

Jersey Homes Trust

Annual report and financial statements

For the year ended 31 December 2013

JERSEY HOMES TRUST

CONTENTS

	Page
Directory	2
Chairman's Report	3 – 7
Trustees' Report	8 – 11
Report of the Independent Auditors	12
Balance Sheet	13
Income and Expenditure Account	14
Cashflow Statement	15 – 16
Notes to the Financial Statements	17 – 26

JERSEY HOMES TRUST

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)
Jim Bailey (Surveyor)

Managing Agent

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

Independent Auditors

PricewaterhouseCoopers CI LLP
Chartered Accountants
37 Esplanade
St Helier
Jersey, JE1 4XA

Legal Advisers

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

Accountants

Moore Management Limited
Liberation House
Castle Street
St Helier
Jersey, JE2 3AT

JERSEY HOMES TRUST

CHAIRMAN'S REPORT

For the year ended 31 December 2013

Before commencing my report this year I read through the report I wrote a year ago. It occurred to me that I could simply transpose many parts of it, since virtually all major plans, issues, hopes and concerns are unchanged and largely unresolved.

That is not to suggest that little activity and engagement have taken place. What it does indicate is that the ambitious plans of Government and housing trusts to transform, remedy and expand the provision of social rented housing will take a great deal of time, determination and patience. I believe the essential elements of these matters are well understood and do not require detailed description in my report this year. I shall therefore try to be brief:

Housing Transformation Programme

The States have approved the transformation of the Housing Department into a corporate body wholly owned by the States, to all intents and purposes a housing association by another name. The advantage of this is that the States' housing stock does not need to be acquired at valuation, as it would by conventional stock transfer to a housing association, and is available as equity to fund the necessary refurbishment and maintenance of badly neglected housing. The downside is the continuing requirement to transfer the bulk of its income to Treasury.

The Housing Minister, Andrew Green and his senior executives are to be congratulated on their successes to date in the formation and implementation of challenging and imaginative new policies. I can confirm that the fullest consultation possible has been conducted with the housing trusts and that this is ongoing.

Regulation of social housing providers

The question of the regulation of the sector has received particularly close consultation. I am happy to report that the Minister has listened carefully to the views of the trusts and also those of the Housing Scrutiny Panel and I am now confident that the objectives of transparency and accountability will be met in a context of proportionality and common sense. The detail of the proposals is now in the able hands of a team at Treasury and I look forward to working with them in the months ahead.

Setting Rents

The rents charged by the Jersey Homes Trust (the "Trust") are currently capped at a level set by the Housing Minister, to correspond with the equivalent rentals charged for States housing. This restriction is one element of a legal agreement between the Trust and the States which regulates the activities of the Trust in the absence, to date, of formal regulation. The present capping arrangement will lapse with the transformation of the Housing Department and it was necessary to formulate a new process for capping the rents in the sector in the future. Rentals on new tenancies will be capped at 90% of the market rental for the property concerned. Rentals on existing tenancies will be permitted to increase annually by the rate of inflation plus 0.75%. Part of the additional revenue obtained by virtue of the 90% of market rent policy will be transferred by the recipient housing provider to the Social Security Department to help fund additional housing benefit, which is an element of Income Support.

The introduction of the 90% of market cap will therefore be very gradual and will make little impact on revenues in the short to medium term, especially since a significant proportion of any increases will have to be transferred to the Social Security Department.

JERSEY HOMES TRUST

CHAIRMAN'S REPORT

For the year ended 31 December 2013

New housing development

I mentioned last year that it would take all of twelve months to design new housing developments and to obtain planning consent. This was an optimistic timetable and my trustees and I remain frustrated by the inevitable delays and remain impatient to invest in badly needed new homes. I am delighted to confirm that the Trust was invited to take on the proposed housing development at the Ann Court site in St Helier. The site has been in use as public car parking in recent years but the States voted to return it to housing. Nevertheless, the Trust is responding to the needs of the town, as proposed by Transport and Technical Services (TTS), and incorporating in the outline plans a large basement car-park for use by the public. At the present time, TTS are sinking a shaft on the site to connect with the St Helier storm-water amelioration system (the Cavern). The Trust is hoping to be on site in early 2015 to commence construction of one of the largest housing developments to be built in Jersey.

The Trust has provisionally appointed a design team of architects, structural engineers and quantity surveyors, following an architectural competition. The Trust will commit fully to the development of the scheme following the transfer of the site to the Trust and will endeavour to appoint local firms of consultants and contractors to carry it through.

Benchmarking our Performance

There follows a table, produced annually, which benchmarks the performance of the Trust in crucial areas for comparison with the performance of UK housing associations. I submit that this benchmarking demonstrates that the Trust is managed very competently and provides to the community excellent value for money. I would mention that the Trustees are not remunerated for their time and expertise and their contribution to the success of the trust is immeasurable.

In comparisons of rental arrears, voids and re-let times, the Trust's performance is outstanding (and consistently so). The table also confirms that the Trust has a low-cost base, this in a high-cost environment. This is important since the Trust continues to favour an outsourcing model rather than establishing its own premises, staff and chief executive.

Much of the outsourcing is contracted through firms having a connection with Trustees. All such contracts are fully reported in our published annual accounts. These arrangements are well understood and have been of benefit to the Trust over many years and have contributed to its financial and management success. Trustees are enabled to maintain a "hands-on" and day-to-day involvement in the business of the Trust and to secure keenly priced services. The contracts are professionally reviewed annually.

Some history

I was approached 20 years ago by the then President of the Housing Committee, Deputy Len Norman, who asked me to consider setting up a housing association in Jersey. The housing need was acute and the States were not resourced to commit the substantial capital sums required. It was proposed that this new housing association would borrow 100 per cent of the money required to build the new housing required, mostly on land ceded to the association by the States.

JERSEY HOMES TRUST

CHAIRMAN'S REPORT

For the year ended 31 December 2013

Now 20 years later, my Trustees and I, and Len, can look back with great satisfaction at a job well done and which has been of great benefit to the Island. We achieved the objectives set for us. We borrowed £100 million from local banks to fund the development of 744 homes, largely developed by the Trust itself. We have strived to be efficient and considerate landlords. We have worked diligently with government departments in order to demonstrate our partnership in this endeavour with the public of Jersey. We have been transparent and accountable.

I trust the reader may forgive any hyperbole in this report, which normally I am anxious to avoid. My 20-year involvement with this activity is my excuse.

Acknowledgements

To:

Nigel Sweeny (our monitoring surveyor);
Marion Falle (our public relations consultant);
Stephen Van Neste and his team at Brunel Management (our property managers);
Tricia Redmond and her team at Moore Management (accountancy services);
Sylvia Lennon at Ogier (secretarial services);
and to my amazing Trustees (see below).

Thank you all for your services and kindnesses in 2013.

MICHAEL VAN NESTE **CHAIRMAN**

The Jersey Homes Trust is a Jersey Housing Association, registered in the Royal Court on 9 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.
Jim Bailey; Surveyor

JERSEY HOMES TRUST
CHAIRMAN'S REPORT
For the year ended 31 December 2013

THE JERSEY HOMES TRUST

Annual Benchmarking of Performance (2012)
against Performance of UK Housing Associations (2011)

	UK Associations	Jersey Homes Trust
Average stock	6,318	744
Vacant Stock	1.78%	0.0%
Average re-let time (days)*	33.2	0.00
Rent arrears at year end	5.00%	0.08%
Operating cost per unit - Weekly	£56.62	£35.40
Operating cost per unit - Annual	£2,944	£1,841
excluding major repairs - Weekly	£48.92	£34.21
excluding major repairs - Annual	£2,544	£1,779
Management cost per unit - Weekly	£16.79	£11.40
Management cost per unit - Annual	£873	£593

NOTES:

“Management Cost” includes all administration costs, management fees, accountancy and audit fees, property insurances, P.I. Insurance and legal & professional fees.

“Operating cost” includes all the above, all repairs and maintenance costs and bad debts.

UK data selected for benchmarking:

The global accounts of housing associations over 1000 units
(over 95% of homes in the sector).

To achieve like-for-like comparisons:

UK costs are net of depreciation and impairment costs (the Trust does not depreciate).
The Trust costs are net of Foncier Rates (for which there is no UK equivalent).

Sources:

The Tenant Services Authority website.

The independently audited Financial Statements of The Jersey Homes Trust
and reports to Trustees by Managing Agents.

*Re-let times for UK associations taken from 2010 reporting (this PI no longer reported)
Average re-let time calculated by number of void days divided by number of re-lets in year.

JERSEY HOMES TRUST

CHAIRMAN'S REPORT

For the year ended 31 December 2013

The Trust benchmarking is not suitable for comparison with UK Local Authority or the 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 Street, St Helier. 17 flats.
Cherry Grove:	Roussel Street, St Helier. 12 flats
Kent Lodge:	Clarendon Road, St Helier. 7 flats.
St Saviour's Court:	St Saviour's Road, St Helier. 28 flats.
Belle Vue:	Route des Quennevais, St Brelade. An estate of 90 houses and flats.
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.
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 £7,791,990 (assuming full occupancy).

Void & Arrears: Rental arrears are 0.08% of annual rent.

JERSEY HOMES TRUST

TRUSTEES' REPORT

For the year ended 31 December 2013

The Trustees submit their report and the audited financial statements of the Jersey Homes Trust (the "Trust") for the year ended 31 December 2013.

Activities

The Trust is a Jersey Housing Association, registered in the Royal Court on 9 June 1995 as an association for the purposes of the law entitled "Lois (1862) sur les teneures en fideicommis 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 14.

Trustees

The Trustees of the Trust 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 Trust and of the income and expenditure for that year in accordance with United Kingdom Accounting Standards. 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 Trust 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 Trust. 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

For the year ended 31 December 2013

The accounts are published on www.jerseyhomestrust.org.je which is a website maintained by the 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 Trust are to provide social housing primarily in the rental market for the inhabitants of the Island of Jersey. The creation of the Trust 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 Trust 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 Trust'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 Trust are to be held for the long term, and are subject to the Trust's policy of continuous maintenance, repair or refurbishment where considered appropriate.

JERSEY HOMES TRUST

TRUSTEES' REPORT

For the year ended 31 December 2013

Key financial policies and strategies (continued)

- ***Reserves strategy***

The Trust 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 Trust may set aside, reserve or commit sums from cash surpluses to:

- pay the debts and commitments (future or current) of the Trust,
- pay for current or set aside for future property repairs and maintenance (taken to designated reserves – see note 13),
- pay for current or set aside for future property acquisitions, improvements, refurbishment or development, and
- provide working capital for the Trust.

Internal Financial Control

The Trustees have overall responsibility for ensuring that the Trust 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 Trust has no employees. The day to day operations of the Trust are all carried out by third parties, in which some of the Trustees have an interest, as disclosed in note 14. The Trust 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 manager in respect of all of the Trust's properties.

Homes and bedspaces

	2013	2012
<i>Under management</i>	Units	Units
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
	744	744

There are currently no Homes under development

JERSEY HOMES TRUST
TRUSTEES' REPORT
For the year ended 31 December 2013

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 2013 and 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.

Trustee's 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, and have been properly prepared in accordance with the Constitution. The Trustees are also responsible for such internal control as it determines 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 2013, and 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.

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



PricewaterhouseCoopers CI LLP
Chartered Accountants
Jersey, Channel Islands
24 June 2014

JERSEY HOMES TRUST
BALANCE SHEET
As at 31 December 2013

		31 December 2013		31 December 2012	
	Notes	£	£	£	£
Trust fund					
Income account	12		17,749,406		14,730,208
Designated reserve	13		4,862,605		4,493,851
Development reserve	14		8,300,000		6,800,000
			<u>30,912,011</u>		<u>26,024,059</u>
Represented by:					
Fixed assets					
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
Current assets					
Debtors and prepayments	8	287,107		452,959	
Balance at managing agents		540,055		567,036	
Bank balances		<u>13,691,248</u>		<u>11,314,307</u>	
		<u>14,518,410</u>		<u>12,334,302</u>	
Current liabilities – amounts due in less than one year					
Bank loans	11	3,048,040		2,717,092	
Creditors	9	118,039		105,941	
Tenants' deposits	10	<u>190,114</u>		<u>188,964</u>	
		<u>3,356,193</u>		<u>3,011,997</u>	
Net current assets			<u>11,162,217</u>		<u>9,322,305</u>
Total assets less current liabilities			116,703,410		114,863,498
Liabilities falling due after more than one year					
Bank loans	11	85,791,399		88,839,439	
			<u>(85,791,399)</u>		<u>(88,839,439)</u>
Net Assets			<u>30,912,011</u>		<u>26,024,059</u>

The financial statements were approved by the Trustees on 24.06.2014
and are signed on their behalf by:



Trustee



Trustee

The notes on pages 17 to 26 form part of these audited financial statements

JERSEY HOMES TRUST
INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2013

		31 December 2013 £	31 December 2012 £
	<i>Notes</i>		
Income from property rentals	1	7,711,467	7,551,242
Property expenses		(1,069,598)	(902,692)
Provision for bad debts		(14,755)	(12,999)
Net property income		6,627,114	6,635,551
Sundry Income		-	3,551
Operating expenses	3	(568,549)	(555,338)
Operating surplus		6,058,565	6,083,764
Interest receivable		113,206	224,513
Interest payable	5	(1,147,695)	(1,512,436)
Surplus on ordinary activities		5,024,076	4,795,841
Development costs	4	(136,124)	(77,409)
Transfer to designated reserve	12&13	(368,754)	(474,463)
Transfer to development reserve	12&14	(1,500,000)	(1,500,000)
Retained income for the year		3,019,198	2,743,969

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

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

The notes on page 17 to 26 form part of these audited financial statements.

JERSEY HOMES TRUST
CASHFLOW STATEMENT
For the year ended 31 December 2013

	31 December 2013		31 December 2012	
	£	£	£	£
Net cash flow from operating activities (Note 1)		6,071,212		5,941,884
Development costs		<u>(136,124)</u>		<u>(77,409)</u>
		5,935,088		5,864,475
Returns on investing and servicing of finance				
Interest paid	(1,158,019)		(1,519,384)	
Interest received	<u>289,983</u>		<u>128,339</u>	
Net cash out flow from returns on investment and servicing of finance		(868,036)		(1,391,045)
Net cash outflow from capital expenditure				
Financing				
Loan principal repayments	<u>(2,717,092)</u>		<u>(2,828,439)</u>	
Net cash outflow from financing		<u>(2,717,092)</u>		<u>(2,828,439)</u>
Increase in cash in the period		<u><u>2,349,960</u></u>		<u><u>1,644,991</u></u>

JERSEY HOMES TRUST
CASHFLOW STATEMENT
For the year ended 31 December 2013

Note 1 to Cashflow Statement

Reconciliation of operating profit to net cash inflow from operating activities	2013	2012
Operating Surplus	6,058,565	6,083,764
Decrease/(increase) in debtors	165,852	(238,448)
Increase/(decrease) in creditors	13,248	(6,554)
Movement in Interest payable	10,324	6,948
Movement in Interest receivable	(176,777)	96,174
	<u>6,071,212</u>	<u>5,941,884</u>

Note 2 to Cashflow Statement

Reconciliation of net cash flow to movement in net debt	2013	2012
Increase in cash in period	2,349,960	1,644,991
Loan principal repayments	2,717,092	2,828,439
Movement in net debt in the period	5,067,052	4,473,430
Opening net debt	(79,675,188)	(84,148,618)
Closing net debt	<u>(74,608,136)</u>	<u>(79,675,188)</u>

Note 3 to Cashflow Statement
Analysis of changes in net debt

	01 Jan 2013	Cashflows	31 Dec 2013
Cash at bank & held at agents	<u>11,881,343</u>	<u>2,349,960</u>	<u>14,231,303</u>
Debt due after one year	(88,839,439)	3,048,040	(85,791,399)
Debt due within one year	(2,717,092)	(330,948)	(3,048,040)
	<u>(91,556,531)</u>	<u>2,717,092</u>	<u>(88,839,439)</u>
	<u>(79,675,188)</u>	<u>5,067,052</u>	<u>(74,608,136)</u>

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

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 Trust'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 2013, all cash and cash equivalents were held in bank accounts at Barclays Bank Plc, Lloyds Bank Plc and Standard Chartered Bank 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.

Rental income is not arranged on an arms length basis since residential rentals must not exceed the maximum rentals set by the States of Jersey Housing Department's own fair rent structure.

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 on 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.

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

1. Principal accounting policies – continued

Designated and Development reserves – continued

In accordance with Clause 8a of the contract with the Housing Committee, the Trust has set aside an additional £1,500,000 as a development reserve to provide seed capital for future housing developments (2012: £1,500,000).

Depreciation of housing properties

The housing properties are held as fixed assets rather than investment property as the criteria under SSAP 19 – “Investment Properties” are not met (interest in buildings are “not held for their investment potential” and “rental income is not negotiated with tenants at arm’s length”).

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 Trust housing properties and accordingly no depreciation has been provided. The Trustees consider there to be no material difference between preparation on a cash or accruals basis for the said line item.

The majority of the properties owned by the Trust are newly built developments, constructed within the last ten years. The Trust 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 Trust’s properties as at 31 December 2013 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 Trust 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 Trust. 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 Trust.

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 2013

2. Taxation

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

3. Operating Expenses

	2013	2012
	£	£
Property management fees (note 15)	366,214	358,361
Audit fees	18,542	16,798
Administration and accountancy fees	80,605	73,334
Insurance	76,351	79,244
Legal & professional fees	25,654	19,769
Bank charges	1,183	1,096
Sundry expenses	-	6,736
	<u>568,549</u>	<u>555,338</u>

4. Development costs

	2013	2012
	£	£
Ann Court	82,464	-
Belle Vue	5,075	12,679
Convent and Caesarea Court	6,000	36,767
Lempriere Street	41,140	27,963
Mont Pretre	1,445	-
	<u>136,124</u>	<u>77,409</u>

5. Interest payable

	2013	2012
	£	£
Interest payable on loans attributable to housing properties	<u>1,147,695</u>	<u>1,512,436</u>

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

6. Housing properties at cost

	2012	Movement	2013
	£	in year	£
		£	
Housing properties held for letting			
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	3,428,634	-	3,428,634
	116,840,193	-	116,840,193

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

6. Housing properties at cost – continued

Land acquired by the Trust 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 Trust. 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

	2013	2012
	£	£
Amounts due from The Albert Pier Housing Association	114,270	134,435
Current rentals due	93,370	78,227
Bank interest receivable	13,124	189,901
Insurance prepaid	35,759	38,900
Other debtors and prepayments	30,584	11,496
	<u>287,107</u>	<u>452,959</u>

The loan to The Albert Pier Housing Association in respect of replacement lighting costs, is unsecured, interest free and repayable on 31 December 2017.

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

9. Creditors

	2013	2012
	£	£
Loan interest payable	3,671	13,995
Other – property related	87,357	64,261
Other – non-property related	27,011	27,685
Creditors due in less than one year	118,039	105,941

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

10. Tenants' deposits

This amount of £190,114 represents deposits received from tenants (2012: £188,964). 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

	2013	2012
	£	£
Repayable in less than 1 year	3,048,040	2,717,092
Repayable in 1 to 2 years	3,402,525	3,048,040
Repayable in 2 to 5 years	12,806,871	11,363,840
Repayable in 5 years or more	69,582,003	74,427,559
	85,791,399	88,839,439
	88,839,439	91,556,531

On 15 March 2013, the Trustees entered into a Bond, Billets and Variation agreement with Barclays Bank which allows for the cross collateralisation of existing loans that Barclays Bank have a charge over, subject to a cap of £90,000,000.

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

Property	Description	Charge (£)	Initial Loan (£)	Maturity Date	Value of instrument (£)
Barclays Bank Plc					
Maison de St Nicolas (Moorestown)	Promissory note over land and property	-	633,000	30/06/2018	260,689
Brooklands	Promissory note over land and prop	-	1,653,750	15/02/2018	706,396
St Paul's Gate	Promissory note over land and property	-	1,596,000	15/02/2018	736,249
Total value C/fd					1,703,334

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

11. Bank loans (continued)

Property	Description	Charge (£)	Initial Loan (£)	Maturity Date	Value of instrument (£)
Total value B/fd					1,703,334
Cherry Grove	Promissory note over land and property	-	1,548,750	30/09/2020	933,413
La Folie Estate	Promissory note over land and property	2,496,000	2,000,000	21/03/2018	760,504
St Saviours Court	Promissory note over land and property	-	3,321,000	30/03/2023	2,181,759
Kent Lodge	Promissory note over land and property	-	900,000	30/06/2023	633,015
Belle Vue	Promissory note over land and property	11,865,000	11,865,000	30/09/2024	8,861,410
St Clements Road	Promissory note over land and property	1,200,000	1,200,000	29/06/2029	964,529
Le Jardin Fleuri (La Champs des Fleurs)	Promissory note over land and property	2,850,000	2,850,000	31/12/2027	2,711,017
Victoria Place (Albert Pier)	Promissory note over land and property	16,386,000	12,500,000	30/06/2028	10,824,272
Berkshire Court & Albert Pier	Promissory note over land and property	13,380,000	13,380,000	30/09/2030	11,936,528
La Roseraie (Mont Millais)	Promissory note over land and property	8,287,000	8,287,000	31/12/2029	7,381,242
John Wesley Apartments (Cannon St)	Promissory note over land and property	6,000,000	6,000,000	30/09/2029	5,357,392
Parkside (Town Park)	Promissory note over land and property	3,200,000	3,200,000	30/09/2029	2,870,875
St Clement Court (Ann Street)	Promissory note over land and property	4,300,000	4,630,000	31/12/2029	3,659,319
La Folie Redevelopment scheme (La Folie Phase 2)	Promissory note over land and property	1,531,523	3,670,000	31/12/2032	3,670,000
Clos le Gallais	Promissory note over land and property	2,275,000	4,950,000	29/12/2036	2,258,387
Clos du Ruisseau	Promissory note over land and property	3,365,000	5,353,280	29/12/2036	3,345,217
Lloyds Bank Plc					
Le Coie	Registered bond attached to property	12,250,000	12,250,000	31/12/2027	10,368,943
Le Grand Clos	Registered bond attached to property	8,600,000	8,600,000	31/12/2032	8,418,283
TOTAL VALUE					88,839,439

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

11. Bank loans (continued)

The rate of interest incurred on each loan amounts to LIBOR + 0.75%.

In the event that interest exceeds 4% per annum, the sum equal to the difference between 4% and the interest rate is reimbursed by the States of Jersey. Except for Le Grand Clos, Clos le Gallais and Clos du Ruisseau where the interest rate limit is 6% per annum.

12. Income account

	2013	2012
	£	£
At 1 January 2013	14,730,208	11,986,239
Surplus on ordinary activities	5,024,076	4,795,841
Development costs	(136,124)	(77,409)
Transfer to designated reserve	(368,754)	(474,463)
Transfer to development reserve	(1,500,000)	(1,500,000)
At 31 December 2013	<u>17,749,406</u>	<u>14,730,208</u>

Capital repayments on the Trust'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 Trust.

As at 31 December 2013, the Trust reported accumulated retained income amounting to £17,749,406 (2012: £14,730,208) out of which the Trust has made accumulated capital repayments totalling £17,058,886 (2012: £14,342,324). In accordance with the constitution of the Trust, the net surplus after loan repayments amounted to £690,520 (2012: £387,884) as at 31 December 2013, as reported below

Income account as at 31 December 2013	17,749,406
Capital repayments made to 31 December 2013	<u>(17,058,886)</u>

Net surplus as at 31 December 2013 **690,520**

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.

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

13. Designated reserve

	2013	2012
	£	£
At 1 January 2013	4,493,851	4,019,388
Transfer from income and expenditure account*	<u>368,754</u>	<u>474,463</u>
At 31 December 2013	<u>4,862,605</u>	<u>4,493,851</u>

*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.

14. Development reserve

For the year ended 31 December 2013, the Trustees transferred £1,500,000 (2012: £1,500,000) to the development reserve to provide seed capital for future housing projects. The total amount accumulated in the reserve at the year end is £8,300,000 (2012 £6,800,000).

15. (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 2013.

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

Brunel manages all of the Trust'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 £366,214 (2012 £358,361) of which £57,791 (2012 £56,527) remained outstanding and is included in creditors. Brunel Management Limited maintains a segregated bank account on behalf of the Trust for the collection of rent and payment of property expenses. At 31 December 2013, this balance was £540,055 (2012 £567,036).

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

Ogier Group act as the Trust's legal advisers and provide secretarial services. The total amount payable during the year was £28,681 (2012 £17,504) of which nil was outstanding at the year end (2012 £5,040).

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

15. Related Parties (continued)

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

Moore Management Limited act as the Trust's accountants. The amount payable during the year was £54,124 (2012 £56,330) of which £8,511 remained outstanding and is included in creditors at 31 December 2013 (2012 £10,927).

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

Ross-Gower Associates act as consulting engineer to the Trust during the year £5,033 (2012 £673) was payable to Ross-Gower Associates of which nil (2012 £507) was outstanding at the year end.

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

Labesse & Co. act as the Trust's surveyors. During the year ended 31 December 2013, £9,380 (2012 £9,188) was payable to Labesse & Co none of which was outstanding at the year end.

- 15. (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 Trust, whose only benefits are as outlined in paragraphs 13 (i) (a to f) and 13 (ii) above.

16. Ultimate controlling party

In the opinion of the Trustees, there is no ultimate controlling party as all Trustees are bound by the Constitution dated 9 July 1995.

17. Subsequent events

On 13 June 2014, the Trust acquired the Hameau de la Mar site for a consideration of £1,260,000. The Trust has also entered into a construction contract in relation to the development of this site for a total of £2,398,000. There were no other significant events after the year end.