

**Jersey Homes Trust**

**Annual report and financial statements**

**For the year ended 31 December 2011**

# **JERSEY HOMES TRUST**

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# JERSEY HOMES TRUST

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## *Trustees*

Michael Van Neste (Chairman)  
Adv Phillip Le Cornu (Secretary)  
Martyn Scriven (Treasurer)  
Ian Moore (Accountant)  
Christopher Clarke  
(Developments Director)  
Paul Labesse (Estates Director)  
Frank Dearie (Governance)

## *Independent Auditors*

PricewaterhouseCoopers CI LLP  
Chartered Accountants  
Twenty Two Colomberie  
St Helier  
Jersey, JE1 4XA

## *Legal Advisers*

Ogier  
Ogier House  
The Esplanade  
St Helier  
Jersey, JE4 9WG

## *Managing Agent*

Brunel Management Limited  
48-50 New Street  
St Helier  
Jersey, JE2 3TE

**JERSEY HOMES TRUST**  
**CHAIRMAN'S REPORT**  
**For the year ended 31 December 2011**

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The provision, scope and objectives of social housing in Jersey are under intense review following the publication of the Whitehead Review, which was commissioned by a previous Housing President. The process has been named the "Housing Transformation Programme" and it is nothing less than that.

Under Deputy Andrew Green, the re-elected Housing Minister, the Housing Department has embarked on a programme aimed at converting itself into an entity at arm's length from the States, with more similarities to a Housing Trust than a government department. Housing trusts offer solutions and advantages which are understood and accepted to be of benefit to the community and to the States.

The perceived advantages to the Department in obtaining arm's length status include financial independence and access to funding facilities unavailable to it as a Government body. If successful, the Department will be able to start work seriously to remedy years of neglect to its housing stock. Many millions of pounds need to be spent to bring Jersey's publicly owned housing up to the "decent homes" standard that is the norm in the UK. The Minister will need to concentrate for the next few years on this essential task.

Very little new social housing for rental has been developed in recent years while awaiting the Whitehead Review and a new strategy for the sector. For a number of years there has been a moratorium on support by the States for any new developments by housing trusts. As a consequence, waiting lists are growing and the shortage of affordable rented housing is becoming acute. Developments of first-time buyer and "Homebuy" housing schemes have also dried up. Whilst we remain the largest provider of social rented housing after the States, and pride ourselves as caring and efficient landlords, our primary objective of developing new housing is now entirely unfulfilled.

The Transformation Programme is addressing the role and the functions of the housing trusts and their relationship with the Department. Housing trusts in Jersey are not-for-profit bodies controlled and managed by unremunerated trustees. They are seen as offering choice to social housing tenants, saving manpower costs to the States and giving some hope to applicants for accommodation who fall outside the strict criteria operated in the past by the Housing Department. The Jersey Homes Trust ("JHT") has funded the development of £100 million of new social housing by way of borrowing in the private sector, on account of its financial independence, the standing of its Trustees and its excellent track-record for financial management and reporting.

JHT is participating enthusiastically with the Transformation Programme and we are fully supportive of its aims. We are more than appreciative of the level of consultation taking place. We wish the Minister well and look forward to a new era in Jersey when the needs of social housing are better understood and supported. Under review in particular at the present time are the arrangements that cap rental increases, the setting up of the Affordable Housing Gateway and the proposed regulation of the sector.

JHT rentals are capped under the "fair-rents" scheme which ensures that JHT rents are no higher than those of equivalent homes in the public sector. Rental increases in recent years have been set at levels well below the rate of inflation. We are content that our tenants should enjoy this benefit, but it is also in the interests of our tenants that we meet our financial commitments, to offer continuity and efficiency of management and services and the proper maintenance of our housing stock.

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When the Housing Department operates as a private-sector landlord there will need to be a new formula that will set and govern social housing rentals, under the auspices of the regulator, who should himself be independent of the Minister and Government.

The Affordable Housing Gateway commences operation on 1<sup>st</sup> January 2012. The Gateway seeks to centralise the processing of all applications for all forms of social housing. In future, therefore, there will be a single waiting list for rental accommodation (as well as for the other forms of social housing, e.g. Homebuy). The housing trusts will have access to the list and will, in future, allocate homes to applicants from the list. The advantages include transparency, efficiency, better reporting, fairness and the avoidance of duplication. The Gateway will become an invaluable tool in the compilation of reliable statistics of housing need.

The practical implementation of the scheme has required extensive and close working together by our managers at Brunel with Dominique Caunce and her Gateway team. The efficient working of the Gateway, the issues of Data Protection, information sharing, IT implications and documentation have all been addressed in a spirit of helpful co-operation. This has served to create a healthy environment and a sense of mutual understanding that I feel has been invaluable.

Although JHT has always allocated its homes on the basis of need, with very careful attention to fairness and matching the right home to the right applicant, there have been those in the community motivated to suggest otherwise. With the introduction of the Gateway we can finally put that disrespectful innuendo to rest. We shall continue to allocate our homes to those most in need of social housing and our allocation processes will be virtually unchanged.

When the Housing Department achieves independence, it is proposed that a single independent regulator will be responsible for the whole sector and that the re-constituted Housing Department will be subject to the same regulation. We have been asking for regulation for many years because it is vital that our operations command confidence and the support of the community. We are hopeful that the regulation will not be unduly bureaucratic or costly to administer.

When the JHT was established 17 years' ago there was a clear understanding of its role and the basis of its funding. The passage of time has resulted in some erosion of this understanding. All of our developments and acquisitions have been funded by the borrowing of £100 million from Jersey banks, supported in some cases by capital subsidies from the States. The Trust is therefore very highly geared, much more so than housing associations in the UK. It has been able to enjoy these beneficial arrangements only with the support of the States, in the form of letters of comfort to the banking institutions concerned. Included in the letters is an undertaking by the States to subsidise some of the interest chargeable to the Trust as well as assurances that the borrowing is supported by the States. The letters have been crucial both in obtaining the funding and in achieving historically low rates of interest.

More recently the letters of comfort have not been so well understood and have been seen, by some, as an undesirable cost to the States. That is to completely misunderstand the reality. The development of 750 homes for social housing could not be contemplated or achieved, in Jersey or elsewhere, without substantial governmental interventions and subsidies. It is a responsibility of the States to provide social housing and in the most efficient manner achievable. Housing trusts exist to assist the States in this responsibility.

**JERSEY HOMES TRUST**  
**CHAIRMAN'S REPORT**  
**For the year ended 31 December 2011**

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The competitive rates of interest secured by JHT through the letters of comfort have actually saved the States considerable expense that otherwise would have been necessary to support the level of development required.

The low rates of interest payable by the Trust in the current economic conditions have not required interest subsidies from the States in the last two years. Moreover, the Trust has been able to accumulate some unreserved cash surpluses as a consequence of these low rates. Trustees are conscious that the primary objective of the Trust is to procure new social housing and that there is an acute shortage of social housing in Jersey. It is proper, therefore, that most of these surpluses should be reserved for further development. We are presently engaged in researching potential developments and I report regularly to the Housing Minister, whose support I am grateful to acknowledge.

The Trust understands that the fiscal challenges facing the States are good reason to consider the possible advantage of mitigating exposure to future subsidies. Discussions by Trustees with Treasury officials are ongoing. Utilising cash resources of the Trust in such connection would do nothing for social housing as it would rule out options for investing in new homes, which is our principle objective. The present arrangements have served the Island well. Should the States be required to re-commence payment of the subsidy, it would be in a situation of economic revival and a much improved fiscal environment. There would seem to be a clear case for investing present surpluses in new housing on terms requiring no additional subsidies from the States and to leave the historic arrangements unchanged. The cost to the States in supporting new housing would be merely a continuing affordable exposure under their existing commitment.

A large housing development would also be of benefit to a depressed construction industry and of economic benefit generally to the Island. Increasing the supply of affordable housing is the best means of alleviating poverty. Any large development by the Trust requires the relevant support and encouragement of the three key ministries of Treasury, Planning and Housing. My Trustees would welcome clear and unambiguous encouragement to engage and invest in a bold development initiative.

As part of the Housing Transformation Programme, a 30-year business model for the Trust has been constructed by consultants to the Housing Department. The main parameters driving the model are interest rates and rental growth. The rental growth predicted by the model might be difficult to achieve at times of economic austerity. It is also the case that interest rates are impossible to predict with any certainty. The model may, therefore, be unreliable in its projections. Trustees will be willing to engage in discussions informed by the outcomes of the model. However, the model is not a suitable platform for strategic decision making. It cannot be relied upon to replace the existing subsidy arrangement, which is the core provision of the letters of comfort. It can never be utilised to transfer the interest-rate exposure from the States to the Trust.

# **JERSEY HOMES TRUST**

## **CHAIRMAN'S REPORT**

### **For the year ended 31 December 2011**

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In March 2011 the Trust conducted a satisfaction survey of all tenants on all the Trust's estates and properties. The response rate was 34%, considered high in marketing terms. Key responses included:

77% enjoyed living in their homes.	17.8% tended to agree.
73% considered the property managers polite and courteous.	18% tended to agree.
69% were happy with the way that repairs were handled.	22.6% tended to agree.
75.5% considered maintenance staff courteous.	20% tended to agree.

A question relating to nuisance from anti-social behaviour was posed for the first time.

76% agreed or tended to agree that they were not inconvenienced by anti-social behaviour.

77.7% would recommend a friend to live in a JHT home. 14% tended to agree.

105 respondents made individual comments. A proportion of respondents took the option of making anonymous responses. Every comment made, unless made anonymously, will be individually followed up by our property managers.

Our managers routinely send satisfaction questionnaires to tenants requesting maintenance call-outs. There were 1,887 call-outs referred to contractors in 2010. 86.4% of respondents expressed satisfaction with the service received.

The Trustees have decided that general satisfaction surveys of all tenants will be made every three years in future.

The Trust's website ([www.jerseyhomestrust.org.je](http://www.jerseyhomestrust.org.je)) has been revamped and I am very pleased with the result. Comprehensive information is available from the site including the Trust's annual independently audited financial statements.

My discussions with States' bodies have been assisted by my informal meetings with the Chairmen of Les Vaux Housing Trust (Ken Hewitt) and CTJ Housing Trust (Diarmuid Lynes). I am grateful to them for their trust and friendship and I am sure that they too feel that they derive benefit from our exchanges. Our intention is to assist the Housing Minister in his discussions with the Trusts by endeavouring to avoid a fragmented situation which would be of no benefit to any of the participants.

I was delighted that Deputy Andrew Green was re-elected as Housing Minister and by an emphatic majority of States Members. Clearly they feel as I do that the Minister has started well and have confidence that he will be instrumental in delivering more and improved social housing and a better life for Jersey people. My Trustees join with me in congratulating the Minister and look forward to working with him in the challenging months and years ahead.

#### **Annual benchmarking of performance:**

There follows as usual our annual benchmarking review (compiled in 2011), which is based on a comparison of the Trust's performance with the performance indicators of UK housing associations. The Trust out-sources all of its administration and management, much of it to firms with which Trustees have a connection. The review demonstrates the cost-effectiveness of these arrangements, which are entered into under strict controls. The review should not be utilised to compare the performance of the Trust with UK local authority or the States Housing Department results, as they are not like-for-like.

**JERSEY HOMES TRUST  
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**Annual benchmarking of performance - continued**

The table of results follows.

***THE JERSEY HOMES TRUST***

**Annual Benchmarking of Performance (2010)  
against Performance of UK Housing Associations (2009)**

	<b>UK Associations</b>	<b>Jersey Homes Trust</b>
Average stock	4,666	741
Vacant Stock	1.0%	0.0%
Vacant Stock available to let	0.9%	0.0%
Average re-let time (days)	38.6	0.00
Rent arrears at year end	4.9%	0.2%
Operating cost per unit; Weekly	£59.94	£35.17
Annual	£3,117	£1,829
excluding major repairs; Weekly	£49.92	£35.17
Annual	£2,596	£1,829
Management cost per unit; Weekly	£17.17	£8.92
Annual	£893	£464

**NOTES:**

**Sources:**

The Tenant Services Authority ("TSA") websites.

The audited accounts and annual report of The Jersey Homes Trust and reports to Trustees by managing agents.

UK data selected for benchmarking: Performance Indicators of General Needs stock.  
The global accounts of housing associations over 1,000 units (97% of homes in the sector).  
Size of Associations: (Average no. of units owned)

The Tenants Service Authority website no longer offers the facility to filter on the basis of the size of associations.

It is reported by the TSA that larger associations benefit from economies of scale. The JHT has 741 residential units.



**JERSEY HOMES TRUST**  
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**Annual Benchmarking of Performance (2010)**  
**against Performance of UK Housing Associations (2009) - continued**

Average re-let time calculated by number of void days divided by number of re-lets in year.

“**Operating cost**” includes costs of all **maintenance and repairs**, and all **administration costs** including management fees, audit, accountancy, insurances, legal & professional fees and general administration fees. UK costs are net of depreciation and impairment costs (JHT does not depreciate).

JHT costs are net of Foncier Rates (for which there is no UK equivalent).

JHT benchmarking is not suitable for comparison with UK Local Authority or States of Jersey Housing Departments, which operate under different conditions.

**Property Management Report.**

A total of 744 units are presently under management.

**Brooklands:** Old Trinity Hill, St Helier. 15 units of flats and houses.

**La Folie Estate:** St Lawrence. 30 units of houses and flats.

**Maison de St Nicolas:** St Peter. 6 flats.

**St Paul's Gate:** Dumaresq St, St Helier. 17 flats.

**Cherry Grove:** Roussel St, St Helier. 12 flats

**Kent Lodge:** Clarendon Rd, St Helier. 7 flats.

**St Saviour's Court:** St Saviour's Rd, St Helier. 28 flats.

**Belle Vue:** Route des Quennevais, St Brelade. 90 houses and flats on this estate.

**La Roseaie,** Mont Millais, St Helier. An estate of 35 houses and 10 flats.

**Le Jardin Fleuri:** Grouville. An estate of 16 houses.

**Berkshire Court,** La Motte Street, St Helier. 113 flats and 1 amenity unit.

**5 St Clement's Road,** St Helier. 10 flats,

**John Wesley Apartments,** Cannon Street, St Helier. 40 flats and 1 house.

**Parkside,** West Park and Lewis St, St Helier. 19 flats and maisonettes.

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**Property Management Report - continued**

**Victoria Place**, Albert Pier. 77 flats and a 5-unit group home, on the waterfront.

**Clement Court**, Ann Street, St Helier. 32 flats.

**Le Coie**, Springfield, St Helier. 96 flats and 2 amenity units.

**Le Grand Clos**, Mont-a-l'Abbe, St Helier. An estate of 54 houses and flats.

**Clos Le Gallais**, Mont-au-Pretre, St Helier. An estate of 13 houses.

**Clos du Ruisseau**, Maufant. An estate of 19 houses.

The Trust holds title to all the above estates and properties.

Letting: I am pleased to report that all units under management are fully let.

Rental: The current annual rental of the Trust's property is £7,412,792.

Voids & Arrears: Please refer to the benchmarking table

**Acknowledgements**

To:

Jim Bailey (Chairman's Assistant and JHT Monitoring Surveyor);

Marion Falle (our public relations consultant);

Stephen Van Neste and his team at Brunel Management (our property managers);

Tricia Redmond and the team at Moore Management (accountancy services);

Alex Nethercott-Parkes at Ogier (secretarial services);

Ian Gallichan (Chief Executive Officer at the Housing Department);

and to my Trustees (see below).

Thank you all for your services and kindnesses in 2011.

**MICHAEL VAN NESTE  
CHAIRMAN**

**JERSEY HOMES TRUST**  
**CHAIRMAN'S REPORT**  
**For the year ended 31 December 2011**

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The Jersey Homes Trust is a Jersey Housing Association, registered in the Royal Court on 9th June 1995 as an association for the purposes of the law entitled "Lois (1862) sur les teneures en fideicommiss et l'incorporation d'associations". The 1862 law provides for duly registered incorporated associations and trusts to hold land and property for charitable purposes.

**The Trustees of the Jersey Homes Trust:**

Michael Van Neste, Chairman;  
Advocate Philip Le Cornu, Secretary;  
Martyn Scriven, Treasurer;  
Ian Moore, Accountant;  
Chris Clarke, Developments Director;  
Paul Labesse, Estates Director;  
Frank Dearie, Risk, Regulation and Compliance of the Jersey Homes Trust ("the Association")  
for the year ended 31 December 2011.

## **JERSEY HOMES TRUST TRUSTEES' REPORT**

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The Trustees submit their report and the audited financial statements of the Jersey Homes Trust ("the Association") for the year ended 31 December 2011.

### **Activities**

The Jersey Homes Trust is a Jersey Housing Association, registered in the Royal Court on 9th June 1995 as an association for the purposes of the law entitled "Lois (1862) sur les teneures en fideicommiss et l'incorporation d'associations". The 1862 law provides for duly registered incorporated associations and trusts to hold land and property for charitable purposes.

### **Results**

The results for the year are shown in the income and expenditure account on page 17.

### **Trustees**

The Trustees of the Association during the year were as shown on page 2.

### **Trustees' responsibilities**

The Trustees have undertaken responsibility for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the income and expenditure for that year. In preparing those financial statements, generally accepted accounting practice requires that the Trustees:

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

The Trustees confirm they have complied with all the above requirements in preparing the financial statements.

The Trustees are required to act in accordance with the Constitution of the Association. They are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Trust. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities. The Trustees confirm they have complied with the constitution dated 9th June 1995.

So far as the Trustees are aware, there is no relevant audit information of which the Trust's auditors are unaware, and each Trustee has taken all the steps that he or she ought to have taken as a Trustee in order to make himself or herself aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

## **JERSEY HOMES TRUST TRUSTEES' REPORT**

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The accounts are published on [www.jerseyhomestrust.org.je](http://www.jerseyhomestrust.org.je) which is a website maintained by the Jersey Homes Trust. The work undertaken by the independent auditors does not involve consideration of the maintenance and integrity of the website and accordingly the independent auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation governing the preparation and dissemination of the accounts may differ from legislation in other jurisdictions.

### **Key financial policies and strategies**

- ***Objectives, policies and strategies for development and financing***

The objectives of the Association are to provide social housing primarily in the rental market for the inhabitants of the Island of Jersey. The creation of the Association was encouraged by the Housing Committee of the States of Jersey through the Housing Department in response to the establishment of a policy for the creation of Housing Trusts to undertake the development of social housing projects in the Island of Jersey for the foreseeable future (Policy Guidelines No 4 issued December 1993).

The Association aims to achieve its objectives primarily through the development of new units of accommodation. Each development must fall within the spirit of social housing and be a development which generally meets the approval of the Trustees for reasons of architectural appeal, environment, and social needs.

Each project is evaluated and approved by the Trustees and presented to the Housing Department for approval. If approved by the Housing Department the Trustees will then arrange for finance from banks in the private sector supported by an interest rate subsidy provided by the States of Jersey and a letter of comfort issued by the States Treasury with the authority of the Treasury and Resources Minister and the Housing Minister. It is often the case that a scheme will be subject to a valuation undertaken by the States of Jersey Property Services Department in order to assist with the approval process by the States Ministries.

Financing is usually negotiated on a five year review basis which includes a review of the subsidy and support provided by the Treasury & Resources Minister and the Housing Minister of the States of Jersey.

- ***Rent policy***

The Association's residential rentals will not exceed the maximum rentals set by the States of Jersey Housing Department's own fair rent structure.

- ***Long term stock maintenance and repair policy***

The properties owned by the Association are to be held for the long term, and are subject to the Association's policy of continuous maintenance, repair or refurbishment where considered appropriate.

# JERSEY HOMES TRUST

## TRUSTEES' REPORT

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### Key financial policies and strategies (continued)

- *Reserves strategy*

The Association will pay to the States of Jersey Housing Ministry any cash surplus arising from its activities which have not been set aside, reserved or committed. The Association may set aside, reserve or commit sums from cash surpluses to:

- pay the debts and commitments (future or current) of the Association,
- pay for current or set aside for future property repairs and maintenance (taken to designated reserves – see note 12),
- pay for current or set aside for future property acquisitions, improvements, refurbishment or development, and
- provide working capital for the Association.

### Internal Financial Control

The Trustees have overall responsibility for ensuring that the Association maintains a system of internal financial control to provide them with reasonable assurance regarding the reliability of financial information used within the business and for publication and that assets are safeguarded. There are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable, and not absolute, assurance with respect to the preparation of financial information and the safeguarding of assets.

The Association has no employees. The day to day operations of the Association are all carried out by third parties, in which some of the Trustees have an interest, as disclosed in note 13. The Association is therefore dependent upon the financial controls of these third parties.

The Trustees appoint a project team to each development project, including a project architect and a client representative who reports to the Trustees on a regular basis. The Trustees also receive regular reports from the property managers in respect of all of the Association's properties.

### Homes and bedspaces

	2011 Units	2010 Units
<i>Under management</i>		
One bedroom flats	283	283
Two bedroom flats	257	257
Three bedroom flats	19	19
Five bedroom flats	1	1
One bedroom houses	1	1
Two bedroom houses	54	54
Two bedroom maisonettes	4	4
Four bedroom maisonettes	2	2
Five bedroom maisonettes	2	2
Three bedroom houses	108	108
Four bedroom houses	9	9
Other facilities	4	4
	<hr/> 744	<hr/> 744

*There are currently no Homes under development*

## **JERSEY HOMES TRUST TRUSTEES' REPORT**

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### **Independent Auditors**

A resolution to reappoint PricewaterhouseCoopers CI LLP as auditors to the Trust will be proposed at a future Trustees' meeting.

*Trustee*

# **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF JERSEY HOMES TRUST**

## **Report on the financial statements**

We have audited the accompanying financial statements of Jersey Homes Trust ("the Trust") which comprise the Balance Sheet as of 31 December 2011, the Income and Expenditure Account and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

## **Trustees' responsibility for the financial statements**

The Trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with United Kingdom Accounting Standards, with the requirements of Jersey law and have been properly prepared in accordance with the Constitution. The Trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustees, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Trust as of 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with United Kingdom Accounting Standards and have been properly prepared in accordance with the requirements of the Constitution.

## **Report on other legal and regulatory requirements**

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Chairman's Report and the Trustees' Report.

In our opinion, the information given in the Chairman's Report and the Trustees' Report is consistent with the financial statements.

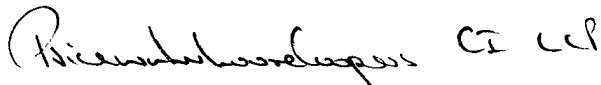


**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF  
JERSEY HOMES TRUST CONTINUED**

**Report on related party services rendered to the Trust**

In our opinion, the schedule of payments made by the Trustees as set forth in Note 14, "Related Parties", for professional services rendered to the Trust by a Trustee acting as an employee, director, partner or member of a firm or company appointed by the Trustees to render such services for the year ended 31 December 2011, is in accordance with the provisions of the Constitution as set forth in Note 14.

This report, including the opinion, has been prepared for and only for the Trustees as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

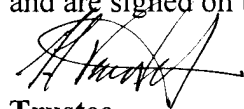


For and on behalf of PricewaterhouseCoopers CI LLP  
Chartered Accountants  
Jersey, Channel Islands  
26 June 2012

**JERSEY HOMES TRUST**  
**BALANCE SHEET**  
**as at 31 December 2011**

		31 December 2011		31 December 2010	
	Notes	£	£	£	£
<b>Trust fund</b>					
Income account	12		11,986,239		10,007,374
Designated reserve	13		4,019,388		3,522,008
Development reserve	13		5,300,000		3,300,000
			<u>21,305,627</u>		<u>16,829,382</u>
<b>Represented by:</b>					
<b>Fixed assets</b>					
Housing properties	6	116,840,193		116,840,193	
Less: States of Jersey grants	7	<u>(11,299,000)</u>		<u>(11,299,000)</u>	
			105,541,193		105,541,193
<b>Current assets</b>					
Debtors and prepayments	8	214,511		214,082	
Balance at managing agents		565,236		504,576	
Bank balances		<u>9,671,117</u>		<u>7,302,579</u>	
		10,450,864		8,021,237	
<b>Current liabilities – amounts due in less than one year</b>					
Bank loans	11	15,909,712		15,626,449	
Bank Overdraft		1		12,572	
Creditors	9	112,345		144,476	
Tenants' deposits	10	<u>189,114</u>		<u>188,564</u>	
		16,211,172		15,972,061	
<b>Net current liabilities</b>			<u>(5,760,308)</u>		<u>(7,950,824)</u>
<b>Total assets less current liabilities</b>			99,780,885		97,590,369
<b>Liabilities falling due after more than one year</b>					
Bank loans	11	78,475,258		80,760,987	
			<u>(78,475,258)</u>		<u>(80,760,987)</u>
<b>Net Assets</b>			<u>21,305,627</u>		<u>16,829,382</u>

The financial statements were approved by the Trustees on 26<sup>th</sup> June 2012 and are signed on their behalf by:

  
Trustee

  
Trustee

The notes on pages 20 to 34 form part of these audited financial statements

**JERSEY HOMES TRUST**  
**INCOME AND EXPENDITURE ACCOUNT**  
**for the year ended 31 December 2011**

		<b>31 December 2011 £</b>	31 December 2010 £
	<i>Notes</i>		
Income from property rentals		7,398,226	7,272,298
Property expenses		(851,861)	(864,473)
Provision for bad debts		(18,840)	(11,131)
<b>Net property income</b>		<b>6,527,525</b>	6,396,694
Sundry Income		329	11,100
Operating expenses	3	(612,288)	(583,794)
<b>Operating surplus</b>		<b>5,915,566</b>	5,824,000
Interest receivable		117,753	70,766
Interest payable	5	(1,445,052)	(1,402,564)
<b>Surplus on ordinary activities</b>		<b>4,588,267</b>	4,492,202
Development costs	4	(112,022)	-
Transfer to designated reserve	12&13	(497,380)	(961,641)
Transfer to development reserve	12&13	(2,000,000)	(1,800,000)
<b>Retained income for the year</b>		<b>1,978,865</b>	1,730,561

All of the operations of the Association are classified as continuing.

There is no difference between the retained income for the year and its historical cost equivalent. The Association has no recognised gains and losses other than the income for the year.

The notes on page 20 to 34 form part of these audited financial statements.

**JERSEY HOMES TRUST**  
**CASHFLOW STATEMENT**  
**for the year ended 31 December 2011**

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	31 December 2011		31 December 2010	
	£	£	£	£
<b>Net cash flow from operating activities (Note 1)</b>		<b>5,913,226</b>		<b>5,807,871</b>
<b>Development costs</b>		<b>(112,022)</b>		
		<b>5,801,204</b>		
<b>Returns on investing and servicing of finance</b>				
Interest paid	<b>(1,448,310)</b>		<b>(1,397,042)</b>	
Interest received	<b>91,341</b>		<b>3,651</b>	
<b>Net cash out flow from returns on investment and servicing of finance</b>		<b>(1,356,969)</b>		<b>(1,393,391)</b>
<b>Capital expenditure and financial investment</b>				
Acquisition and construction of properties		<b>-</b>		<b>(23,833)</b>
<b>Net cash outflow from capital expenditure</b>		<b>-</b>		<b>(23,833)</b>
<b>Financing</b>				
Loan principal repayments	<b>(2,002,466)</b>		<b>(1,753,509)</b>	
<b>Net cash outflow from financing</b>		<b>(2,002,466)</b>		<b>(1,753,509)</b>
<b>Increase in cash in the period</b>		<b>2,441,769</b>		<b>2,637,138</b>

**JERSEY HOMES TRUST**  
**CASHFLOW STATEMENT**  
**for the year ended 31 December 2011**

**Note 1 to Cashflow Statement**

<b>Reconciliation of operating profit to net cash inflow from operating activities</b>	<b>2011</b>	<b>2010</b>
Operating Surplus	5,915,566	5,824,000
Increase in debtors	(429)	(46,877)
Add back movement in Interest subsidy receivable	-	-
Increase in creditors	(31,581)	(30,844)
<b>Movement in Interest payable</b>	<b>3,258</b>	<b>(5,521)</b>
Movement in Interest receivable	26,412	67,113
	<u>5,913,226</u>	<u>5,807,871</u>

**Note 2 to Cashflow Statement**

<b>Reconciliation of net cash flow to movement in net debt</b>	<b>2011</b>	<b>2010</b>
Increase in cash in period	2,441,769	2,637,138
Loan advances received	-	-
Loan principal repayments	2,002,466	1,753,509
Movement in net debt in the period	<u>4,444,235</u>	<u>4,390,646</u>
Opening net debt	<u>(88,592,853)</u>	<u>(92,983,499)</u>
Closing net debt	<u>(84,148,618)</u>	<u>(88,592,853)</u>

**Note 3 to Cashflow Statement**  
**Analysis of changes in net debt**

	<b>01 Jan 2011</b>	<b>Cashflows</b>	<b>31 Dec 2011</b>
Cash at bank & held at agents	<u>7,794,583</u>	<u>2,441,769</u>	<u>10,236,352</u>
Debt due after one year	(80,760,987)	2,285,729	(78,475,258)
Debt due within one year	<u>(15,626,449)</u>	<u>(283,263)</u>	<u>(15,909,712)</u>
	<u>(96,387,436)</u>	<u>2,002,466</u>	<u>(94,384,970)</u>
	<u>(88,592,853)</u>	<u>4,444,235</u>	<u>(84,148,618)</u>

**JERSEY HOMES TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2011**

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**1. Principal accounting policies**

The financial statements have been prepared in accordance with generally accepted accounting standards in the United Kingdom, as adopted/deemed appropriate in accordance with the constitution and have been prepared, where appropriate, in accordance with the Statement of Recommended Practice - Accounting by Registered Social Landlords ('the SORP') given that the SORP has been prepared for social landlords registered as housing associations within the United Kingdom.

The following accounting policies set out below have been applied consistently in dealing with items which are considered material in relation to the Association's financial statements.

**Basis of preparation**

The financial statements have been prepared under the historical cost convention and under the presumption that the Trust is carrying on business as a going concern.

**Cash and cash equivalents**

Cash and cash equivalents in the Balance Sheet comprise of demand deposits and short term deposits with maturities of 12 months or less. As at 31 December 2011, all cash and cash equivalents were held in bank accounts at Barclays Bank Plc and Lloyds TSB Plc.

**Income and expenditure**

Income and expenditure is accounted for on an accruals basis, except for certain property expenses disbursed by the managing agent which are accounted for on a cash basis, due to the nature of the transactions.

**Loan interest and interest subsidies**

Loan interest and interest subsidies are accounted for on an accruals basis.

Loan interest payable on loans for properties held for letting and the related interest subsidies receivable are included in the income and expenditure account. Loan interest payable on loans to finance property developments is capitalised up to the date that the development is completed.

**Designated and Development reserves**

The designated reserve has been set up as a reserve for future repairs and maintenance costs to completed developments. The amount transferred to the reserve is calculated based on financial models prepared for each individual property. Separate reserves are maintained for each property. Where expenditure is incurred on a property on such repairs, the reserve for that property may be utilised and a transfer is made to the income and expenditure account for the amount involved.

In accordance with Clause 8a of the contract with the Housing Committee, the Association has set aside an additional £2,000,000 as a development reserve to provide seed capital for future housing developments.

**JERSEY HOMES TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2011**

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**1. Principal accounting policies – continued**

**Depreciation of housing properties**

Financial Reporting Standard No 15 (Tangible Fixed Assets) permits exclusion from depreciation of properties on which the annual charge and accumulated depreciation charge are immaterial. Depreciation may be immaterial as the result of very long estimated useful economic lives or high estimated residual values (or both). This applies to the Association housing properties and accordingly no depreciation has been provided.

The majority of the properties owned by the Association are newly built developments, constructed within the last ten years. The Association has a policy of continuous maintenance and refurbishment, with a designated reserve provision specifically for this purpose. The Trustees also believe that the residual value of the properties will not be less than the cost.

Labesse & Co, Chartered surveyors, undertook an impairment review on behalf of the Trustees of all of the Association's properties as at 31 December 2011 in accordance with the requirements of both Financial Reporting Standard No 15 (Tangible Fixed Assets) and Financial Reporting Standard No 11 (Impairment of Fixed Assets and Goodwill). This impairment review has (as recommended by Financial Reporting Standard No 11) taken account of the economic and political environment in which the Association operates, the financial model of each of the completed development projects compared with actual financial performance, and the physical condition of all of the properties owned by the Association. Based on this impairment review the Trustees have concluded that there is no impairment in the carrying value of any of the properties owned by the Association.

**Housing properties**

Housing properties held for letting and under construction are stated at cost. The cost of properties is their purchase price and building costs together with any directly attributable costs of acquisition and development.

**States of Jersey grants**

Grants received from the States of Jersey have been received as a contribution towards the capital costs of housing properties and as such have been shown on the face of the balance sheet as a deduction from the cost of those properties in accordance with the SORP.

**JERSEY HOMES TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2011**

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**2. Taxation**

The Association is exempt from income tax under the provisions of Article 115(a) of the Income Tax (Jersey) Law, 1961.

**3. Operating Expenses**

	<b>2011</b>	2010
	£	£
Property management fees (note 13)	<b>351,122</b>	345,104
Audit fees	<b>15,910</b>	14,905
Administration and accountancy fees	<b>69,183</b>	50,094
Insurance	<b>76,162</b>	77,723
Legal & professional fees	<b>88,372</b>	86,064
Bank charges	<b>887</b>	1,145
Sundry expenses	<b>10,652</b>	8,759
	<u><b>612,288</b></u>	<u>583,794</u>

**4. Development costs**

	<b>2011</b>	2010
	£	£
Convent and Caesarea Court	<u><b>112,022</b></u>	<u>-</u>

**5. Interest payable**

	<b>2011</b>	2010
	£	£
Interest payable on loans attributable to housing properties	<u><b>1,445,052</b></u>	<u>1,402,564</u>



**JERSEY HOMES TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2011**

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**6. Housing properties at cost**

	2010 £	Movement in year £	2011 £
<b>Housing properties held for letting</b>			
Maison de St Nicolas, St Peter, Jersey	626,182	-	626,182
Brooklands, St Helier, Jersey	1,545,956	-	1,545,956
La Folie Estate, St Lawrence, Jersey	1,862,592	-	1,862,592
St Paul's Gate, St Helier, Jersey	1,520,679	-	1,520,679
Cherry Grove, St Helier, Jersey	1,410,026	-	1,410,026
St Saviour's Court, St Helier, Jersey	3,749,452	-	3,749,452
Kent Lodge, St Helier, Jersey	881,011	-	881,011
Belle Vue, St Brelade, Jersey	11,859,858	-	11,859,858
La Roseraie, St Helier, Jersey	8,264,000	-	8,264,000
Le Jardin Fleuri, Grouville, Jersey	3,292,577	-	3,292,577
Berkshire Court, St Helier, Jersey	19,464,903	-	19,464,903
5 St Clements Road, St Helier, Jersey	1,426,221	-	1,426,221
John Wesley Apartments, St Helier, Jersey	7,351,413	-	7,351,413
Parkside, St Helier, Jersey	4,064,943	-	4,064,943
Victoria Place, Albert Pier, St Helier, Jersey	12,541,421	-	12,541,421
Clement Court, Ann Street, St Helier, Jersey	6,808,797	-	6,808,797
Le Coie, Springfield, St Helier, Jersey	12,137,290	-	12,137,290
La Folie redevelopment scheme, St Lawrence, Jersey	3,819,775	-	3,819,775
Le Grand Clos, Maufant, Jersey	8,474,743	-	8,474,743
Clos le Gallais, Mont-au-Pretre, Jersey	2,309,720	-	2,309,720
Clos du Ruisseau (formerly Field 690A)	3,428,634	-	3,428,634
	<u>116,840,193</u>	-	<u>116,840,193</u>

**JERSEY HOMES TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2011**

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**6. Housing properties at cost – continued**

Land acquired by the Association for development with the financial support of the Ministry is subject to covenants protecting the interests of the Public and perpetuating its use for social rented housing.

Housing properties owned are used as security against the borrowings of the Association. For further details see note 11.

**7. States of Jersey grants**

The States of Jersey have provided capital grants for the total sum of £11,299,000 as follows:

- a) for the purchase of the Berkshire Court site, St Helier, Jersey in the sum of £6,215,000. This grant is non-repayable.
- b) for the purchase and development of John Wesley Apartments, St Helier, Jersey in the sum of £1,425,000. This grant is non-repayable.
- c) for the Le Jardin Fleuri development, Grouville, Jersey in the sum of £75,000. This grant is non-repayable.
- d) for the purchase and development of the Clement Court site, St Helier, Jersey in the sum of £1,750,000. This grant is non-repayable.
- e) to assist in the purchase of the Parkside site, St Helier, Jersey in the sum of £975,000. This grant is non-repayable.
- f) To assist in the purchase of 5 St Clements Road, St Helier, Jersey in the sum of £225,000. This grant is non-repayable.
- g) For the purchase and development of the Clement Court site, St Helier, Jersey in the sum of £634,000. This grant is non-repayable

**8. Debtors and prepayments**

	2011 £	2010 £
Current rentals due	72,265	90,509
Bank Interest receivable	93,727	67,315
Insurance prepaid	37,504	36,844
Other debtors and prepayments	11,015	19,414
	<u>214,511</u>	<u>214,082</u>

**JERSEY HOMES TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2011**

**9. Creditors**

	2011	2010
	£	£
Other	91,402	100,359
Loan Interest Payable	20,943	24,201
Retentions re Work in Progress	-	19,916
Creditors due in less than one year	<u>112,345</u>	<u>144,476</u>

All property expenses are paid within thirty days upon receipt of the invoices.

**10. Tenants' deposits**

This amount of £189,114 represents deposits received from tenants (2010: £188,564). All deposits shall be repaid to the tenants at the expiry or earlier determination of the tenancy subject only to the deduction there from of any arrears of rent and a reasonable amount in respect of any damage to the premises by the tenant.

**11. Bank loans**

	2011		2010	
	£	£	£	£
Repayable in less than 1 year		15,909,712		15,626,449
Repayable in 1 to 2 years	2,568,742		2,285,730	
Repayable in 2 to 5 years	9,610,346		8,638,363	
Repayable in 5 years or more	<u>66,296,170</u>		<u>69,836,894</u>	
		<u>78,475,258</u>		<u>80,760,987</u>
		<u>94,384,970</u>		<u>96,387,436</u>

All of the loans are from Barclays Bank Plc or Lloyds TSB Plc. The terms of the loans are as follows:

**Loans for Maison de St Nicolas, Brooklands and St Paul's Gate**

All of these loans are repayable over a period of 21 years. They are all secured by unregistered promissory notes over the land and property. The value of the unregistered promissory note for Maison de St Nicolas is £633,000. The value of the unregistered promissory note for Brooklands is £1,653,750. The value of the unregistered promissory note for St Pauls Gate is £1,596,000. The rate of interest incurred on each of these loans amounts to LIBOR + 0.75%. In the event the interest payable exceeds 4% per annum; a sum equal to the difference between interest charged at the rate of 4% on the amount outstanding, and the actual interest rate payable in accordance with the terms of the borrowing (LIBOR + 0.75%), is reimbursed to the Association by the States of Jersey. The level of this interest subsidy paid will be reviewed every fifth year in respect of each borrowing. The reviews are carried out as determined by Barclays Bank.

**JERSEY HOMES TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2011**

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**11. Bank loans – continued**

**Loan for Cherry Grove**

This loan is repayable over a period of 23 years and is secured by unregistered promissory note in the sum of £1,548,750 over the land and property. The rate of interest incurred on the loan amounts to LIBOR + 0.75%. In the event the interest payable exceeds a sum equal to the difference between interest charged at the rate of 4% on the amount outstanding, and the actual interest rate payable in accordance with the terms of the borrowing (LIBOR + 0.75%), is reimbursed to the Association by the States of Jersey. The level of this interest subsidy paid will be reviewed every fifth year in respect of the borrowing. The reviews are carried out as determined by Barclays Bank.

**Loan for La Folie Estate**

This loan is repayable over a period of 21 years and is secured by registered promissory note in the sum of £1,531,523 and £2,000,000 over the land and property. The rate of interest incurred on the loan amounted to 0% per annum until 31 March 2005, as the States of Jersey were providing an interest subsidy of 100% of interest incurred in these years. Thereafter, the rate of interest amounts to LIBOR + 0.75%. In the event the interest payable exceeds a sum equal to the difference between interest charged at the rate of 4% on the amount outstanding, and the actual interest rate payable in accordance with the terms of the borrowing (LIBOR + 1%), is reimbursed to the Association by the States of Jersey. The reviews are carried out as determined by Barclays Bank.

**Loan for St Saviours Court**

This loan is repayable over a period of 23 years and is secured by an unregistered promissory note in the sum of £3,321,000 over the land and property. The rate of interest incurred on the loan amounted to 0% per annum until 31 December 2003, as the States of Jersey were providing an interest subsidy of 100% of interest incurred until this date. From 1 January 2004, the rate of interest amounts to LIBOR + 0.75%. In the event the interest payable exceeds a sum equal to the difference between interest charged at the rate of 4% on the amount outstanding, and the actual interest rate payable in accordance with the terms of the borrowing (LIBOR + 0.75%), is reimbursed to the Association by the States of Jersey

**Loan for St Saviours Court (continued)**

The level of this interest subsidy paid will be reviewed every fifth year in respect of the borrowing. The reviews are carried out as determined by Barclays Bank.

**JERSEY HOMES TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2011**

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**11. Bank loans – continued**

**Loan for Kent Lodge**

This loan is repayable over a period of 24 years and is secured by a registered promissory note in the sum of £80,000 and a registered promissory note in the sum of £820,000 over the land and property. The rate of interest incurred on the loan amounts to amounts to LIBOR + 0.75%. In the event the interest payable exceeds 4% a sum equal to the difference between interest charged at the rate of 4% on the amount outstanding, and the actual interest rate payable in accordance with the terms of the borrowing (LIBOR + 0.75%), is reimbursed to the Association by the States of Jersey. The level of this interest subsidy paid will be reviewed every fifth year in respect of the borrowing. The reviews are carried out as determined by Barclays Bank.

**Loan for Belle Vue**

This loan is repayable over a period of 23 years and is secured by registered promissory notes totalling £11,865,000 registered over the Belle Vue site. The rate of interest incurred on the loan amounts to LIBOR + 0.75%. In the event the interest payable exceeds 4% per annum; a sum equal to the difference between interest charged at the rate of 4% on the amount outstanding, and the actual interest rate payable in accordance with the terms of the borrowing (LIBOR + 0.75%), is reimbursed to the Association by the States of Jersey. The level of this interest subsidy paid will be reviewed every fifth year in respect of each borrowing. The reviews are carried out as determined by Barclays Bank.

**Loan for 5 St Clements Road**

This loan is repayable over a period of 24 years and is secured by a registered promissory note in the sum of £1,200,000 over the land and property. The rate of interest incurred on the loan amounts to LIBOR + 0.75%. In the event the interest payable exceeds 4% per annum; a sum equal to the difference between interest charged at the rate of 4% on the amount outstanding, and the actual interest rate payable in accordance with the terms of the borrowing (LIBOR + 0.75%), is reimbursed to the Association by the States of Jersey. The level of this interest subsidy paid will be reviewed every fifth year in respect of the borrowing. The reviews are carried out as determined by Barclays Bank.

**Loan for Le Jardin Fleuri**

This loan is repayable over a period of 24 years and is secured by a registered promissory note of £2,850,000 over the Le Jardin Fleuri site. The rate of interest incurred on the loan amounts to LIBOR + 0.75%. In the event the interest payable exceeds 4% per annum; a sum equal to the difference between interest charged at the rate of 4% on the amount outstanding, and the actual interest rate payable in accordance with the terms of the borrowing (LIBOR + 0.75%), is reimbursed to the Association by the States of Jersey.

**JERSEY HOMES TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2011**

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**11. Bank loans – continued**

**Loan for Le Jardin Fleuri (continued)**

The level of this interest subsidy paid will be reviewed every fifth year in respect of the borrowing. The reviews are carried out as determined by Barclays Bank.

**Loan for Victoria Place**

This loan is repayable over a period of 24 years and is secured by a registered promissory note of £12,500,000 over numbers 1-78 Victoria Place. The rate of interest incurred on the loan amounts to LIBOR + 0.75%. In the event the interest payable exceeds 4% per annum; a sum equal to the difference between interest charged at the rate of 4% on the amount outstanding, and the actual interest rate payable in accordance with the terms of the borrowing (LIBOR + 0.75%), is reimbursed to the Association by the States of Jersey. The level of this interest subsidy paid will be reviewed every fifth year in respect of the borrowing. The reviews are carried out as determined by Barclays Bank.

**Loan for Berkshire Court**

This loan is repayable over a period of 24 years and is secured by a registered promissory note of £13,380,000 (of which £9,494,000 is over Berkshire Court and £3,886,000 over Albert Pier). The rate of interest incurred on the loan amounts to LIBOR + 0.75%. In the event the interest payable exceeds 4% per annum; a sum equal to the difference between interest charged at the rate of 4% on the amount outstanding, and the actual interest rate payable in accordance with the terms of the borrowing (LIBOR + 0.75%), is reimbursed to the Association by the States of Jersey. The level of this interest subsidy paid will be reviewed every fifth year in respect of the borrowing. The reviews are carried out as determined by Barclays Bank.

**Loan for La Roseraie**

This loan is repayable over a period of 24 years and is secured by a registered promissory note of £8,287,000 over La Roserie. The rate of interest incurred on the loan amounts to LIBOR + 0.75%. In the event the interest payable exceeds 4% per annum; a sum equal to the difference between interest charged at the rate of 4% on the amount outstanding, and the actual interest rate payable in accordance with the terms of the borrowing (LIBOR + 0.75%), is reimbursed to the Association by the States of Jersey. The level of this interest subsidy paid will be reviewed every fifth year in respect of the borrowing. The reviews are carried out as determined by Barclays Bank.

**Loan for John Wesley Apartments**

This loan is repayable over a period of 24 years and is secured by a registered promissory note of £6,000,000 over John Wesley Apartments. The rate of interest incurred on the loan amounts to LIBOR + 0.75%. In the event the interest payable exceeds 4% per annum; a sum equal to the difference between interest charged at the rate of 4% on the amount outstanding, and the actual interest rate payable in accordance with the terms of the borrowing (LIBOR + 0.75%), is reimbursed to the Association by the States of Jersey. The level of this interest subsidy paid will be reviewed every fifth year in respect of the borrowing. The reviews are carried out as determined by Barclays Bank.

**JERSEY HOMES TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2011**

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**11. Bank loans – continued**

**Loan for Parkside**

This loan is repayable over a period of 24 years and is secured by a registered promissory note of £3,200,000 over Parkside.

The rate of interest incurred on the loan amounts to 4% per annum; a sum equal to the difference between interest charged at the rate of LIBOR + 0.75%. In the event the interest payable exceeds 4% on the amount outstanding, and the actual interest rate payable in accordance with the terms of the borrowing (LIBOR + 0.75%), is reimbursed to the Association by the States of Jersey. The level of this interest subsidy paid will be reviewed every fifth year in respect of the borrowing. The reviews are carried out as determined by Barclays Bank.

**Loan for Le Coie**

This loan is repayable over a period of 21 years and is secured by a registered bond for £12,250,000 attached to Le Coie. The rate of interest incurred on the loan amounts to LIBOR + 0.75%. In the event the interest payable exceeds 4% per annum; a sum equal to the difference between interest charged at the rate of 4% on the amount outstanding, and the actual interest rate payable in accordance with the terms of the borrowing (LIBOR + 0.75%), is reimbursed to the Association by the States of Jersey. The level of this interest subsidy paid will be reviewed every fifth year in respect of the borrowing. The reviews are carried out as determined by Lloyds TSB Bank.

**Loan for Clement Court**

One loan exists for the ongoing development on the site. (See also note 6 re capital grant received).

The short term loan is repayable by a single repayment in full upon completion of a new Barclays funding agreement which will be finalised in early 2012 by refinancing onto a term loan. From the 1 January 2004 to 22 June 2004 the Association bore 100% of the interest charges for this loan, which is at the rate of LIBOR + 0.75%. From 22 June 2004 the rate of interest on the loan amounts to LIBOR + 0.75%. In the event the interest payable exceeds 4% per annum, a sum equal to the difference between interest charged at a rate of 4% on the amount outstanding and the actual interest rate payable in accordance with the terms of borrowing (LIBOR +0.75%), is reimbursed to the Association by the States of Jersey. The level of this interest subsidy paid will be reviewed every fifth year in respect of the borrowing. The reviews are carried out as determined by Barclays Bank. This loan is secured by registered promissory note in the sum of £4,300,000 registered over the Ann Street site.

**Loan for La Folie redevelopment scheme**

The short term loan is repayable by a single repayment in full upon completion of a new Barclays funding agreement which is due to be finalised in early 2012 by refinancing onto a term loan.

**JERSEY HOMES TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2011**

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**11. Bank loans – continued**

**Loan for La Folie redevelopment scheme (continued)**

The rate of interest incurred on the loan amounts to LIBOR + 0.75%. In the event the interest payable exceeds 4% per annum; a sum equal to the difference between interest charged at the rate of 4% on the amount outstanding, and the actual interest rate payable in accordance with the terms of the borrowing (LIBOR + 0.75%), is reimbursed to the Association by the States of Jersey. The loan is secured by registered promissory notes totalling £3,120,000, registered over the La Folie Estate and Albert Pier.

**Loan for Le Grand Clos**

This loan is repayable over a period of 25 years. The rate of interest incurred on the loan amounts to LIBOR + 0.75%. In the event the interest payable exceeds 6% per annum; a sum equal to the difference between interest charged at the rate of 6% on the amount outstanding, and the actual interest rate payable in accordance with the terms of the borrowing (LIBOR + 0.75%), is reimbursed to the Association by the States of Jersey. The loan is secured by registered bond of £8,600,000, registered over the Le Grand Clos site.

**Loan for Clos Le Gallais**

The short term loan is repayable by a single repayment in full upon completion of a new Barclays funding agreement which is due to be finalised in early 2012 by refinancing onto a term loan. The rate of interest incurred on the loan amounts to LIBOR + 0.75%. In the event the interest payable exceeds 6% per annum; a sum equal to the difference between interest charged at the rate of 6% on the amount outstanding, and the actual interest rate payable in accordance with the terms of the borrowing (LIBOR + 0.75%), is reimbursed to the Association by the States of Jersey. The loan is secured by a registered promissory note in the sum of £2,275,000, registered over the Clos Le Gallais site.

**Loan for Clos Du Ruisseau**

The short term loan is repayable by a single repayment in full upon completion of a new Barclays funding agreement which is due to be finalised in early 2012 by refinancing onto a term loan.. From 1 October 2008 the rate of interest incurred on the loan amounts to LIBOR + 0.75%. In the event the interest payable exceeds 6% per annum; a sum equal to the difference between interest charged at the rate of 6% on the amount outstanding, and the actual interest rate payable in accordance with the terms of the borrowing (LIBOR + 0.75%), is reimbursed to the Association by the States of Jersey. The loan is secured by a registered promissory note in the sum of £3,365,000, registered over the field 690A site.



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**12. Income account**

	2011 £	2010 £
At 1 January 2011	10,007,374	8,276,814
Surplus on ordinary activities	4,588,267	4,492,201
Development costs	(112,022)	-
Transfer to designated reserve	(497,380)	(961,641)
Transfer to development reserve	<u>(2,000,000)</u>	<u>(1,800,000)</u>
<b>At 31 December 2011</b>	<b><u>11,986,239</u></b>	<b><u>10,007,374</u></b>

Capital repayments on the Association's loans for the purchase of properties and land are made from net income. These Capital repayments are not reflected in the income account as they are applied to the reduction of liabilities in the balance sheet of the Association.

As at 31 December 2011 the Trust reported accumulated retained income amounting to £11,986,239 (2010: £10,007,374) out of which the Trust has made accumulated capital repayments totalling £11,513,885 (2010: £9,510,757). In accordance with the constitution of the Trust the net surplus after loan repayments amounted to £472,354 (2010: £496,617) as at 31 December 2011, as reported below

Income account as at 31 December 2011	11,986,239
Capital repayments made to 31 December 2011	<u>(11,513,885)</u>
<b>Net surplus as at 31 December 2011</b>	<b>472,354</b>

In the opinion of the Trustees the net surplus is required for working capital purposes as provided for in the constitution of the Trust therefore no amounts are available for distribution.

**13. Designated reserve**

	2011 £	2010 £
At 1 January 2011	3,522,008	2,560,367
Transfer from income and expenditure account*	497,380	461,641
Transfer from Income and expenditure impairment reserve	<u>-</u>	<u>500,000</u>
<b>At 31 December 2011</b>	<b><u>4,019,388</u></b>	<b><u>3,522,008</u></b>

\*The transfer from the income and expenditure account represents the difference between the actual property and maintenance expense incurred during the year and the aggregate estimated maintenance expenses for the year per the financial models.

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**13. Designated reserve (continued)**

**Development reserve**

For the year ended 31 December 2011 the Trustees transferred £2,000,000 (2010 £1,800,000) to the development reserve to provide seed capital for future housing projects. The total amount accumulated in the reserve at the year end is £5,300,000.

**14. (i) Related parties**

The following are related parties as defined by Financial Reporting Standard No 8 "Related Party Disclosures":

(a) The Trustees

No fees or expenses were paid to the Trustees for the year ended 31 December 2011.

(b) Brunel Management Limited ('Brunel') through its relationship with Mr M C Van Neste.

Brunel manages all of the Association's properties and receives a fee of 4.75% of rental income received plus reimbursement for certain sundry expenses incurred.

The total amount payable for all services during the year was £351,122 (2010 £345,104) of which £55,037 (2010 £54,503) remained outstanding and is included in creditors. Brunel Management Limited maintains a segregated bank account on behalf of the Association for the collection of rent and payment of property expenses. At 31 December 2011 this balance was £565,236 (2010 £504,576).

(c) Ogier through its relationship with Advocate Phillip Le Cornu

Ogier Group act as the Association's legal advisers and provide secretarial services. The total amount payable during the year was £29,051 (2010 £18,591) none of which remained outstanding at the year end.

(d) Moore Management Limited through its relationship with Mr I Moore

Moore Management Limited act as the Association's accountants. The amount payable during the year was £44,977 (2010 £34,249) of which £8,530 remained outstanding and is included in creditors at 31 December 2011 (2010 £4,073).

(e) Ross-Gower Associates through its relationship with Mr C Clarke

Ross-Gower Associates act as consulting engineer to the Association during the year ended 31 December 2011 there were no fees payable (2010 £nil) was payable to Ross-Gower Associates none of which was outstanding at the year end.

(f) Labesse & Co. through its relationship with Mr P Labesse

Labesse & Co. act as the Association's surveyors. During the year ended 31 December 2011 £8,250 (2010 £7,500) was payable to Labesse & Co none of which was outstanding at the year end.

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**14. Related parties-Continued**

- 14 (ii) In accordance with the Constitution, in respect of any contract or arrangement for professional services rendered to the Trust by a Trustee (defined as a "Member" in the Constitution) acting as an employee, director, partner or member of a firm or company appointed by the Trustees to render such services, the following provisions apply and were adhered to during the year:

Individual Trustees shall not be part to any Trustee discussion nor vote in relation to any aspect of a contract or arrangement between the Trust and said Individual Trustee.

Such professional services rendered to the Trust may be remunerated.

No Trustee shall be remunerated for performing any service or duty to the Trust in the capacity only of Trustee.

The controlling parties of the Trust as defined by Financial Reporting Standard No 8 are the Trustees of the Association, whose only benefits are as outlined in paragraphs 13 (i) (a to f) and 13 (ii) above.

**15. Ultimate controlling party**

In the opinion of the Trustees, there is no ultimate controlling party as they are bound by the Constitution dated 9<sup>th</sup> July 1995.

**16. Subsequent events**

There were no significant events after the year end.