

Jersey Homes Trust

Annual report and financial statements

For the year ended 31 December 2014

JERSEY HOMES TRUST

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JERSEY HOMES TRUST DIRECTORY

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 (Chartered 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
44 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 2014

The role of the Jersey Homes Trust (the "Trust")

The Trust was established twenty years ago at the request of the then Housing President, to obtain the funding and to take on future social rented housing development in Jersey. It was also seen as advantageous that prospective tenants should have some choice of social landlord. Over the following twelve years the Trust achieved its target of 700 units under management, largely from development and without the benefit of stock transfers. It was originally envisaged that a third of our portfolio would arise from transfers of States of Jersey (the "States") housing stock, to mirror what was taking place on a large scale in the UK. The Trust borrowed one hundred per cent of the cost of its developments from the banks, to the tune of £110 million. We also received substantial encouragement and assistance in the form of financial subsidies from the States.

We thereby enjoyed a working partnership with the States, with understood and shared objectives, and it was truly successful. In recent years this partnership has been somewhat curtailed. No further developments of social housing were supported by the States in the years leading up to and during the Housing Transformation Programme. The resulting moratorium on new development resulted in a six-year break in the development of much needed affordable housing and an interruption in the necessary programme of construction. This was damaging to the infrastructure of the Island, had a negative impact on the Island's economy and led to greater housing deprivation and hardship. I consistently raised this issue in my annual report, year on year. There is a common perception that unless people are seen living in cardboard boxes there can be no housing shortage. It appeared there were some in authority who seemed to feel the same way, for the extent of the housing need was a regular cause of disagreement. Eventually the setting up of the Affordable Housing Gateway provided the irrefutable evidence of a severe affordable housing shortage in which the most vulnerable are the main victims.

The Transformation Programme has resulted in the setting up of Andium Homes, now the owner and landlord of States housing. Andium will operate without the constraints previously experienced by the Housing Department and will be able to raise money, invest in new housing, re-align its stock and also carry out much needed maintenance. It will still take some years to make good previous neglect and to achieve Decent Homes status for all its stock. We wish Andium well and hope to co-operate closely with them in co-ordinating our development activities and in sharing experience. I subscribe to the view that social housing providers should aim to deliver a seamless offering to the public, without infringing upon their independence or differing cultures. The Affordable Housing Gateway is an excellent example of how this can be achieved.

The Trust now needs to better understand its role and its ongoing relationship with the States. Andium, wholly owned by the States and by far the largest provider, will now displace the Trust as the major player in the procurement and future development of social housing. That is the inevitable result of the transformation. We hope to work with Andium, and the other Trusts, in a co-ordinated programme of development that will meet the housing needs of the Island. If we are to continue to operate as a team player and to play our part fully, our activities must be understood and supported by the Housing Minister and her colleagues in the Council of Ministers.

JERSEY HOMES TRUST

CHAIRMAN'S REPORT

For the year ended 31 December 2014

Ann Court Development

In September 2012 the Trust was invited, by the Housing Ministry, to take on the proposed development of the Ann Court site, in St Helier. This scheme sought to combine the provision of up to 200 public car-parking spaces with a social rented housing development of up to 200 units. The Trust was proud to have been entrusted with such a major development and the involvement of the Trust was confirmed by the Housing Minister in the States chamber.

Following an architectural competition conducted by Trustees, a professional team was appointed by the Trust to draw up fully costed preliminary plans and engineering specifications. I would like to commend the team for an inspirational and very fine scheme which met all the requirements and maximised the opportunities that it offered.

Detailed and lengthy engagement with lawyers also took place to codify, develop and ratify the legal framework and contracts through which the Trust, as developer, would interface with States departments. For two years the Trust engaged in far-reaching discussions with key Departments of the States. Regrettably, the Trustees did not always feel that they were treated as a partner in this enterprise. On the contrary, avoidable and major difficulties were placed in their way throughout the process.

All this was a huge commitment of time, resource and expense by the Trust, which had also earmarked substantial cash resources for investment into the development, thereby restricting its capacity to invest elsewhere.

My Trustees and I finally concluded that the discussions with Public bodies had no prospect of outcomes that would enable the Trust to proceed with a viable development. The Trust formally withdrew from the project on 16th September 2014 after serving extended notice of such intention if certain understandings could not be achieved. During this notice period there was no further indication from the key players in Government that insurmountable difficulties might be addressed or even discussed. The decision to withdraw was inevitable in the circumstances.

It is appropriate that, in this report, I should at least record the immense regret and disappointment that I share with my Trustees over this significant failure, not of our making. I remain hopeful that the time and expense devoted to date on this project by the Trust will be utilised in a practical fashion to assist the eventual development of a large housing scheme on this important site.

I can confirm that the Trust is actively engaged in seeking alternative development opportunities and to invest the substantial reserves, now released, into suitable schemes, one such being:

Hameau de la Mer

The Trust was invited to participate in the very attractive Hameau de la Mer development in St Clement. The Constable, Len Norman, felt that the interests of the Parish in the social housing element of the scheme could be safely entrusted to the Trust. We have worked before with the developers, G R Langlois, and we were delighted to have the opportunity of such involvement. The Trust is acquiring 21 units for occupation by over 55s, to be nominated by the Parish. For my part I am more than pleased to work again with Len, who, as President of Housing, asked me to set up the Trust all those years ago.

JERSEY HOMES TRUST

CHAIRMAN'S REPORT

For the year ended 31 December 2014

The Strategic Housing Unit

In the consultations conducted in connection with the Housing Transformation Programme, it was thought by some that there would be no role for a Housing Minister after the establishment of Andium Homes. I was not convinced by this and remained strongly in favour of retaining the post of Housing Minister, in order that the vital needs and interests of the Island's housing should continue to be fully represented at the Council of Ministers. I was pleased that the relevant Scrutiny Committee took the same view and delighted that the decision was taken to retain the post.

The appointment of Deputy Ann Pryke has been approved by the States and I wish her well in her new role. The Strategic Housing Unit is being set up as a department within Treasury and the Housing Minister will head it up. I sincerely hope that the Minister and her Department will champion successfully the needs of housing provision and bring forward or support policies to assist that important provision. In particular, the activities of social housing providers need support, encouragement, direction and coordination.

The clue is in the name: this new Department should be fixated on "Strategic" issues and its success will be measured by its contribution to resolving the chronic shortage of affordable housing in Jersey.

Regulation of housing trusts

From time to time, over many years, we have participated in discussions about the necessity and form of proposed regulation of social housing providers in Jersey. It is the case that we already operate within strict regulations and protocols, imposed through a bi-lateral voluntary agreement that the Trust entered into with the States, as well as in accordance with the requirements of our constitution and the regulations attached to it. We do recognise that formal regulation should have the added advantage of improved transparency, offering reassurance to stakeholders and to the public.

We will be happy to work in consultations with the Housing Minister and the other housing trusts to take this process forward. I believe there is a consensus that any regulation should be proportional, tailored for Jersey's needs and respectful of the long tradition of public service provided by its housing associations. It should not involve unnecessary bureaucracy. It should not create an environment that would dissuade trustees from serving the community. It should not be perceived as a measure for remedy or reform. It should not create new, paid posts in the civil service. We would support a system of self-regulation in which performance is measured or benchmarked against agreed standards or objectives.

Social Housing providers are engaged in a vital and challenging endeavour. They need support and encouragement.

Benchmarking our Performance

Each year the Trust does benchmark its performance in crucial areas. The results are then compared with the performance of UK housing associations. We publish these results in the form of the attached table which is included as part of our annual financial statements. I suggest that this exercise demonstrates that the Trust is managed very competently and delivers excellent value for money. I would mention that the Trustees have historically been completely unremunerated for the considerable contribution of their time and expertise for the benefit of the Trust.

JERSEY HOMES TRUST
CHAIRMAN'S REPORT
For the year ended 31 December 2014

The new management team at Andium act on a remunerated basis which means we may have to reconsider our terms of appointment if we are to be able to attract new high calibre management to our own team.

In comparisons of rental arrears, voids and re-let times, the Trust's performance is outstanding, as usual. 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, for reasons of cost effectiveness, rather than setting up its own offices and staff.

Much of this outsourcing is contracted through firms having a connection with some Trustees. All such contracts are fully reported in our annual accounts, which are available on line. 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 day-to-day involvement in the business of the Trust and to secure keenly priced services. The contracts are at arm's length and are professionally reviewed annually and services are generally remunerated below comparable industry standards.

The benchmarking exercise described above is intended to compare the performance of the Trust, utilising parameters used in benchmarking the performance of housing associations in the UK, and for no other purpose.

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);

Michelle Tinari-Lee and her team at Moore Management (accountancy services);

Sylvia Lennon at Elian (secretarial services);

and to my amazing Trustees (see below).

Thank you all for your services and kindnesses in 2014.

MICHAEL VAN NESTE
CHAIRMAN

JERSEY HOMES TRUST
CHAIRMAN'S REPORT
For the year ended 31 December 2014

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, Chartered Accountant;
 Christopher Clarke, (Chartered Structural Engineer) Developments Director;
 Paul Labesse, (Chartered Building Surveyor) Estates Director.
 Frank Dearie; Risk, Regulation and Compliance.
 Jim Bailey; Chartered Surveyor

THE JERSEY HOMES TRUST

Annual Benchmarking of Performance (2013)
against Performance of UK Housing Associations (2012)

	UK Associations	Jersey Homes Trust
Average stock	6,378	744
Vacant Stock	1.75%	0.0%
Stock failing DSH	1.9%	0.0%
Average re-let time (days)*	33.2	0.00
Rent arrears at year end	4.80%	0.21%
Operating cost per unit - Weekly	£54.62	£40.07
Operating cost per unit - Annual	£2,840	£2,084
excluding major repairs - Weekly	£50.15	£36.71
excluding major repairs - Annual	£2,608	£1,909
Management cost per unit - Weekly	£17.47	£11.66
Management cost per unit - Annual	£908	£606

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.

JERSEY HOMES TRUST

CHAIRMAN'S REPORT

For the year ended 31 December 2014

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 Homes & Communities Agency 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 is no longer reported)

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

The Trusts benchmarking is not suitable for comparison with UK local authority housing departments or with Andium Homes in Jersey.

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 Roseraie:	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.

**JERSEY HOMES TRUST
CHAIRMAN'S REPORT
For the year ended 31 December 2014**

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 £7,988,290.

Voids & Arrears: Rental arrears are 0.39% of annual rental.

JERSEY HOMES TRUST

TRUSTEES' REPORT

For the year ended 31 December 2014

The Trustees submit their report and the audited financial statements of the Jersey Homes Trust (the "Trust") for the year ended 31 December 2014.

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 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 16.

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 2014

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 objective of the Trust is 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.

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***

In accordance with the rental policy approved by the States, from July 2014 rentals for new tenancies will be set at 90% of equivalent market rentals. The rentals for pre-existing tenancies will be increased in line with increases in the Jersey R.P.I. plus .75% annually.

- ***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 2014

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.

All current cash surpluses are so set aside, reserved or committed.

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

	2014	2013
<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

JERSEY HOMES TRUST
TRUSTEES' REPORT
For the year ended 31 December 2014

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 2014 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.

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, and have been properly prepared in accordance with the Constitution of the Trust. 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 2014, 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 of the Trust.

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 Directory, the Chairman's Report and the Trustees' Report.

In our opinion the information given in 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
PricewaterhouseCoopers CI LLP
Chartered Accountants
Jersey, Channel Islands
Date: *7 July 2015*

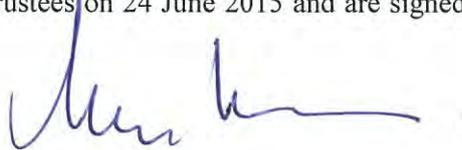
JERSEY HOMES TRUST
BALANCE SHEET
As at 31 December 2014

	Notes	31 December 2014		31 December 2013	
		£	£	£	£
Trust fund					
Income account	12		20,926,401		17,749,406
Designated reserve	13		5,134,572		4,862,605
Development reserve	14		9,800,000		8,300,000
			<u>35,860,973</u>		<u>30,912,011</u>
Represented by:					
Fixed assets					
Housing properties	6	118,726,988		116,840,193	
Less: Capital grants	7	(11,299,000)		(11,299,000)	
			107,427,988		105,541,193
Current assets					
Debtors and prepayments	8	241,810		287,107	
Balance at managing agents		610,730		540,055	
Bank balances		13,658,121		13,691,248	
		<u>14,510,661</u>		<u>14,518,410</u>	
Current liabilities – amounts due in less than one year					
Bank loans	11	3,402,525		3,048,040	
Creditors	9	95,463		118,039	
Tenants' deposits	10	190,814		190,114	
		<u>3,688,802</u>		<u>3,356,193</u>	
Net current assets			<u>10,821,859</u>		<u>11,162,217</u>
Total assets less current liabilities			118,249,847		116,703,410
Non-current liabilities – amounts due after more than one year					
Bank loans	11	82,388,874		85,791,399	
			<u>(82,388,874)</u>		<u>(85,791,399)</u>
Net assets			<u>35,860,973</u>		<u>30,912,011</u>

The financial statements were approved by the Trustees on 24 June 2015 and are signed 7 July 2015 on their behalf by:



Trustee



Trustee

The notes on pages 19 to 28 form part of these audited financial statements

JERSEY HOMES TRUST
INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2014

	<i>Notes</i>	31 December 2014 £	31 December 2013 £
Income from property rentals	1	7,871,502	7,711,467
Property expenses		(1,204,815)	(1,069,598)
Provision for bad debts		(15,330)	(14,755)
Net property income		6,651,357	6,627,114
Operating expenses	3	(570,258)	(568,549)
Operating surplus		6,081,099	6,058,565
Interest income		90,168	113,206
Interest expense	5	(1,131,418)	(1,147,695)
Surplus on ordinary activities		5,039,849	5,024,076
Development costs	4	(90,887)	(136,124)
Transfer to designated reserve	12&13	(271,967)	(368,754)
Transfer to development reserve	12&14	(1,500,000)	(1,500,000)
Retained income for the year		3,176,995	3,019,198

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 19 to 28 form part of these audited financial statements.

JERSEY HOMES TRUST
CASHFLOW STATEMENT
For the year ended 31 December 2014

	31 December 2014		31 December 2013	
	£	£	£	£
Net cash inflow from operating activities (Note 1)		6,099,395		6,071,212
Development costs		<u>(90,887)</u>		<u>(136,124)</u>
		6,008,508		5,935,088
Returns on investing and servicing of finance				
Interest paid	(1,121,266)		(1,158,019)	
Interest received	<u>85,141</u>		<u>289,983</u>	
Net cash out flow from returns on investment and servicing of finance		(1,036,125)		(868,036)
Capital expenditure				
Acquisition and construction of properties	<u>(1,886,795)</u>		<u>-</u>	
Net cash outflow from capital expenditure		(1,886,795)		-
Financing				
Loan principal repayments	<u>(3,048,040)</u>		<u>(2,717,092)</u>	
Net cash outflow from financing		(3,048,040)		(2,717,092)
Increase in cash in the period		<u><u>37,548</u></u>		<u><u>2,349,960</u></u>

JERSEY HOMES TRUST
CASHFLOW STATEMENT
For the year ended 31 December 2014

Note 1 to Cashflow Statement	31 December	31 December
Reconciliation of operating profit to net cash	2014	2013
inflow from operating activities	£	£
Operating surplus	6,081,099	6,058,565
Decrease in debtors	45,297	165,852
Movement in interest receivable	5,027	(176,777)
(Decrease)/increase in creditors and tenants deposits	(21,876)	13,248
Movement in interest payable	(10,152)	10,324
	<u>6,099,395</u>	<u>6,071,212</u>

Note 2 to Cashflow Statement	31 December	31 December
Reconciliation of net cash flow to movement in	2014	2013
net debt	£	£
Increase in cash in period	37,548	2,349,960
Loan principal repayments	3,048,040	2,717,092
Movement in net debt in the period	3,085,588	5,067,052
Opening net debt	(74,608,136)	(79,675,188)
Closing net debt	<u>(71,522,548)</u>	<u>(74,608,136)</u>

Note 3 to Cashflow Statement
Analysis of changes in net debt

	01 Jan 2014	Cashflows	31 Dec 2014
	£	£	£
Cash at bank & held at agents	14,231,303	37,548	14,268,851
Debt due after one year	(85,791,399)	3,402,525	(82,388,874)
Debt due within one year	(3,048,040)	(354,485)	(3,402,525)
	(88,839,439)	3,048,040	(85,791,399)
	<u>(74,608,136)</u>	<u>3,085,588</u>	<u>(71,522,548)</u>

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

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 are comprised of demand deposits and short term deposits with maturities of 12 months or less. As at 31 December 2014, 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.

Loan interest and interest subsidies

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

Loan interest expense on loans for properties held for letting and the related interest subsidies receivable are included in the income and expenditure account. Loan interest expense 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.

In accordance with Clause 8a of the contract with the States of Jersey, the Trust has set aside an additional £1,500,000 as a development reserve to provide seed capital for future housing developments (2013: £1,500,000).

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

1. Principal accounting policies – continued

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 to fifteen 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 2014 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.

Capital grants

Capital 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 2014

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

	2014	2013
	£	£
Property management fees (note 15)	374,034	366,214
Audit fees	19,425	18,542
Administration and accountancy fees	81,332	80,605
Insurance	74,565	76,351
Legal and professional fees	19,916	25,654
Bank charges	986	1,183
	<u>570,258</u>	<u>568,549</u>

4. Development costs

	2014	2013
	£	£
Ann Court	90,677	82,464
Belle Vue	-	5,075
Convent and Caesarea Court	-	6,000
Lempriere Street	-	41,140
Mont Pretre	-	1,445
Samuel Le Riche	210	-
	<u>90,887</u>	<u>136,124</u>

5. Interest expense

	2014	2013
	£	£
Interest expense on loans attributable to housing properties	<u>1,131,418</u>	<u>1,147,695</u>

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

6. Housing properties at cost

	2013 £	Movement in year £	2014 £
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
Properties under construction			
Hameau de la Mer, St Clement, Jersey	-	1,886,795	1,886,795
	<u>116,840,193</u>	<u>1,886,795</u>	<u>118,726,988</u>

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

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. Capital 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

	2014	2013
	£	£
Amounts due from The Albert Pier Housing Association	80,661	114,270
Current rentals due	90,462	93,370
Bank interest receivable	18,151	13,124
Insurance prepaid	37,771	35,759
Other debtors and prepayments	14,765	30,584
	<u>241,810</u>	<u>287,107</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 2014

9. Creditors

	2014	2013
	£	£
Loan interest payable	13,823	3,671
Other – property related	60,389	87,357
Other – non-property related	21,251	27,011
Creditors due in less than one year	<u>95,463</u>	<u>118,039</u>

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

10. Tenants' deposits

This amount of £190,814 represents deposits received from tenants (2013: £190,114). 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

	2014		2013	
	£	£	£	£
Repayable in less than 1 year		3,402,525		3,048,040
Repayable in 1 to 2 years	3,779,897		3,402,525	
Repayable in 2 to 5 years	13,612,349		12,806,871	
Repayable in 5 years or more	64,996,628		69,582,003	
		<u>82,388,874</u>		<u>85,791,399</u>
		<u>85,791,399</u>		<u>88,839,439</u>

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	215,220
Brooklands	Promissory note over land and prop	-	1,653,750	15/02/2018	594,710
St Paul's Gate	Promissory note over land and property	-	1,596,000	15/02/2018	633,958
Total value C/fd					<u>1,443,888</u>

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

11. Bank loans (continued)

Property	Description	Charge (£)	Initial Loan (£)	Maturity Date	Value of instrument (£)
Total value B/fd					1,443,888
Cherry Grove	Promissory note over land and property	-	1,548,750	30/09/2020	858,501
La Folie Estate	Promissory note over land and property	2,496,000	2,000,000	21/03/2018	639,156
St Saviours Court	Promissory note over land and property	-	3,321,000	30/03/2023	2,014,938
Kent Lodge	Promissory note over land and property	-	900,000	30/06/2023	593,799
Belle Vue	Promissory note over land and property	11,865,000	11,865,000	30/09/2024	8,364,720
St Clements Road	Promissory note over land and property	1,200,000	1,200,000	29/06/2029	922,763
Le Jardin Fleuri (La Champs des Fleurs)	Promissory note over land and property	2,850,000	2,850,000	31/12/2027	2,610,438
Victoria Place (Albert Pier)	Promissory note over land and property	16,386,000	12,500,000	30/06/2028	10,479,625
Berkshire Court & Albert Pier	Promissory note over land and property	13,380,000	13,380,000	30/09/2030	11,612,307
La Roseraie (Mont Millais)	Promissory note over land and property	8,287,000	8,287,000	31/12/2029	7,178,626
John Wesley Apartments (Cannon St)	Promissory note over land and property	6,000,000	6,000,000	30/09/2029	5,212,718
Parkside (Town Park)	Promissory note over land and property	3,200,000	3,200,000	30/09/2029	2,795,794
St Clement Court (Ann Street)	Promissory note over land and property	4,300,000	4,630,000	31/12/2029	3,528,110
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	2,238,926
Clos du Ruisseau	Promissory note over land and property	3,365,000	5,353,280	29/12/2036	3,320,863
Lloyds Bank Plc					
Le Coie	Registered bond attached to property	12,250,000	12,250,000	31/12/2027	9,961,780
Le Grand Clos	Registered bond attached to property	8,600,000	8,600,000	31/12/2032	8,344,447
TOTAL VALUE					85,791,398

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

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

	2014	2013
	£	£
At 1 January 2014	17,749,406	14,730,208
Surplus on ordinary activities	5,039,849	5,024,076
Development costs	(90,887)	(136,124)
Transfer to designated reserve	(271,967)	(368,754)
Transfer to development reserve	(1,500,000)	(1,500,000)
At 31 December 2014	<u>20,926,401</u>	<u>17,749,406</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 2014, the Trust reported accumulated retained income amounting to £20,926,401 (2013: £17,749,406) out of which the Trust has made accumulated capital repayments totalling £20,106,926 (2013: £17,058,886). In accordance with the constitution of the Trust, the net surplus after loan repayments amounted to £819,475 (2013: £690,520) as at 31 December 2014, as reported below

Income account as at 31 December 2014	20,926,401
Capital repayments made to 31 December 2014	<u>(20,106,926)</u>

Net surplus as at 31 December 2014 **819,475**

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 2014

13. Designated reserve

	2014	2013
	£	£
At 1 January 2014	4,862,605	4,493,851
Transfer from income and expenditure account*	<u>271,967</u>	<u>368,754</u>
At 31 December 2014	<u>5,134,572</u>	<u>4,862,605</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 2014, the Trustees transferred £1,500,000 (2013: £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 £9,800,000 (2013 £8,300,000).

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 2014.

(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 £374,034 (2013 £366,214) of which £59,592 (2013 £57,791) 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 2014, this balance was £610,730 (2013 £540,055).

(c) Elian Corporate Services (Jersey) Limited ("Elian") through its relationship with Advocate Phillip Le Cornu

Elian provides secretarial services to the Trust. The total amount payable during the year was £27,941 (2013 £28,681) of which nil was outstanding at the year end (2013 nil).

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

15. (i) 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 £53,391 (2013 £54,124) of which £11,538 remained outstanding and is included in creditors at 31 December 2014 (2013 £8,511).

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

Ross-Gower Associates act as consulting engineer to the Trust during the year £11,523 (2013 £5,033) was payable to Ross-Gower Associates of which nil (2013 nil) 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 2014, £9,700 (2013 £9,380) was payable to Labesse & Co none of which was outstanding at the year end.

- 15. (ii)** In accordance with the Constitution of the Trust, in respect of any contract or arrangement for professional services rendered to the Trust by a Trustee (defined as a "Member" in the Constitution of the Trust) 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

There were no significant events after the year end.