

Jersey Homes Trust

Annual report and financial statements

For the year ended 31 December 2020

JERSEY HOMES TRUST

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JERSEY HOMES TRUST DIRECTORY

Trustees

Michael Van Neste (Chairman)

Adv Philip Le Cornu (Secretary)

Martyn Scriven (Treasurer/Deputy
Chairman)

Ian Moore (Chartered Accountant)

Christopher Clarke
(Developments Director)

Paul Labesse (Estates Director)

Frank Dearie (Risk, Regulation and
Compliance)

Managing Agent and Registered Address

Brunel Management Limited
Brunel Chambers
Devonshire Place
St Helier
Jersey, JE2 3RD

Secretary

Intertrust Fiduciary Services (Jersey)
Limited
44 Esplanade
St Helier
Jersey, JE4 9WG

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

IQ EQ Fund Services (Jersey) Limited
2nd Floor Gaspé House
66-72 Esplanade
St Helier
JE1 1GH

Independent Valuer

Jones Lang LaSalle IP Incorporated
Latimer House
5-7 Cumberland Place
Southampton, SO15 2BH

JERSEY HOMES TRUST

CHAIRMAN'S REPORT

For the year ended 31 December 2020

The following topics are covered in this report:

The Covid-19 crisis

Our Managers have responded with great resolve for the benefit of our tenants.

The Affordable Housing Gateway

A further consultation is in progress to improve this vital service.

Charitable Status

Taxation exemptions for Jersey housing trusts have been confirmed.

Developments

We have been engaged in lengthy negotiations for a development of much needed homes.

Business Plan

The Trust has successfully negotiated funding arrangements for further developments.

Rental Dwellings Licensing Scheme

The States voted not to proceed with the proposed controls.

Tenants' Deposits

The Trust has discontinued taking deposits and completed the refunding of deposits held.

Homelessness Cluster

We work with other agencies to assist the formulation of new and important policies for homelessness.

The Housing Minister

We have a new Housing Minister.

Alan Dewhurst

We lost another faithful friend and servant in 2020.

Benchmarking our performance:

Each year we compare our own standard performance indicators with those of UK housing associations.

The Covid-19 crisis.

Little did we know, when reporting this time last year, what the year ahead would have in store. The Covid-19 pandemic has changed the world that we knew.

Our Managers have responded throughout the crisis with great resolve and empathy, for the benefit and comfort of our tenants. Inevitably, there were tenants who, through no fault of their own, experienced financial difficulty as a result of the pandemic. Our Managers exercised understanding and compassion. They encouraged dialogue and provided advice and bespoke arrangements to meet the challenges that tenants faced.

At the same time, our Managers had to be aware that compliance with the business plan of the Trust was for the ultimate benefit of tenants and would enable the Trust to continue to meet its financial commitments. The States of Jersey, and governments generally, responded well to alleviate the immediate financial effects of lock-downs, to minimise hardship and unemployment.

JERSEY HOMES TRUST

CHAIRMAN'S REPORT

For the year ended 31 December 2020

In March our Trustees decided to freeze rental increases due in the following months. Following this, the States imposed a temporary moratorium on residential rental increases. When this expired our Trustees voted on two further occasions to extend the Trust's freeze, at least until the end of March 2021. Trustees were aware that rounding the freeze for a full year ensured that all the Trust's tenants will have benefitted from the freeze, irrespective of the date from which their own increases were due. Trustees will continue to actively follow the course of events and will review and respond appropriately as circumstances unfold.

Given the seriousness of the crisis, the outcomes for the Trust have met or exceeded expectations. Whilst the level of rental arrears has increased marginally, the financial targets of the Trust continue to be met, partially as a result of continuing very low interest rates on the Trust's borrowing. Our Managers have continued active management, inspections and maintenance. Our tenants will have experienced little deviation from the level of our regular services. Social distancing has prevented "back-to-back" re-letting of vacated units, which will negatively affect our "voids" performance indicator for the year. It should be noted that the reported increase in "voids" does not indicate any difficulty in finding new tenants.

Financial subsidies and other stimulus by the States to affected businesses and their employees has been crucial and it is to be hoped that such measures will continue as necessary until the crisis has run its course.

The Affordable Housing Gateway.

The Trust was a firm supporter of the establishment of the Gateway, which maintains a central waiting list for all social housing applicants. Previously each housing provider maintained its own list, resulting in duplication, inconsistency, lack of transparency and uncertain statistics of housing need.

The Gateway was located within the Social Security Department from where it has operated for some years. Responding to certain operating concerns and other issues, the Housing Minister decided to commission a detailed report from UK experts, with a wide brief to examine and consider the whole purpose, effect and operation of the Gateway.

The resulting, very detailed report was a disappointment for the Trust, for two main reasons:

Firstly, the operational difficulties encountered by the housing providers did not receive any attention. For some years we have been promised the simple improvements to software that would resolve frustrating operational problems. We are still waiting.

Secondly, although it was acknowledged that the criteria for admission onto the waiting list were too strict, the report recommended delaying resolution of this until housing supply was increased to meet the additional demand that widening the criteria would create. The reason given for this delay was to avoid disappointment arising from raised hopes for accommodation that could not be fulfilled. This has been the argument, trotted out for decades, to justify a policy of discrimination and exclusion.

All Jersey residents should be able to house themselves decently. Due to the shortage of supply and the high costs of ownership and renting, many Jersey families need to rely on subsidised housing and benefits in order to achieve what is their right. It is a matter of regret and injustice that couples without children are denied this opportunity by being excluded from the Gateway waiting list. Furthermore, such exclusion distorts the official statistics of housing need, because the Gateway's waiting lists are relied upon to indicate such need and to inform Government policies. The result is that demand is geared to meet supply, instead of the other way around.

More recently a consultation with the housing providers has been carried out by the Strategic Housing Unit and I can report that this appears to be an efficient and comprehensive exercise. I have been very happy to take part. It is fair to say that this is now an opportunity to address the issues of chronic under-resourcing and the lack of awareness, both public and official, of the work and existence of the Gateway.

JERSEY HOMES TRUST

CHAIRMAN'S REPORT

For the year ended 31 December 2020

Charitable Status.

Charities in Jersey have always been free of taxation, once having satisfied the Comptroller of taxes of their charitable status. The Jersey Homes Trust is a not-for-profit incorporated association which, along with its constitution, was registered in the Royal Court in 1995. The purpose of the Trust is to provide decent affordable residential accommodation to Jersey residents in need. The Comptroller accordingly exempted the Trust from taxation, in accordance with arrangements then in place for charitable bodies.

The new Charities Law changed these arrangements and it became necessary to register with the Charities Commissioner, as a charity, in order to continue to benefit from exemption from taxation. All the Island's housing trusts duly submitted applications for registration with the Commissioner. It turned out that it was unclear whether the provision of housing could be regarded as a charitable activity under the provisions of the new law. The applications for registration by the Trusts were put on hold, pending review.

There was general acknowledgement that the situation was not as intended and that there was no desire to tax the Housing Trusts. Tax exemption was extended pending a resolution. I am happy to report that new taxation provisions have been enacted to exempt named housing trusts from future taxation and that the Jersey Homes Trust is one of those named. The Trust is content to rely on these new arrangements and, along with the other housing trusts, has withdrawn its application for registration by the Charities Commissioner.

I would like to acknowledge the active assistance and helpful interventions made by the Strategic Housing Unit in the resolution of this difficulty, thereby recognising the important role of housing trusts in the Island.

Developments.

I reported last year that, for the first time in its 25-year history, the Trust had no developments in progress or under consideration. Since then, we have been engaged in lengthy negotiations for a development of much needed homes on a country site approved for housing development in the Island Plan. I regret to report that, as matters stand, a great deal of work and effort may have come to nothing.

I further reported last year of my intention of attending in January, along with the Chairmen of the other housing trusts, a meeting of the Housing Policy Development Board, which was also to be attended by the then Minister for Housing and the Minister for the Environment.

I commented that, "We will be discussing the opportunities for development of new housing by the trusts and I am very hopeful that concrete proposals will emerge from the process. There are a number of potential sites, in Public ownership, which would be ideal for housing development. It would be short-sighted and ultimately counter-productive to sell such sites for short-term financial profit. The provision of affordable housing is a vital social need that requires governmental support in all modern jurisdictions. I am confident that our Jersey government will meet its obligations in such regard. The Jersey Homes Trust is ready and willing to play a constructive role."

The meeting was well attended by politicians, civil servants and members of the Development Board and we enjoyed a wide-ranging discussion.

No doubt Covid has intervened since that promising engagement. I wish I could report on further activity. There is nothing more to report.

JERSEY HOMES TRUST

CHAIRMAN'S REPORT

For the year ended 31 December 2020

Business Plan

It was necessary to arrange provisional future funding in support of the proposed development reported above. I am pleased to report that a borrowing facility, on acceptable terms, to cover the whole cost of the development was negotiated with a local Bank.

The Trust is committed to very substantial debt repayment during the next five years. It is also embarking on a program of major property refurbishments. Our business plan has to factor in these outgoings and, in pursuing further development, we needed to confirm, to the satisfaction of the Bank, that the Trust could accommodate the further repayment commitments of a new facility.

It is reassuring to pass such scrutiny and to know that we can fund new development without further government subsidy.

Rental Dwellings Licensing Scheme

The States voted to reject the proposals for a registration scheme of all rented accommodation. States members were concerned about the level of proposed bureaucracy and the cost of the scheme to landlords. It must be acknowledged that all landlords, whether good or bad, faced the proposed costs.

As a Trustee of a housing trust, I had mixed feelings. I recognise that there is accommodation in the private sector that is unsuitable or unfit and that there are bad landlords. My colleagues and I have worked for many years to try to improve both the supply and the quality of homes. The adequate supply of good housing is as essential as good health and education. If the proposals had been less sweeping, to establish a registration scheme as opposed to a licensing scheme, it might have survived the scrutiny of politicians and resulted in a useful tool for engagement with landlords and tenants. The existing controls of inspection and enforcement would thereby have been enhanced.

I did feel that social housing providers should have been exempted from the proposals. The inspection of all our properties by Environmental Health Officers would have been a duplication of effort and a pointless intrusion into the lives of our tenants. We carry out our own inspections on an annual basis. We are competent and professional and we have the interest of our tenants at the heart of everything we do. We should have been offered exemption from the bureaucracy and the cost of being licensed.

Tenants' Deposits.

The Trust has now discontinued taking deposits from prospective tenants and has completed the refunding of deposits held.

Incidentally, this results in consistency with the policy of Andium Homes, which has never taken deposits.

Homelessness Cluster

In July 2019 I was invited, by Jack Norris of the Strategic Housing Unit, to take part in the Homelessness Cluster. The Cluster is a group for voluntary and community organisations and key government agencies working with households who are homeless or at risk of experiencing homelessness. The purpose of the group is to provide a regular forum for those who provide housing and/or support to come together, work collaboratively, share information and support service delivery among other things. The work of the Cluster will result in a report that will contain statistical evidence of need and recommendations for policy objectives.

During 2019 I attended regular meetings of the Cluster. I was enormously impressed with the quality of discussion and the integrity, professionalism and enthusiasm of the participants, aided by a consultant from the UK.

Covid-19 has undoubtedly affected progress this year. Nevertheless, I look forward to a detailed report leading to the formulation of actual governmental policies.

JERSEY HOMES TRUST

CHAIRMAN'S REPORT

For the year ended 31 December 2020

The Housing Minister.

It was a disappointment to lose Senator Sam Mezec as Housing Minister. I have now worked with nine holders of that office (including the former Housing Presidents) and it takes time to create a working relationship. Sam was responsive and helpful and an able housing minister. I was hopeful that development opportunities on States-owned land would become available, with his assistance, and I believe he shared that ambition for the Trust.

I have every confidence that our new minister will recognise the contribution to housing policy that the housing trusts make and will soon enter into constructive dialogue with them. I look forward to a renewed Gateway, the establishment of a town hub for housing support, a new framework for homelessness in Jersey and development opportunities for the Trust on States-owned land.

Alan Dewhurst R.I.P.

I was greatly saddened to learn of Alan's passing in 2020. Alan was our appointed clerk-of-works on most of the Trust's developments, over many years. This was an important and challenging role, which Alan carried out with aplomb and careful scrutiny, always in a respectful manner that resolved possible issues before they became problematic. Alan worked with our surveyor, Jim Bailey, who we also recently lost, to form a quite superb team to oversee and report on large and complex developments.

Alan was a colourful character, always cheerful and with a story to tell. He would bring our office to a standstill on his many visits, even after the work had run out. Our ladies will miss him, as shall I.

Benchmarking our performance:

As usual, the results of the annual benchmarking of the Trust's performance are appended. These are compared with the summarised results of UK housing associations. The UK results are based on the global accounts of associations owning over 1,000 units (90% of the sector). The Trust owned 842 units in the period of review. For the purposes of comparison, it should be noted that larger associations enjoy the benefit of economies of scale and that the Trust operates in an environment much more costly than in most parts of the UK.

For comparison of our own year-on-year results, we include those of the Trust for the preceding three years. Management costs must be expected to reflect UK levels, since they include all professional fees, accountancy and administration costs, insurance and legal expenses. All are much higher in Jersey. It is pleasing, therefore, that overall management costs remain below the UK levels.

We operate under an out-sourced management structure which continues to be our preferred business model, especially in light of the results of the benchmarking exercise. Of benefit, both in cost and expediency, is our ability to utilise remunerated services at 'arm's length' terms from firms connected to Trustees, under well understood protocols. All related-party contracts are reported and fully detailed in the audited financial statements of the Trust. The financial statements are submitted to the Treasury and Housing Ministers and published on the Trust's website.

JERSEY HOMES TRUST
CHAIRMAN'S REPORT
For the year ended 31 December 2020

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);
Paul Fleming and the team at IQ EQ (accountancy services);
Caroline Aylward and her colleagues at Intertrust (secretarial services);
and, of course, my wonderful Trustees (see below).

Thank you all for your outstanding support and service.

MICHAEL VAN NESTE CIHM.
CHAIRMAN

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

The Trustees of The Jersey Homes Trust:

Michael Van Neste, Chairman;

Martyn Scriven, Deputy Chairman;

Advocate Philip Le Cornu, Secretary;

Ian Moore, (Chartered Accountant), Accountant;

Chris Clarke, (Chartered Structural Engineer) Developments Director;

Paul Labesse, (Chartered Building Surveyor) Estates Director.

Frank Dearie; Risk, Regulation and Compliance.

JERSEY HOMES TRUST

CHAIRMAN'S REPORT

For the year ended 31 December 2020

Benchmarking of Performance Indicators; 2020 reporting

The purpose of benchmarking is to compare performance and to confirm value for money. As the UK Regulator has advised, higher costs may be the result of higher standards of maintenance; cost does not equate with value.

This benchmarking exercise compares the performance and costs of the Trust with those of major UK housing associations, as well as with prior years' performance of the Trust itself.

The "Global Accounts of private registered providers", published by the Regulator of Social Housing, are the aggregated accounts of UK housing associations managing/owning more than 1,000 social housing units, which account for over 95% of the sector. There were 217 such providers out of a total number of approximately 1,400 active providers.

It should be appreciated, therefore, that the great majority of UK housing associations manage/own fewer than 1,000 units and that their results are therefore not included in the Global Accounts.

Headline costs; economies of scale

Reports over the years consistently confirm that larger associations benefit from economies of scale when computing and comparing costs. The costs of associations with fewer than 1,000 units, which are excluded from the data set, would be expected to be higher than the costs reported in the Global Accounts. Like for like comparison is therefore compromised.

Decent Homes Standard; Major Repairs

This parameter is no longer reported, since almost all UK stock now achieves the standard. The Global Accounts no longer discriminate between Stock Transfer associations and developing associations, since repairs obligations are now broadly similar, enabling like-for-like comparison. The cost of repairs generally will now have levelled in the UK, following the major repairs programs that achieved the standard throughout the sector.

Overall Cost per unit; Maintenance & Repairs

For the first time, the Trust's overall operating costs have exceeded the UK average. This is the result of higher costs of maintenance and repairs and is an inevitable and predictable trend as the Trust's stock continues to age, whilst the UK costs now benefit from the stock renewals of the Decent Homes project, mentioned above. The trend will continue as a result of further planned repairs and positive management. The comparable costs of Maintenance and Repairs are now included in the table of results. The costs reported also include Service Charges. Comparisons are further disadvantaged by unequal economies of scale (see above). Also, it should be noted that the Trust operates in a cost environment very much higher than the UK's. As a percentage of turnover, the Trust's costs remain very much lower than those in the UK.

Management Cost per unit

The Trust's costs remain close to the UK's costs. The cost of professional fees and insurances in Jersey are unavoidably higher than in the UK.

Other providers

The Trust's Benchmarking is not suitable for comparison with UK local authority housing or with Andium Homes in Jersey.

JERSEY HOMES TRUST
CHAIRMAN'S REPORT
For the year ended 31 December 2020

Annual Benchmarking of Performance Indicators (2017 - 2019)
against Performance Indicators of UK Housing Associations (2018 -2019)

Sources:

The “2019 Global Accounts of private registered providers” published by the Regulator of Social Housing. The independently audited Financial Statements of the Jersey Homes Trust and reports to Trustees by Managing Agents.

Unreported performance indicators in the UK:

Re-let times: last reported in 2010 as 33.2 days

	UK Associations		Jersey Homes Trust		
	2018	2019	2019	2018	2017
Average stock per provider	not reported	12,389	842	805	770
Void Stock	1.5%	1.5%	0.0%	0.0%	0.0%
Average re-let time (days)*	not reported	not reported	0.32	0.0	0.0
Rental arrears at year end	4.30%	4.70%	0.14%	0.07%	0.22%
Bad debts	0.80%	0.80%	0.16%	0.27%	0.14%
Maintenance & Repairs per unit:					
Weekly	£34.40	£37.20	£42.40	£31.94	£24.06
Annual	£1,789	£1,934	£2,205	£1,661	£1,251
As percentage of Turnover	33.10%	35.86%	17.84%	14.27%	11.13%
Management cost per unit:					
Weekly	£22.94	£22.17	£21.44	£20.60	£21.05
Annual	£1,193	£1,153	£1,115	£1,071	£1,094
As percentage of Turnover	22.07%	21.38%	9.02%	9.20%	9.74%
Overall costs per unit:					
Weekly	£58.07	£60.08	£64.25	£53.20	£45.31
Annual	£3,020	£3,124	£3,341	£2,766	£2,356
As percentage of Turnover	55.86%	57.93%	27.03%	23.77%	24.48%

NOTES:

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

To achieve like-for-like and meaningful comparisons:

All costs are nett of depreciation and impairment costs.

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

Re-let time:

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 2020

The estates of The Jersey Homes Trust as at 1st January 2021

PROPERTY	Number of bedrooms					Total
	1	2	3	4	5	
Brooklands	1	11	3	-	-	15
Berkshire Court	113	-	-	-	-	113
Berkshire Court Shop	N/A	N/A	N/A	N/A	N/A	1
Belle Vue	24	53	11	2	-	90
Clement Court	27	5	-	-	-	32
Clos Du Ruisseau	-	-	19	-	-	19
Cherry Grove	-	12	-	-	-	12
Le Grand Clos	14	6	27	7	-	54
Garrett Anderson House	37	3	-	-	-	40
Hameau de la Mer	18	3	-	-	-	21
Jardin de la Mare	-	-	29	-	-	29
John Wesley Apts	17	23	1	-	-	41
Kent Lodge	-	7	-	-	-	7
Le Coie	49	46	-	-	1	96
Le Coie Commercial Units	N/A	N/A	N/A	N/A	N/A	2
La Folie	3	29	1	-	-	33
Le Jardin Fleuri	-	4	12	-	-	16
La Roseraie	4	14	27	-	-	45
Milbrook Gardens	-	5	-	-	-	5
Maison St Nicolas	-	6	-	-	-	6
Parkside	1	6	8	2	2	19
Clos Le Gallais	-	2	11	-	-	13
5 St Clements Road	9	1	-	-	-	10
St Paul's Gate	-	17	-	-	-	17
St Saviour's Court	-	24	4	-	-	28
Victoria Place Group Home	5	-	-	-	-	1
Victoria Place	22	51	4	-	-	77
TOTALS	344	328	157	11	3	842

The above information is correct at 31 December 2020.

All properties are held through freehold or flying freehold title. All units listed are fully occupied as at 31 December 2020.

The Victoria Place Group Home is treated as one unit for the purposes of the above table in the totals column.

JERSEY HOMES TRUST

TRUSTEES' REPORT

For the year ended 31 December 2020

The Trustees submit their annual report and the audited financial statements of the Jersey Homes Trust (the "Trust") for the year ended 31 December 2020.

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 teneurs 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 Statement of Comprehensive Income on page 19.

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 comprising Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland and in accordance with the Statement of Recommended Practice - Accounting by Registered Social Housing Providers 2018. 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 United Kingdom Accounting Standards including Financial Reporting Standard 102 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 9 June 1995 as amended, the most recent such amendment dated 4 August 2016.

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 2020

Key financial policies and strategies

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

The primary objective of the Trust is to provide social rented housing for Jersey residents in need. The creation of the Trust was fostered by the Housing Committee of the States of Jersey in accordance with their policy to support the development of social housing projects for the foreseeable future by housing trusts (Policy Guidelines No 4 issued December 1993).

The Trust has achieved its objective primarily through the development of new units of accommodation. Each development must be tailored for the needs of social housing tenants as well as meeting the design criteria of the Trustees as regards architectural appeal, sustainability and environmental considerations.

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.

- ***Rental policy***

In accordance with the rental policy approved by the States, from July 2014 rentals for new tenancies are set at 90% of equivalent market rentals. The rentals for pre-existing tenancies are increased in line with increases in the Jersey R.P.I. plus 0.75% annually, subject to an overall cap not to exceed the 90% of market measure.

- ***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.

- ***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,
- 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 set aside, reserved or committed to cover current and projected expenditure, interest payments and for future loan repayments, as scheduled with funders.

- ***Trustees remuneration***

For the year ended 31 December 2020, compensation paid or payable to the Trustees was £112,500 (2019: £112,500).

JERSEY HOMES TRUST

TRUSTEES' REPORT

For the year ended 31 December 2020

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 13. 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

	2020	2019
<i>Under management</i>	Units	Units
One bedroom flats	338	338
Two bedroom flats	271	271
Three bedroom flats	19	19
Four bedroom flats	2	2
Five bedroom flats	4	4
One bedroom houses	1	1
Two bedroom houses	57	57
Three bedroom houses	138	138
Four bedroom houses	9	9
Other facilities	3	3
	842	842

COVID-19

The global Coronavirus/COVID-19 situation continues to develop and is a unique situation which makes it extremely difficult to predict the effects on the property portfolio. The Trustees do not underestimate the seriousness of the issue and the inevitable material effect it will have on the global economy and many businesses across the world.

The Trustees have also assessed its impact on the entity's viability and have concluded that the entity can continue to prepare the financial statements on a going concern basis

Independent auditors

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

JERSEY HOMES TRUST
TRUSTEES' REPORT
For the year ended 31 December 2020

Risks and uncertainties

The Trustees consider that the key financial risks currently being managed by the Trust are as follows:

- (a) Sufficient funding for development projects is not achieved;
- (b) The funding terms available are less preferable than as projected/required;
- (c) Fiscal policy enacted by the States of Jersey leads to rental income being lower than that per the financial models; and
- (d) Improper management of the housing properties leads to maintenance costs being higher than that per the financial models.

The Trustees closely monitor the impact of the above risks including the financial modelling of sensitivity analysis on a number of scenarios. This assists to provide an "early warning mechanism" which enables informed decisions to be made by the Trustees.

The global Coronavirus/COVID-19 situation continues to develop and is a unique situation which makes it extremely difficult to predict the effects on the property portfolio. The Trustees do not underestimate the seriousness of the issue and the inevitable material effect it will have on the global economy and many businesses across the world.

In current circumstances and with the prevailing COVID-19 pandemic the Trustees have agreed that until further notice, the Trust will not implement rental increases that fall due.



Trustee
29 June 2021

Independent auditor's report to the trustees of Jersey Homes Trust

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements of Jersey Homes Trust (the "trust") for the year ended 31 December 2020 have been properly prepared, in all material respects, in accordance with the accounting policies described in note 1 to the financial statements and the provisions of the Constitution of the Trust.

What we have audited

The trust's financial statements comprise:

- the statement of financial position as at 31 December 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in reserves for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the trust in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of matter - basis of accounting and restriction on distribution and use

Without modifying our opinion, we draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the trust to comply with the financial reporting provisions of the Constitution of the Trust. As a result, the financial statements may not be suitable for another purpose. This report, including the opinion, has been prepared for and only for the trustees as a body in accordance with the Constitution of the Trust 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.

Other information

The trustees are responsible for the other information. The other information comprises all the information included in the Annual report and financial statements but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report to the trustees of Jersey Homes Trust (continued)

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation of the financial statements in accordance with the Constitution of the Trust and the accounting policies in note 1 and for determining that the accounting policies are acceptable in the circumstances. 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.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the trust to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



PricewaterhouseCoopers CI LLP
Chartered Accountants
Jersey, Channel Islands
30 June 2021

The maintenance and integrity of the Jersey Homes Trust website is the responsibility of the Trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in Jersey governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

JERSEY HOMES TRUST
STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	31 December 2020 £	31 December 2019 £
Fixed assets			
Housing properties	6	<u>195,310,216</u>	<u>198,490,000</u>
Current assets			
Debtors and prepayments	7	469,585	452,338
Balance at managing agents	13	736,968	623,115
Cash at bank and in hand	8	<u>13,941,001</u>	<u>13,882,295</u>
		<u>15,147,554</u>	<u>14,957,748</u>
Creditors – amounts falling due within one year			
Bank loans	11	6,355,355	6,541,373
Creditors	9	86,197	133,320
Tenants' deposits	10	<u>18,164</u>	<u>158,148</u>
		<u>6,459,716</u>	<u>6,832,841</u>
Net current assets		<u>8,687,838</u>	<u>8,124,907</u>
Creditors – amounts falling due after more than one year			
Bank loans	11	67,582,764	73,938,119
		<u>(67,582,764)</u>	<u>(73,938,119)</u>
Net assets		<u>136,415,290</u>	<u>132,676,788</u>
Trust fund			
Housing property revaluation reserve	12	72,263,226	72,263,226
Retained reserves		<u>64,152,064</u>	<u>60,413,562</u>
		<u>136,415,290</u>	<u>132,676,788</u>

The financial statements were approved by the Trustees on 29 June 2021 and are signed on their behalf on 29 June 2021 by:



Trustee

The notes on pages 23 to 37 form an integral part of these audited financial statements.

JERSEY HOMES TRUST
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

		31 December 2020	31 December
	<i>Notes</i>	£	2019
			£
Income from property rentals	1	10,586,199	10,406,095
Property expenses		(1,637,210)	(1,978,029)
Aborted development costs	4	(119)	(1,113)
Provision for bad debts	7	(35,093)	(17,694)
Net property income		8,913,777	8,409,259
Operating expenses	3	(953,551)	(938,846)
Operating surplus before depreciation		7,960,226	7,470,413
Depreciation	6	(3,216,278)	(2,722,499)
Operating surplus		4,743,948	4,747,914
Interest income		32,321	40,972
Interest expense	5	(1,037,767)	(1,402,935)
Surplus on ordinary activities		3,738,502	3,385,951
<i>Other comprehensive income</i>			
Unrealised gain on revaluation of housing properties	6	-	40,235,678
Total comprehensive income for the year		3,738,502	43,621,629

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

The notes on page 23 to 37 form an integral part of these audited financial statements.

JERSEY HOMES TRUST
STATEMENT OF CHANGES IN RESERVES
For the year ended 31 December 2020

	Housing property revaluation reserve (note 12) £	Retained reserves £	Total trust fund £
At 31 December 2018	32,027,548	57,027,611	89,055,159
Surplus on ordinary activities	-	3,385,951	3,385,951
Unrealised gain on revaluation of housing properties	40,235,678	-	40,235,678
	<hr/>	<hr/>	<hr/>
At 31 December 2019	72,263,226	60,413,562	132,676,788
Surplus on ordinary activities	-	3,738,502	3,738,502
Unrealised gain on revaluation of housing properties	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2020	72,263,226	64,152,064	136,415,290

The notes on page 23 to 37 form an integral part of these audited financial statements.

JERSEY HOMES TRUST
STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	31 December 2020		31 December 2019	
	£	£	£	£
Net cash inflow from operating activities (note 1)		7,762,234		7,358,293
Cash flow from investing activities				
Interest received	32,321		40,972	
Acquisition and construction of properties	(36,494)		(516,102)	
Net cash outflow from investing activities		(4,173)		(475,130)
Cash flow from financing activities				
Interest paid	(1,044,129)		(1,403,433)	
Loan principal drawdowns	-		5,000,000	
Loan principal repayments	(6,541,373)		(4,102,540)	
Net cash outflow from financing activities		(7,585,502)		(505,973)
Increase in cash in the year		172,559		6,377,190
Cash and cash equivalents at beginning of the year		14,505,410		8,128,220
Cash and cash equivalents at end of the year		14,677,969		14,505,410
Cash and cash equivalents consists of:				
Balance at managing agents		736,968		623,115
Cash at bank and in hand		13,941,001		13,882,295
Cash and cash equivalents		14,677,969		14,505,410

The notes on page 23 to 37 form an integral part of these audited financial statements.

JERSEY HOMES TRUST
STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

Note 1 to Statement of Cash Flows	31 December	31 December
Reconciliation of operating surplus to net cash inflow	2020	2019
from operating activities	£	£
Operating surplus	4,743,948	4,747,914
Depreciation	3,216,278	2,722,499
Increase in debtors and prepayments	(17,247)	(107,285)
Decrease in creditors and tenants deposits	(180,745)	(4,835)
	<u>7,762,234</u>	<u>7,358,293</u>

Note 2 to Statement of Cash Flows	31 December	31 December
Reconciliation of net cash flow to movement in	2020	2019
net debt	£	£
Increase in cash at bank & held at agents	172,559	6,377,190
Loan advances received	-	(5,000,000)
Loan principal repayments	6,541,373	4,102,540
	<u>6,713,932</u>	<u>5,479,730</u>
Movement in net debt in the year	(65,974,082)	(71,453,812)
Opening net debt		
	<u>(59,260,150)</u>	<u>(65,974,082)</u>
Closing net debt		

Note 3 to Statement of Cash Flows	1 Jan 2020	Cashflows	31 Dec 2020
Analysis of changes in net debt	£	£	£
Cash at bank & held at agents	14,505,410	172,559	14,677,969
Debt due after one year	(73,938,119)	6,355,355	(67,582,764)
Debt due within one year	(6,541,373)	186,018	(6,355,355)
	<u>(80,479,492)</u>	<u>6,541,373</u>	<u>(73,938,119)</u>
	<u>(65,974,082)</u>	<u>6,713,932</u>	<u>(59,260,150)</u>

The notes on page 23 to 37 form an integral part of these audited financial statements.

JERSEY HOMES TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. Principal accounting policies

The financial statements have been prepared in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 102, the Financial Reporting Standard as applicable in the UK and Republic of Ireland ("FRS 102"), 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 Housing Providers 2018 (the "SORP"), except for the valuation of the housing properties and accounting policies as selected by the Trustees. The Trust is a public benefit entity.

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 on a going concern basis under the historical cost convention, as modified by the revaluation of fixed assets. The level of rounding applied in these financial statements is to the nearest pound sterling ("GBP").

The preparation of financial statements in conformity with FRS 102 and the SORP requires the use of accounting estimates and exercise of judgement by the Trustees while applying the Trust's accounting policies. These estimates are based on the Trustees' best knowledge of the events which existed at the date of the Statement of Financial Position; however, the actual results may differ from these estimates. The most significant areas impacted by estimates and assumptions are described on page 27.

Going concern

The Trust remains compliant with its banking covenants and maintains a significant current asset surplus. The Trustees are satisfied that projected rental income is sufficient to service current debt repayments and have therefore authorised the preparation of these financial statements on a going concern basis.

Cashflow projections have been prepared for a period of 12 months from the date of approval of the financial statements and indicates sufficient liquidity to continue as a going concern.

Presentation and functional currency

The Trust's functional and presentation currency is the GBP being the currency of the primary economic environment in which the Trust operates. The Trust does not enter into transactions in currencies other than the GBP.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position are comprised of demand deposits.

Rental income

Rental income is accounted for on an accruals basis and represents income from social lettings. Rental income is reduced for contributions paid to the States Treasury to balance increased income support payments arising from the gradual introduction of up to 90% of market rentals. The reduction in rental income as a result of this was £262,160 for 2020 and £223,115 for 2019.

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. Principal accounting policies – continued

Other income and expenditure

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

Loan interest

Loan interest is accounted for on an accruals basis.

Loan interest expense on loans for properties held for letting are included in the Statement of Comprehensive Income. Loan interest expense (and any other related borrowing/transaction costs) on loans to finance property developments is capitalised up to the date that the development is completed.

Financial instruments

The Trust has elected to apply the provisions of Section 11 “Basic Financial Instruments” and Section 12 “Other Financial Instruments Issues” of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

Financial assets

a. Debtors and impairments

Debtors are non-derivative assets with fixed or determinable payments, the majority of which is made up of rental income receivable. The Trust includes in this category short term receivables and prepayments. Trade debtors are subsequently measured at amortised cost less provision for impairment.

The Trust provides for bad debts on rental income when there are circumstances or events which indicate that the counterparty will be unable to settle the amount due to the Trust. This assessment is undertaken on an annual basis.

Impairment losses are recognised in the Statement of Comprehensive Income. Subsequent reversals of an impairment loss are recognised when the original impairment indicator no longer exist.

Financial liabilities

a. Creditors

Creditors are non-derivative liabilities with fixed or determinable payments. The Trust includes in this category short term payables which are expected to be realised within 12 months of the Statement of Financial Position date.

b. Bank loans

Bank loans and borrowings are initially recognised at the transaction price (including transaction costs), and are subsequently measured at amortised cost using the effective interest method.

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. Principal accounting policies – continued

Housing properties

Housing properties are valued at Existing Use Value for Social Housing (“EUV-SH”) on a regular basis to ensure the carrying value does not materially differ from the fair value. The aggregate surpluses or deficit on revaluation is the difference between the cost of the property less accumulated depreciation and the amount of the valuation. Revaluation surpluses are recognised in Other Comprehensive Income and accumulated in reserves (Housing property revaluation reserve). Works to existing properties will generally be capitalised under the following circumstances:

- a) Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; and/or
- b) Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties which fail to meet this criteria are charged to the Statement of Comprehensive Income. The major components are deemed to be land as well as those listed below.

Housing properties carried under construction are recorded at cost (Under construction) until such time whereby the housing property is no longer under construction and is available for letting, at which stage it will be valued on the EUV-SH basis (Held for letting).

Commercial units are valued at fair value (not on the EUV-SH basis) less subsequent depreciation and impairment. The Trust has classified the commercial units as property, plant and equipment (housing properties) as they are not held by the Trust for capital appreciation or rental income based on market rates. Furthermore, these units are integral to the social housing scheme of which they are a part of and were not acquired separately from the housing itself.

Depreciation of housing properties

Depreciation is charged on a straight line basis over the expected economic useful lives of each major component that makes up the housing property. On initial acquisition of a new housing property the deemed cost of each component is allocated as a percentage of the total cost. For housing properties transferred into held for letting, depreciation is charged when the property is available for use. The expected useful life of each component is as follows:

	Expected life (years)
Structure (including partitions, drainage, walls, floors, ceilings and stairs)	100
Windows and doors	30
Roof	70
Kitchens	20
Bathrooms	30
Wiring and electrical installations	40

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. Principal accounting policies – continued

Depreciation of housing properties – continued

Plumbing and installations	30
Boilers	10 - 15
Lifts	25

Land that forms part of the housing property is not depreciated.

Annual reviews are undertaken to establish whether a charge needs to be made for any financial impairment that has arisen to reduce the value of any class of property to an amount less than historical cost and accumulated depreciation. Labesse & Co, Chartered surveyors, undertook a review of the property portfolio at February 2021. The Trustees have considered the impairment assessment prepared by Labesse & Co and concluded that no impairment is required. They are of the view that the value of Housing properties given by JLL is fairly stated.

Impairment of assets

Where indicators of impairment have been identified an impairment assessment is carried out and any required charges are recognised in the Statement of Comprehensive Income.

Impairment is calculated as the difference between the carrying value of income generating units and the estimated value in use at the date an impairment loss is recognised. Value in use represents the net present value of expected future cash flows from these units.

Retained reserves

The retained reserves are made up of accumulated surpluses generated on ordinary activities.

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. Principal accounting policies – continued

Critical accounting estimates and assumptions

The following are the key assumptions and estimates affecting the Trust:

a) *Useful lives of tangible fixed assets*

Tangible fixed assets are depreciated on a systematic basis based on the Trustees' best estimate of the asset's useful life. This estimate is based on a variety of factors such as the expected use, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

b) *Impairment of assets*

As previously disclosed, the Trustees undertook an impairment review on its properties. This impairment review takes into account 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 conditions of all of the properties owned by the Trust.

c) *Categorisation of housing properties as property, plant and equipment*

Under the requirements of the SORP, housing properties that are held for the provision of social housing must be treated as property, plant and equipment. All housing properties owned by the Trust are rented out to third parties in accordance with the rental policy approved by the States of Jersey (not charged on commercial rates) and the developments support the wider social housing community within the Island of Jersey. Given this, and the fact that the Trust is a not-for-profit body, the Trustees have determined that the Trust's properties meet the definition of property, plant and equipment and have been accounted for as such.

d) *Valuation of housing properties*

The Trust carries its housing properties on an EUV-SH basis using the latest valuation produced by an external valuer less accumulated depreciation less impairment. Any revaluation losses or gains are then recognised within other comprehensive income and accumulated in reserves (housing property revaluation reserve).

In line with the Trust's valuation policies adopted by the Trustees, the housing properties are subject to an external valuer every 3 years, or earlier as deemed appropriate by the Trustees, taking into account the following factors, but not limited to:

- The Housing price index in general within Jersey (including the demand for Socially rented properties);
- Any significant capital expenditures/enhancements on the held for letting properties;
- Any impairment indicators;
- The increase in rental income year on year.

The last independent valuation was performed for the year ended 31 December 2019, the Trustees have assessed the factors taking into account the following:

- The local property market for social rented accommodation has not changed materially during 2020. There continues to be demand for high quality social housing in Jersey as evidenced by the Trust's housing properties being fully let during the year, as well as new developments being undertaken by other social housing providers in Jersey;
- The rental income of the Trust has not increased in 2020, due to a rental increase freeze adopted by the Trustees during the Covid-19 pandemic;

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. Principal accounting policies – continued

Critical accounting estimates and assumptions - continued

- No significant capital expenditure or enhancements made to the housing properties; and
- No significant impairment indicators identified following the annual impairment review of physical condition of the housing properties as carried out by Labesse & Co, Chartered Surveyors as at year end.

Based on the above, the Trustees have concluded that there was no need for the valuation to be performed by the independent valuer for the purposes of the financial statements of the Trust as at 31 December 2020. This will be reassessed annually.

2. Taxation

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

3. Operating expenses

	2020	2019
	£	£
Property management fees (note 13)	579,695	569,178
Trustee remuneration	112,500	112,500
Audit fees	33,330	25,860
Administration and accountancy fees	64,487	55,128
Insurance	145,708	134,375
Legal and professional fees	16,243	39,936
Bank charges	1,588	1,869
	953,551	938,846

4. Aborted development costs

	2020	2019
	£	£
Maison St Nicholas	-	1,113
Thornhill Park	119	-
	119	1,113

5. Interest expense

	2020	2019
	£	£
Interest expense on loans attributable to housing properties	1,037,767	1,402,935

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

6. Housing properties

	Held for letting £	Under construction £	Total housing properties £
31 December 2020			
At 1 January 2020	198,490,000	-	198,490,000
Additions	36,494	-	36,494
Depreciation	(3,216,278)	-	(3,216,278)
At 31 December 2020	<u>195,310,216</u>	<u>-</u>	<u>195,310,216</u>
	Held for letting £	Under construction £	Total housing properties £
31 December 2019			
At 1 January 2019	159,495,773	964,946	160,460,719
Additions	310,026	206,076	516,102
Transfer from under construction to held for letting	1,171,022	(1,171,022)	-
Depreciation	(2,722,499)	-	(2,722,499)
Unrealised gain on revaluation of housing properties	<u>40,235,678</u>	<u>-</u>	<u>40,235,678</u>
At 31 December 2019	<u>198,490,000</u>	<u>-</u>	<u>198,490,000</u>

Valuations were carried out as at 31 December 2019 by Jones Lang LaSalle IP Incorporated (“JLL”) (an independent valuer) using the discounted cash flow method. The discounted cashflow calculation is a valuation of rental income and/or sale values per square foot considering non-recoverable costs and applying a discount rate to income over a period of years depending on the secured leases. The valuations were prepared using the EUV-SH (apart from the commercial units), as required by the SORP. The commercial units were valued using a rent and yield approach. The total of this valuation was £198,490,000.

The valuation was prepared in accordance with the RICS Valuation Standards (the “Red Book”). In undertaking the valuation, JLL adopted the International Accounting Standards Board’s definition of Fair Value in FRS 102 as ‘the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date’.

The Trustees’ have concluded that there is no need for a formal revaluation exercise for the purposes of the financial statements of the Trust as at 31st December 2020. This question will be revisited as part of the 31 December 2021 annual reporting. The Trust’s housing properties have been valued at £195,210,216 by the Trustees, which is a decrease of 1.6% compared to the independent valuation at 31 December 2019. For detailed disclosure regarding the key inputs and considerations in arriving at the valuation please see Note 1.

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

6. Housing properties - 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.

Had the Trust not carried out a revaluation of its housing properties as at 31 December 2019 and 31 December 2015, the depreciated cost of its housing properties would have been £147,742,357 as at 31 December 2020 (2019: £150,385,574).

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

7. Debtors and prepayments

	2020 £	2019 £
Current rentals due	336,455	302,726
Insurance prepaid	73,556	65,176
Other debtors and prepayments	59,574	84,436
	<u>469,585</u>	<u>452,338</u>

During the year the Trust provided for net bad debts in respect of current rentals due of £35,093 (2019: £17,694).

8. Cash at bank and in hand

	2020 £	2019 £
Cash at bank	<u>13,941,001</u>	<u>13,882,295</u>

As at 31 December 2020, all cash and cash equivalents were held in bank accounts at Barclays Private Clients International Limited and Lloyds Bank Plc.

9. Creditors

	2020 £	2019 £
Loan interest payable	7,169	13,531
Other – property related	275	5,052
Other – non-property related	78,753	114,737
Creditors due in less than one year	<u>86,197</u>	<u>133,320</u>

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

10. Tenants' deposits

This amount of £18,164 represents deposits received from tenants (2019: £158,148). As noted in the Chairman's report all deposits have been discontinued and are in the process of being repaid to the tenants.

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

11. Bank loans

	2020		2019	
	£	£	£	£
Repayable in less than 1 year		6,355,355		6,541,373
Repayable in 1 to 2 years	6,840,057		6,355,355	
Repayable in 2 to 5 years	21,164,041		21,195,530	
Repayable in 5 years or more	39,578,666		46,387,234	
		<u>67,582,764</u>		<u>73,938,119</u>
		<u>73,938,119</u>		<u>80,479,492</u>

On 15 March 2014, the Trustees entered into a Bond, Billets and Variation agreement with Barclays Bank PLC which allows for the cross collateralisation of existing loans that Barclays Bank PLC have a charge over, subject to a cap of £90,000,000. On 29 September 2017, the cap on the Bond, Billets and Variation agreement was increased to £110,000,000. This includes all developments with the exception of Le Coie, Le Grand Clos, Hameau de La Mer and Garrett Anderson House.

On 13 February 2006 and 27 October 2015, the Trustees entered into a registered bond with Lloyds Bank Plc valued at £8,600,000 and £12,250,000 respectively in respect of the Le Coie and Le Grand Clos developments.

All of the loans are from Barclays Bank PLC or Lloyds Bank Plc. The rate of interest incurred on each loan amounts to LIBOR + 0.75% (apart from the 2017 facility with Barclays Bank PLC which suffers interest at LIBOR + 1.85%).

For the majority of the loans, 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. There are three loans where the interest rate limit is 6% per annum.

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

11. Bank loans – continued

A summary of the current loans outstanding is shown below. All are repayable in accordance with agreed repayment schedules.

2020							
Loans	Original facility	Repayments to date	Loan amount outstanding	Repayable in less than 1 year	Repayable in 1 to 2 years	Repayable in 2 to 5 years	Repayable in 5 years or more
BARCLAYS Long term loans							
Victoria Place	12,500,000	(5,044,932)	7,455,068	691,126	753,396	2,671,792	3,338,754
Belle Vue	11,865,000	(7,634,923)	4,230,077	913,693	988,142	2,328,242	-
Cherry Grove	1,440,839	(1,193,536)	247,303	133,252	114,051	-	-
Kent Lodge	880,000	(611,115)	268,885	71,577	77,350	119,958	-
St Clements Road	1,200,000	(632,215)	567,785	79,512	86,270	303,418	98,585
St Saviours Court	3,800,341	(3,147,631)	652,710	297,163	320,364	35,183	-
Jardin Fleuri	3,240,000	(1,497,046)	1,742,954	196,119	213,256	752,959	580,620
La Roseaie	8,287,000	(2,920,408)	5,366,592	418,760	457,680	1,630,496	2,859,656
Berkshire Court	13,380,000	(4,671,430)	8,708,570	671,620	734,184	2,616,431	4,686,335
John Wesley	6,000,000	(2,084,025)	3,915,975	300,071	328,059	1,169,330	2,118,515
Parkside	3,200,000	(1,080,189)	2,119,811	156,834	171,564	612,158	1,179,255
La Folie	3,670,000	(242,477)	3,427,523	182,408	197,616	692,339	2,355,160
Clement Court	4,300,000	(1,908,010)	2,391,990	257,481	280,141	990,120	864,248
Clos le Gallais	2,275,530	(313,805)	1,961,725	79,456	91,124	353,123	1,438,022
Clos Du Ruisseau	3,378,454	(431,266)	2,947,188	109,517	126,110	491,826	2,219,735
2017 Barclays Facility	15,000,000	(937,500)	14,062,500	750,000	750,000	2,250,000	10,312,500
TOTAL	94,417,164	(34,350,508)	60,066,656	5,308,589	5,689,307	17,017,375	32,051,385

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

11. Bank loans – continued

LLOYDS Long term loans							
Le Grand Clos	8,519,064	(1,219,174)	7,299,890	298,769	342,507	1,326,460	5,332,154
Le Coie	12,250,000	(5,678,427)	6,571,573	747,997	808,243	2,820,206	2,195,127
TOTAL	20,769,064	(6,897,601)	13,871,463	1,046,766	1,150,750	4,146,666	7,527,281
TOTAL OUTSTANDING BORROWINGS				73,938,119	6,355,355	6,840,057	21,164,041
							39,578,666

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

11. Bank loans – continued

2019							
Loans	Original facility	Repayments to date	Loan amount outstanding	Repayable in less than 1 year	Repayable in 1 to 2 years	Repayable in 2 to 5 years	Repayable in 5 years or more
BARCLAYS Long term loans							
Victoria Place	12,500,000	(4,412,554)	8,087,446	632,378	691,126	2,461,997	4,301,945
Belle Vue	11,865,000	(6,791,584)	5,073,416	843,339	913,693	3,205,209	111,175
Cherry Grove	1,440,839	(1,070,103)	370,736	123,433	133,252	114,051	-
Kent Lodge	880,000	(544,995)	335,005	66,120	71,577	197,308	-
St Clements Road	1,200,000	(559,085)	640,915	73,130	79,512	280,688	207,585
St Saviours Court	3,800,341	(2,872,408)	927,933	275,223	297,163	355,547	-
Jardin Fleuri	3,240,000	(1,317,103)	1,922,897	179,943	196,119	695,274	851,561
La Roseraie	8,287,000	(2,538,350)	5,748,650	382,058	418,760	1,499,252	3,448,580
Berkshire Court	13,380,000	(4,058,806)	9,321,194	612,624	671,620	2,405,444	5,631,506
John Wesley	6,000,000	(1,810,346)	4,189,654	273,679	300,071	1,074,942	2,540,962
Parkside	3,200,000	(937,244)	2,262,756	142,945	156,834	562,470	1,400,507
La Folie	3,670,000	(74,505)	3,595,495	167,972	182,408	641,731	2,603,384
Clement Court	4,300,000	(1,671,915)	2,628,085	236,095	257,481	913,828	1,220,681
Clos le Gallais	2,275,530	(245,137)	2,030,393	68,668	79,456	312,206	1,570,063
Clos Du Ruisseau	3,378,454	(337,083)	3,041,371	94,183	109,517	433,589	2,404,082
2017 Barclays Facility	15,000,000	(375,000)	14,625,000	562,500	750,000	2,250,000	11,062,500
TOTAL	94,417,164	(29,616,218)	64,800,946	4,734,290	5,308,589	17,403,536	37,354,531

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

11. Bank loans – continued

LLOYDS Long term loans							
Le Grand Clos	8,519,064	(739,868)	7,779,196	479,306	298,769	1,173,090	5,828,031
Le Coie	12,250,000	(4,350,650)	7,899,350	1,327,777	747,997	2,618,904	3,204,672
TOTAL	20,769,064	(5,090,518)	15,678,546	1,807,083	1,046,766	3,791,994	9,032,703
TOTAL OUTSTANDING BORROWINGS				80,479,492	6,541,373	6,355,355	21,195,530
							46,387,234

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

12. Housing property revaluation reserve

	2020	2019
	£	£
Opening balance	72,263,226	32,027,548
Unrealised gain on revaluation of housing properties	<u>-</u>	<u>40,235,678</u>
Closing balance	<u>72,263,226</u>	<u>72,263,226</u>

The housing property revaluation reserve is unrealised and is therefore not available for distribution.

13. Related parties

The following are related parties as defined by Section 33 of FRS 102:

(a) The Trustees

Remuneration paid to the Trustees during the year ended 31 December 2020 amounted to £112,500 (2019: £112,500) of which nil was outstanding at the current and prior year end.

(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. Brunel also receives an additional fee of £5,500 per calendar month for providing CEO consultancy services to the Trust. The total amount payable for all services during the year was £579,695 (2019: £569,178) of which £42,253 (2019: £81,225) remained outstanding and is included in creditors. Brunel maintains a segregated bank account on behalf of the Trust for the collection of rental and payment of property expenses. At 31 December 2020, this balance was £736,968 (2019: £623,115).

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

Labesse & Co. act as the Trust’s surveyors. During the year ended 31 December 2020, £12,000 (2019: £11,500) was payable to Labesse & Co. none of which was outstanding at the year end (2019: nil).

(d) Cranham Investments Limited through its relationship with Mr M C Van Neste

In 2020 the Trustees approved a small contract to lease storage space from Cranham Investments Limited at an annual rental of £4,680. Mr M C Van Neste is a Director of and shareholder in Cranham Investments Limited.

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

14. Capital commitments

The Trust had no capital commitments at the current or prior year reporting date.

15. Ultimate controlling party

The controlling parties of the Trust as defined by Section 33 of FRS 102 are the Trustees of the Trust, whose only benefits are as outlined in the Constitution and in note 3 and 13 above.

16. Subsequent events

There are no subsequent events to report.