkgov.co.uk](mailto:sandra.williams@sarkgov.co.uk)>; Paul Burnard <[paul.burnard@sarkshipping.gg](mailto:paul.burnard@sarkshipping.gg)>  
**Subject:** Covid 19 - notification of Financial support application to States of Guernsey.

Dear Sirs

Please find attached the Company's latest financial forecasts and a copy of a request for financial support from States of Guernsey.

The board has taken the view that considering the latest financial forecasts and the likelihood of an early recovery becoming more and more remote; we need to take action sooner rather than later.

We believe that the correspondence and financial forecasts are self-explanatory, but should you require any further information or have any questions or queries please revert to either myself or Paul.

We hope you will agree that the approach we have taken is the best course of action at this time. We appreciate that the current situation will put a significant strain on the Sark finances and economy and as a Guernsey registered company the Board felt that an approach to Guernsey in the first instance was probably the best course of action.

We would expect that Chief Pleas/P&F will be contacted by Guernsey; if not we will keep you informed of any progress or discussions.

Thank you and regards

*Nan Milner*

Isle of Sark Shipping  
Managing Director  
Mobile 07781 161744  
Office 01481 724059

[www.sarkshipping.gg](http://www.sarkshipping.gg)

# **ISLE OF SARK SHIPPING**

Pandemic Cash Flow Forecast - Freight Only updated 9 April 2020

## **INCOME**

Freight Income

Mail contract

**Total Income (X)**

## **EXPENSES**

### **Freight only**

Fuel

Crane Hire & harbour dues

Quay expenses

### **Company costs**

Health & Safety

Wage costs (net of States subsidy - until September only)

Employer Social Security

Refund bookings made for 2020 season

Vessel Maintenance

Directors fees

Printing and Stationery

Advertising

Other Property Costs - Utilities etc

Finance Overhead and Bank Costs

Bank loan repayments

Insurance

Vehicle Expenses

Training, Uniforms etc

Telephone & Postage

Computer Expenses

Other Overheads

**Total Payments (Y)**

### **Net Outflow (Y-X)**

Bank Balance/(Overdraft) brought forward

Quarter 1 ETI & Social Security

February supplier accounts

Bank loan funds (net of related costs)

Bank Balance/(Overdraft) carried forward

	OPTION B					
	April	May	June	July	August	September
Freight Income	20,000	20,000	20,000	20,000	20,000	20,000
Mail contract	1,274	1,274	1,274	1,274	1,274	1,274
<b>Total Income (X)</b>	<b>21,274</b>	<b>21,274</b>	<b>21,274</b>	<b>21,274</b>	<b>21,274</b>	<b>21,274</b>
<b>EXPENSES</b>						
<b>Freight only</b>						
Fuel	1,200	1,200	1,200	1,200	1,200	1,200
Crane Hire & harbour dues	2,157	2,157	2,157	2,157	2,157	2,157
Quay expenses	2,467	2,467	2,467	2,467	2,467	2,467
<b>Company costs</b>						
Health & Safety	.....Expenditure already paid.....					
Wage costs (net of States subsidy - until September only)	24,977	24,977	24,977	24,977	24,977	24,977
Employer Social Security	2,808	2,808	2,808	2,808	2,808	2,808
Refund bookings made for 2020 season	22,776					
Vessel Maintenance	500	500	500	500	500	500
Directors fees	1,000	1,000	1,000	1,000	1,000	1,000
Printing and Stationery	100	100	100	100	100	100
Advertising	500	500	500	500	500	500
Other Property Costs - Utilities etc	750	750	750	750	750	750
Finance Overhead and Bank Costs	300	300	300	300	300	300
Bank loan repayments	4,325	4,325	4,325	4,325	4,325	4,325
Insurance				3,500	3,500	3,500
Vehicle Expenses	100	100	100	100	100	100
Training, Uniforms etc	.....Expenditure already paid.....					
Telephone & Postage	600	600	600	600	600	600
Computer Expenses	2,250	2,250	2,250	2,250	2,250	2,250
Other Overheads	1,000	1,000	1,000	1,000	1,000	1,000
<b>Total Payments (Y)</b>	<b>67,809</b>	<b>45,033</b>	<b>45,033</b>	<b>48,533</b>	<b>48,533</b>	<b>48,533</b>
<b>Net Outflow (Y-X)</b>	<b>(46,535)</b>	<b>(23,759)</b>	<b>(23,759)</b>	<b>(27,259)</b>	<b>(27,259)</b>	<b>(27,259)</b>
Bank Balance/(Overdraft) brought forward	(142,060)	(12,434)	(53,073)	(93,711)	(120,971)	(148,230)
Quarter 1 ETI & Social Security	(16,879)	(16,879)	(16,879)			
February supplier accounts	(6,960)					
Bank loan funds (net of related costs)	200,000					
Bank Balance/(Overdraft) carried forward	(12,434)	(53,073)	(93,711)	(120,971)	(148,230)	(175,490)



## Alison Wilson

---

**From:** aloz@cwgsy.net  
**Sent:** 21 October 2020 19:05  
**To:** Alison Wilson  
**Subject:** FW: IOSS current situation.

Pls print

Regards, Andrew Ozanne

---

**From:** Chief Secretary Zannette Bougourd <zannette.bougourd@sarkgov.co.uk>  
**Sent:** 21 October 2020 11:35  
**To:** aloz@cwgsy.net  
**Subject:** Fwd: IOSS current situation.

Emails re insolvency IoSS.  
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**From:** Paul Burnard <[Paul.Burnard@SarkShipping.gg](mailto:Paul.Burnard@SarkShipping.gg)>  
**Sent:** Monday, May 4, 2020 11:15 AM  
**To:** Conseiller William Raymond  
**Cc:** Conseiller Sam La Trobe-Bateman; Yan Milner; Conseiller Sandra Williams; Gill; Andrew Cook; Mark Dunster; [rgraham@cwgsy.net](mailto:rgraham@cwgsy.net); Policy & Finance  
**Subject:** Re: IOSS current situation.

William

You have the audited accounts at 30 September 2019 which gives the value of the vessels.

I would reiterate that we are looking at the cash flow issue not an excess of liabilities over assets

Sent from Paul Burnard's iPhone

On 4 May 2020, at 11:02, Conseiller William Raymond <[william.raymond@sarkgov.co.uk](mailto:william.raymond@sarkgov.co.uk)> wrote:

Dear Paul

I had hoped to receive a statement of affairs showing an up to date evaluation of the company position. A Balance Sheet shows the historic cost which is not an up to date appraisal

A Statement of Affairs is a normal precursor to any contemplation of insolvency proceedings.

Many thanks

William

---

**From:** Paul Burnard <[Paul.Burnard@SarkShipping.gg](mailto:Paul.Burnard@SarkShipping.gg)>  
**Sent:** 04 May 2020 07:30

**To:** Conseiller Sam La Trobe-Bateman <[sam.latrobe-bateman@sarkgov.co.uk](mailto:sam.latrobe-bateman@sarkgov.co.uk)>; Yan Milner <[yan@sarkshipping.gg](mailto:yan@sarkshipping.gg)>  
**Cc:** Conseiller Sandra Williams <[sandra.williams@sarkgov.co.uk](mailto:sandra.williams@sarkgov.co.uk)>; Gill <[p.gill@cwgsy.net](mailto:p.gill@cwgsy.net)>; Andrew Cook <[andycook@cwgsy.net](mailto:andycook@cwgsy.net)>; Mark Dunster <[mark.dunster@careyolsen.com](mailto:mark.dunster@careyolsen.com)>; 'rgraham@cwgsy.net' <[rgraham@cwgsy.net](mailto:rgraham@cwgsy.net)>; Policy & Finance <[policy.finance@sarkgov.co.uk](mailto:policy.finance@sarkgov.co.uk)>  
**Subject:** RE: IOSS current situation.

Good morning Sam

Please find attached the information requested. I am not sending you the detailed debtors report, as that could constitute a breach of GDPR.

Whilst I understand why you have requested the Balance Sheet (Statement of Affairs) and asked about judgment debts (there are none) it is not that which is important at this stage – as previously advised it is the short term cash flow requirement.

You are implying that the granting of the requested facility from NatWest is a mere formality but it is nothing like that and, as you are aware, they will want to engage with Chief Pleas in regard to security and support.

The board has no great wish to start Administration proceedings, HOWEVER, most regrettably, we are not able to wait in the hope that other moneys arrive, but are obliged to pay debts as they fall due, failing which we will be in breach of the solvency test as set out in Section 527 (1)(a) of The Companies (Guernsey) Law, 2008. This includes crew ETI and Social Security contributions which – as again you are aware - are now overdue for payment to SOG.

The Directors are obliged to act within the Law which makes clear the obligations placed upon them, as well as the penalties and personal liability for non-compliance. Unfortunately, we do not have the leeway or right to do any other. We feel sure that the Shareholders would not unwittingly be directing us to knowingly break the law.

Kind regards

Paul Burnard  
Executive Director  
The Isle of Sark Shipping Co. Limited

01481-724059; 07781-112336

[paul.burnard@sarkshipping.gg](mailto:paul.burnard@sarkshipping.gg)

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**From:** Conseiller Sam La Trobe-Bateman [<mailto:sam.latrobe-bateman@sarkgov.co.uk>]  
**Sent:** 03 May 2020 15:35  
**To:** Yan Milner  
**Cc:** Conseiller Sandra Williams; Paul Burnard; Gill; Andrew Cook; Mark Dunster; 'rgraham@cwgsy.net'; Policy & Finance  
**Subject:** Re: IOSS current situation.

Dear Yan,

Thank you for your email received this morning. The Policy & finance Committee have met to discuss the points you raise and, in order to be able to give a considered response require the following information.

A statement of affairs, with detailed information regarding IOSS current assets and liabilities.

A list of outstanding and/or unsatisfied judgements against the Company .

Your justification for considering placing the Company into administration, before your application for assistance within the SOG loan scheme has been processed, and your reasoning why this is considered to be in the best interests of the Company and its shareholders.

We are acutely aware that this situation is potentially catastrophic for Sark and we **must** have detailed information, general numbers are not sufficient to enable a proper response.

Please can you submit this information before 10am, tomorrow, Monday 4th May 2020.

We will then contact you to arrange further discussions.

Best wishes

Sam La Trobe-Bateman

Chairman of Policy and Finance Committee  
La Chasse Murette  
Sark  
GY10 1SF

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**From:** Yan Milner <yan@sarkshipping.gg>  
**Sent:** Sunday, May 3, 2020 10:11 am  
**To:** Conseiller Sam La Trobe-Bateman  
**Cc:** Conseiller Sandra Williams; Paul Burnard; Gill; Andrew Cook; Mark Dunster; 'rgraham@cwgsy.net'  
**Subject:** IOSS current situation.

Dear Sam

We are writing to you to emphasise our serious ongoing and increasing concerns with regard to the current financial viability of the Company in both the short and longer term and the need to arrive at a more concrete agreed position of support.

The Board have very serious concerns regarding the current situation and the apparent changes in the approach of P&F with regard to supporting the Company's immediate financial obligations. We are grateful for the committee's decision to cover our requirements to cover staff wages, however, the effect that the change in approach to the delay in the payment of the employees States Insurance contribution and income tax does have serious implications and the apparent inability of the Company to cover its commitments and previous promises regarding the payment dates has raised further red flags within the SOG. I have copied below the response from the States of Guernsey following .



Dear Paul,,

**Income Tax Reference: OX 009169**

**Social Security Reference: 204530**

I received the email below yesterday from Zannette Bougourd and I have to admit I was a little confused as I was under the impression that this had all been agreed with yourself. I have since checked our records and can confirm that this arrangement is showing as agreed on our records but I could not find that we ever responded to you on this matter. May I therefore offer you my apologies and ask that you accept this email as confirmation of the agreement as indicated in the calculation below. The calculation below I should add is exactly the same as the one provided by yourself.

Please note that I did not copy Zannette Bougourd or your accounts team into this email.

Kind Regards,

Tony Hamon  
Debt Management Officer

**ETI (Income Tax)**

<b>Pay By</b>	<b>Reference</b>	<b>Amount</b>
	OX	
30/04/2020	009169	£ 8,912.40
	OX	
30/05/2020	009169	£ 8,912.40
	OX	
30/06/2020	009169	£ 8,912.40
		<u>£ 26,737.20</u>

**Social Security (Employee Share)**

<b>Pay By</b>	<b>Reference</b>	<b>Amount</b>
30/04/2020	204530	£ 7,966.21
30/05/2020	204530	£ 7,966.21
30/06/2020	204530	£ 7,966.21
		<u>£ 23,898.63</u>

Dear Paul,

Many thanks for the information. In the current circumstances where you are awaiting a loan through the SOG loan support scheme it would be entirely reasonable to go back to the SOG noting this and offering to pay them as the first priority.

I have always found the ETI department very helpful and reasonable, hopefully if you can give them a reasonable timeline for the loan they will agree to this suggestion.

Kind regards

Zannette Bougourd  
Chief Secretary

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We believe that the response makes it clear that we are NOT being given any further leeway. (Please note that the monies listed in the above email are NOT company funds but amounts held by the company on behalf of employees)

Given the issues Paul and I arranged a conference meeting between ourselves, Chris Morris and Joe Brown (Assistant Treasurer SOG) to see if we could obtain any deferment of costs or further support. They re-emphasised that they could not intervene in the bank loan request process to short cut the requirements or speed up the banks decision.

In conclusion the Assistant Treasurer and Chris Morris both felt the civil servants had done as much as they could, and that now was the time to escalate it politically. He will therefore brief Lyndon Trott, whom the Directors have stated they will engage with if necessary.

Prior to the meeting Paul had calculated what the Company's financial position would be by next Wednesday, after the deposit has matured, the o/d reduced back to £200k, all supplier March bills paid, and the ETI and Social Security which was due. Were that to be done we would be in excess of our overdraft limit with little prospect of repaying it in the next 9 months without the applied for loan arrangements being in place.

Paul therefore yesterday informed the Directors that, absent any funding by next Weds, He would be recommending to the Board that we apply to the Court to - at the very least - place the Company in administration. This is not a place that the Directors want to be in but you must be aware that the Directors as individuals would/could become personally liable for the debts if the regulations are not followed and therefore cannot risk further or ongoing exposure. In addition two of the Directors are Jurats, one is an Advocate and a third is a Deputy of the States of Guernsey and they are unwilling and unable to consider any actions that would put them or the company in a grey area where the law is concerned.

Please do not view this e mail as a threat, but as a summary of the position. None of the Board wish to walk away from our responsibilities at this crucial time, however, we do need support to move forward. We do fully appreciate that Sark PLC also faces serious social and financial challenges in both the short and long term and we are not privy to the other financial considerations that you may be wrestling with. We would like to suggest that serious consideration is once again given to signing the letter of comfort provided by the bank to allow the drawdown of £200,000 of the £300,000 agreed loan against the purchase of the Corsaire des Iles. This likely could be done quickly and would provide the funding to give the breathing space to arrange the further funding required through the States Guaranteed loan scheme. The Board would as required keep our costs and activities within the agreed forecast last provided to the ROS. This would mean the further funding (if approved) would fall within the unsecured limit of £250,000 guaranteed by the SOG. If there remains some nervousness with regards to Sark's financial exposure we are agreed that the signing over of Company assets ( Sark Viking or one of the other vessels) to Chief Pleas could be investigated and implemented for the duration of the Guarantee or until such time as the mortgage on the Corsaire is put in place.

Once again please be assured that the Board is fully committed to finding a mutually acceptable way through the current crisis that preserves the Company and its long term viability as the provider of the lifeline link.

We have not currently shared or copied this e mail outside of the Company and the recipients. We would be more than happy to discuss the contents and approach with yourself, and any that you choose to share with before any further distribution. We are on a fairly critical timeline so an early response would be appreciated.

Both Paul and I am happy to take a call at any time.

Thank you in advance for your time and consideration in these extremely difficult times.

For and on behalf of the Board of Directors

*Yan Milner*

Isle of Sark Shipping  
Managing Director  
Mobile 07781 161744  
Office 01481 724059

[www.sarkshipping.gg](http://www.sarkshipping.gg)



**The Isle of Sark Shipping Company Limited**  
**Conference call Board Meeting – Monday 20<sup>th</sup> April 2020**

Meeting opened by teleconference @15:30

**Present:**

I Milner  
P Burnard  
M Dunster  
A Cook  
R Graham  
P Gill

Also present members of P&F and Harbours Pilotage and Shipping representing the shareholders.

ITM confirmed that following ROS instructions the company had made an initial application to the bank for a loan under the SOG "Loan Guarantee Scheme".

Also confirmed that the latest projections had been updated and forwarded to the ROS. It was once again stressed that the Board viewed the situation as extremely serious and would like the ROS to confirm that it would support the Company.

Feedback was requested reference Mr W Raymond's approach to the bank to amend the letter of comfort to wording that is more acceptable to P&F.

Mr Raymond confirmed he had spoken to the bank and they were unwilling to change the wording of the letter of comfort. Therefore he would not support the signing of the letter of comfort to allow IOSS to draw down the £200,000 from the £300,000 agreed loan as the basis of the loan had changed from the conditions of the guarantee signed off by Chief Pleas.

A Cook pointed out that Chief Pleas had agreed to a non-secured loan so there was in essence no contradiction or change in the Chief Pleas position.

Mr Raymond however, stated that personally he would not be in favour of signing the letter.

Asked if he would take the request back to Chief Pleas he declined to do so.

The meeting moved on to the question of what the Company could/should do in the meantime as it would be a number of days before any loan from the bank may be given and there was a question as to if the Company could pay salaries that week and the creditors.

The ROS (Sam la Trobe-Bateman) indicated that the ROS would be willing to support the continued operation by covering the payroll and the and the creditor payments in the short term.

The Company was instructed to look at further cost savings, particularly by reducing headcount and working hours as a condition of obtaining longer term support from the ROS.

The Board agreed to look at further savings but Cpt. P Gill warned that the cuts would possibly prove detrimental in the medium to long term and would limit the ability of the Company to make a recovery when the situation returned to something more normal.

Board members also stressed to the ROS that forecasts and budgets would need to reflect the Company's ability to repay any loan in the longer term and if the cuts went too far they would have an impact on the Company's future ability to generate revenue to enable it to service the loan.

ITM informed the meeting that it would be up to a week before the business case for the support loan was completed at which time it would be approved by the Board and copied to the ROS before being presented to the Bank.

SlaTB agreed that an update of IOSS's circumstances would be presented to Chief Pleas on Wednesday 22<sup>nd</sup> April 2020.

Board agreed to arrange another meeting once the updated forecast and savings are agreed by the board.

Meeting closed

of £50,000 to general creditors and a further liability of £50,600 with only cargo revenue coming in and no short term prospect of revenue from passenger traffic in order to not make the financial situation worse work was stopped.

During the same period staff hours were reduced to 30 hours per week rather than the contracted minimum of 38 hours. (We have had feedback that Trident continued to work on their vessel, however, the work they were undertaking was all in house with no contracted labour and technically they had not obtained permissions to carry on working). Also unlike Trident we were operating the lifeline cargo service. As part of our strategy to ensure that there would be no break in the cargo service crew worked a week on cargo 3x crew (30 hours) and a week self-isolating at home. This was done so that we siloed the crew (at the time the headcount was 7 crew) so if we did have a Covid case (real or suspected) we would be able to substitute in the siloed crew to maintain the service (in hindsight this may seem like overkill but at the time with cases in Guernsey increasing we had no idea what or for how long we would need to continue. We also started working with the States of Guernsey to put in place the payroll support scheme to further save on cost. This situation continued through to May at which time we negotiated with the States of Guernsey to be able to furlough staff on the minimum wage when we cut the crew level down to 5, all who were on reduced hours and subsidised by the states.

When the Bailiwick travel opened up again in June we took a conservative approach at the start and informed P&F and Shipping of our intended approach, there was positive feedback from Sandra/shipping but no other formal feedback or suggestions. (see attached Isle of Sark Shipping 2020 Summer Schedule) this was sent out to all stakeholders in Sark. Also attached is the document sent to P&F and shipping to outline our approach (see attached: IOSS objectives, schedule and the impact on the financial forecast.) It was made clear that as we had no indication that the Covid situation may have led to the Bailiwick travel bubble being open for a long period that it would be prudent to build a cash reserve before we re-commenced work on the Venture. We had put contingency in place if the Belle or the Viking (cargo vessel) broke down during this period. We had also ascertained that despite Bailiwick travel re opening the MCA, engine commissioners (Proteum), and the surveyors (Longitude) would not travel at this time June. As late as August the MCA declined to travel to Guernsey.(see below)

**From:** Javed Munir [<mailto:Javed.Munir@mcga.gov.uk>]

**Sent:** 18 August 2020 10:56

**To:** Yan Milner

**Cc:** Christopher D Alcorn; Mark Bickell; Southampton Marine Office

**Subject:** RE: Isle of Sark Shipping - Sark Venture Lightship and incline survey

Good Morning Yan

As explained in our telephone conversation , I wanted to confirm that currently MCA surveyors are not travelling overseas for surveys and neither attending ships arriving into mainland UK ports from overseas as a policy control measure for Covid 19.

The situation is monitored constantly and should there be any ease in above restrictions we would be more than happy to attend the Sark Venture.

Please keep in touch with Mark / Southampton MO for further updates.

Thank you

kind Regards

Javed

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**Capt. Javed Munir**  
**Maritime and Coastguard Agency**

**Principal Marine Surveyor**



## Isle of Sark Shipping

### Pandemic Funding requirement

#### Summary

- 1 Funding totalling £444,435 will be required to enable the Company to operate a bare bones service, and keep within its overdraft limit of £150,000.
- 2 The previously agreed loan of £300,000 for Corsaire des Iles will not be drawn down; it is however possible that that element of the £444,435 will not be eligible for the States Loan Guarantee Scheme because it is effectively re-financing the pre-agreed loan.
- 3 Not drawing the loan will result in the overdraft facility reducing to £150,000.
- 4 The bank balance of £149,138 at 30 September 2021 should, together with the overdraft facility of £150,000, be sufficient to finance the Company's operating deficit during the winter of 2021/22.

444,435	Total funding requirement, in addition to overdraft facility
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### Pandemic cashflow scenarios

Employee	Department	Hours per week	Gross weekly		States Support £ (max 35 per hour hours)	Option A Cost to IOSS	Option B Reduction in cost	Option B cost to IOSS	Option C cost to IOSS	Redundancy cost (13 weeks)*	20 hours	38 hours	38 hours	Payroll Co- funding	
			Rate per hr	pay							crew - 15	admin	admin		
											hours	15	increased to		
											freight admin	hours	20hr		
														£6.80/hour	
1	Skipper	38.00	19.89	755.82	6.80	238.00	517.82	159.12	358.70	517.82	397.80	755.82	755.82	136.00	
2	Skipper	38.00	23.63	897.94	6.80	238.00	659.94	189.04	470.90	659.94	472.60	897.94	897.94	136.00	
3	Skipper	38.00	22.51	855.38	6.80	238.00	617.38	180.08	437.30	617.38	450.20	855.38	855.38	136.00	
4	Skipper	38.00	22.51	855.38	6.80	238.00	617.38	180.08	437.30	617.38	450.20	855.38	855.38	136.00	
5	Crew	38.00	14.70	558.60	6.80	238.00	320.60	117.60	203.00	320.60	294.00	558.60	558.60	136.00	
6	Freight	25.00	14.63	365.75	6.80	170.00	195.75	0.00	195.75	195.75	219.45	219.45	292.60	102.00	
7	Freight	38.00	16.60	630.80	6.80	238.00	392.80	132.80	260.00	392.80	332.00	630.80	630.80	136.00	
8	Engineer	38.00	16.60	630.80	6.80	238.00	392.80	132.80	260.00	392.80			630.80		
9	Engineer	38.00	19.50	741.00	6.80	238.00	503.00	156.00	347.00		8,200				
10	Engineer	38.00	16.60	630.80	6.80	238.00	392.80	132.80	260.00		9,633				
											8,200				
											26,033				
											2616.25	4773.37	5477.32	918.00	
											weekly	weekly	weekly	weekly	
											20 hours		38 hours 1 x		
											per week		Sark added -		
											PB 5hr	38 hours	used for zero		
											accounts	plus 2	hours AD Hoc	Payroll Co-	
											20hr	counter	crew/Office	funding	
11	Management	5.00	30.10	150.50	6.80	34.00	116.50	0.00	116.50	116.50	150.50	150.50	150.50	34.00	
12	Management	38.00	21.25	807.50	6.80	238.00	569.50	170.00	399.50	569.50	425.00	807.50	807.50	136.00	
13	Management	38.00	27.25	1,035.50	6.80	238.00	797.50	218.00	579.50	797.50	545.00	1,035.50	1,035.50	136.00	
14	Accounts	25.00	26.84	671.00	6.80	170.00	501.00	0.00	501.00	501.00	536.80	536.80	536.80	136.00	
15	Office	38.00	11.86	450.68	6.80	238.00	212.68	94.88	117.80			450.68	450.68		
16	Office	38.00	18.15	689.70	6.80	238.00	451.70	145.20	306.50						
17	Office	38.00	11.86	450.68	6.80	238.00	212.68	94.88	117.80	212.68		450.68	450.68		
18	Office	38.00	18.15	689.70	6.80	238.00	451.70	145.20	306.50	451.70					
19	Sark Office	8.00	12.86	102.88	6.80	54.40	48.48	0.00	48.48	48.48	102.88	102.88	102.88		
20	Sark Office	8.00	11.86	94.88	6.80	54.40	40.48	0.00	40.48	40.48			94.88		
zero hours														325	
Ad Hoc to cover quay and crew - should be split across both															
											29,650				
											1760.18	3,534.54	3,954.42	442.00	
											weekly	weekly	weekly	weekly	