

Jersey Homes Trust

Annual report and financial statements

For the year ended 31 December 2019

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 2019**

The following topics are covered in this report:

Charitable Status.

The application by the Trust for charitable status under the new Charities Law remains outstanding.

Developments.

For the first time since the Trust was established, we have no developments under construction or at pre-development stage.

Business Plan

The Trust has drawn down further funding to ensure it can meet its commitments in uncertain times. Trustees are confident that further funding can be arranged to support new developments.

Rental Dwellings Licensing Scheme

The Trust has taken part in consultations on this significant proposal.

Tenants’ Deposits

The Trust is discontinuing the practice of taking deposits.

The Housing Minister’s Support

Senator Sam Mezec officiated at the opening of our latest development.

Homelessness Cluster

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

Housing Management post Grenfell.

We continue to carefully reassess our management, inspection and procurement processes following the Grenfell disaster.

Bench-marking our performance:

Each year we compare our own standard performance indicators with those of UK housing associations. Our results continue to be reassuring.

Charitable Status and Regulation.

For many years there has been discussion, and two draft sets of legislation, on the proposed regulation of housing trusts in Jersey. Drafting reasonable and proportionate regulation to circumscribe activities which are essentially charitable proved to be challenging and the States rejected the last set of proposals brought by the previous Housing Minister. As previously reported, the Trust has submitted an application to the Commissioner for registration under the new Charities Law. At the time of reporting, this application remains outstanding. Registration would subject the Trust to many of the regulations and observances that the proposed law for regulation of social housing providers envisaged.

The Trust has always enjoyed charitable status, having submitted its Constitution to the Comptroller of Taxes at inception. Recognition of this status rendered the Trust free from taxation, which is vital for the viability of its business plan.

JERSEY HOMES TRUST

CHAIRMAN'S REPORT

For the year ended 31 December 2019

There is no doubt that the Trust has charitable objects and is engaged in charitable activities. My Trustees feel strongly that their services to the Trust should be recognised as charitable. An impartial observer would surely agree with that. In their wisdom, the States enacted a law which sets out to re-define Charity and appointed an independent Commissioner whose role is to follow and apply that law.

I am pleased and relieved to report that the issue of possible taxation of the Trust, which would have arisen in the event of a rejected application by the Charities Commissioner, has been resolved by the States, at least for the time being, when passing financial legislation.

My Trustees remain concerned that the outcome of our application remains in doubt. The fault (if any) must lie with the law, not with the Trust. The Trust is a not-for-profit body registered as an incorporated association. The 1862 law provides for duly registered incorporated associations and trusts to hold land and property for charitable purposes. In the UK, housing associations are classified as charities for the purposes of the UK Charities Law. The object of the Trust is to provide decent and affordable homes to those in need.

New Developments

The Jersey Homes Trust is the Island's largest independent provider of social housing, with 840 homes under management. This is a significant role and the Trust prides itself on providing an efficient and caring service to its tenants and to the Island. When the Trust was established in 1995, it was tasked to be the principle future developer of social rented housing. Over many years, working in partnership with successive Housing Presidents and a supportive Housing Department, it is fair to say that the Trust fulfilled that role with success.

In more recent years, since the very successful transformation of the Housing Department, Andium Homes have, as expected, taken over the role of main social housing developer. We wish them well and congratulate them on their ambitious plans.

The independent housing trusts in Jersey continue to fill a useful role, delivering further developments and offering niche services and differing cultures. However, for the first time since the Trust was established, it has no developments under construction or at a pre-development stage. Nevertheless, the Trustees remain ambitious to contribute further by undertaking new developments. The Trust has the expertise, the track record and a sound business plan and can commit to funding arrangements without States support, if required.

I am attending, on 27th January, along with the Chairmen of the other housing trusts, a meeting of the Housing Policy Development Board, which will also be attended by the Minister for Housing and the Minister for the Environment. 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.

JERSEY HOMES TRUST

CHAIRMAN'S REPORT

For the year ended 31 December 2019

Business Plan

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. Some recent developments of the Trust have been financed partly from surpluses arising from the very low rates of interest, which continue to assist the viability of the Trust's business plan. Trustees need to be mindful that interest rate increases occurring in the next few years could stress this viability. Trustees therefore raised further funding of £15 million, to support the developments mentioned and to provide a cash reserve to meet future commitments. The final draw-down of £5 million from this facility was taken in November 2019.

Funding for the Trust's developments has been arranged on a scheme by scheme basis. Trustees believe that the financial strength of the Trust will enable them to raise further funding for new development in an environment which is more challenging than in earlier years.

Rental Dwellings Licensing Scheme

There are few more important provisions in society than that of residential rental accommodation. That is what has motivated my Trustees over the last 25 years. Everyone should have the opportunity to be decently and affordably housed in secure accommodation. The Housing Minister is to be congratulated in his determination to bring Jersey law up to date with a Landlords' Registration and Licensing scheme and this is wholeheartedly supported by my Trustees.

The Trust has taken part in a consultations process conducted by the Environmental Health Department, which will be tasked with operating the scheme. It is proposed to require social landlords to be Registered and Licensed. Part of the regulation of housing associations should rightfully be concerned with standards of accommodation, tenants' rights, and so forth, so the requirement to Register under the new proposals makes very good sense. The proposed fee structure for registration and annual renewal will be certainly expensive for landlords. They are entitled to ask what level of service they and their tenants will receive for this.

In the case of social landlords, exposure to these very high fees can be avoided by their signing up for inclusion in the Rent Safe scheme, which is a landlords' accreditation scheme run by the Environmental Health Department. The Trust previously declined to enroll in Rent Safe in order to avoid the unnecessary duplication and expense of inspections by Environmental Health of all the Trusts' properties and the imposition on our tenants of unnecessary intrusion into their homes and lives.

We shall now enroll in Rent Safe in order to avoid the otherwise unavoidable cost of registration under the new proposals. The Trust is a responsible and efficient landlord and our property managers inspect our properties at least annually. Environmental Health should concentrate their energy on lesser achieving landlords, in order to avoid duplication of effort, waste of taxpayers' money, unnecessary bureaucracy and inconvenience to our tenants.

Tenants' Deposits

Trustees have decided to cease the practice of taking rental deposits from tenants. Furthermore, all deposits held will be refunded to the respective tenants over the next few weeks. This will bring the Trust into alignment with the policy of Andium Homes in such regard.

JERSEY HOMES TRUST

CHAIRMAN'S REPORT

For the year ended 31 December 2019

Opening of Jardin de la Mare

We were delighted that the Housing Minister, Senator Sam Mezec, accepted our invitation to mark the completion and opening of the Jardin de la Mare development at Grouville with a tree-planting ceremony in February. The Senator is a busy man and his kindness in complimenting the proceedings with his presence was greatly appreciated and taken as an acknowledgment by him of the benefit to the Island of the activity of the Trust.

Homelessness Cluster

In July I was invited, by Jack Norris at the Strategic Housing Unit, to take part in the Homelessness Cluster. The Cluster is intended to be a group for voluntary and community organisations and key government agencies working with households who are homeless or at risk of experiencing homeless. 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.

Since then I have attended, along with Stephen Van Neste from Brunel Management, regular meetings of the Cluster. I have been enormously impressed with at the quality of discussion and the integrity, professionalism and enthusiasm of the participants. We are aided by a consultant from the UK and the intention is to contribute towards the formulation of actual governmental policies.

The Jeanne Jugan Residence.

As previously reported, the Trust made a bid for the purchase of the care-home operated by the Little Sisters of the Poor, with a view to leasing the property to Family Nursing and Health Care. As reported in the media, the Trust's bid was not successful. The Trust has no further plans at this time to engage in care-home provision or activity.

The Grenfell legacy

We continue to exercise increased vigilance and inspection routines for the health and safety of our tenants. These activities frequently out-perform statutory requirements in order to conform with best or recommended practice. Increased frequency of electrical inspections has cost in excess of £300,000.

We await the report of the Grenfell enquiry with great interest. Inevitably there will be lessons to learn and changes required in the maintenance and repair of buildings and their specifications and standards. Whilst awaiting delivery of the report, we have commenced some sensible upgrading or improvements to fire alarm systems and electrical inspection protocols. We are working with the respective consultants. This is not to suggest that previous installations or procedures were at fault.

Bench-marking our performance:

The results of the annual bench-marking of the Trust's performance indicators 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 an average of 805 units in the period of review. It should be understood 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.

JERSEY HOMES TRUST

CHAIRMAN'S REPORT

For the year ended 31 December 2019

In order to monitor the rate and direction of cost movements, we include the results for the Trust over the preceding three years. Management costs inexorably approach the level of costs reported by UK housing associations. This is to be expected, since these costs include all professional fees, accountancy and administration costs, insurance and legal expenses, all of which are much higher in Jersey. It is pleasing, therefore, that overall operating costs remain well 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 bench-marking exercise. Of benefit, both in cost and expediency, is our ability to utilise remunerated services on '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.

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 at Moore Management (accountancy services);

Madeleine Farrow at Intertrust (secretarial services);

and, of course, my ever-loyal Trustees (see below).

I remain humbled by your outstanding service and support. Thank you all.

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 2019

Annual Benchmarking of Performance Indicators (2016 - 2018)
against Performance Indicators of UK Housing Associations (2017 -2018)

Sources:

The “2018 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

Number of social housing providers included in the data sets (calculation of average units per provider not possible)

	UK Associations		Jersey Homes Trust		
	2018	2017	2018	2017	2016
Average re-let time (days)*	not reported	not reported	0.0	0.0	0.0
Rental arrears at year end	4.30%	4.40%	0.07%	0.22%	0.12%
Bad debts	0.80%	0.70%	0.27%	0.14%	0.19%
Operating cost (excluding major repairs) per unit:					
Weekly	£58.07	£56.75	£53.20	£45.31	£43.80
Annual	£3,020	£2,951	£2,766	£2,356	£2,278
As percentage of Turnover	55.86%	54.61%	23.77%	24.48%	23.64%
Management cost per unit -					
Weekly	£20.07	£18.49	£20.60	£21.05	£20.55
Annual	£1,044	£962	£1,071	£1,094	£1,069
As percentage of Turnover	19.31%	17.00%	9.20%	9.74%	9.87%

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 and bad debts.

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 2019

PROPERTY DETAILS and RENTALS CHARGEABLE

PROPERTY	Number of bedrooms					Total	Attainable Rents	
	1	2	3	4	5		£ Mthly (Qtrly*)	£ Annualised
Brooklands	1	11	3	-	-	15	16,494	197,931
Berkshire Court	113	-	-	-	-	113	93,586	1,123,030
Berkshire Court Shop	N/A	N/A	N/A	N/A	N/A	1	5,592*	22,366
Belle Vue	24	53	11	2	-	90	99,123	1,189,474
Clement Court	27	5	-	-	-	32	27,605	331,266
Clos Du Ruisseau	-	-	19	-	-	19	27,894	334,732
Cherry Grove	-	12	-	-	-	12	13,112	157,341
Le Grand Clos	14	6	27	7	-	54	67,664	811,965
Garrett Anderson House	37	3	-	-	-	40	37,714	452,564
Hameau de la Mer	18	3	-	-	-	21	20,517	246,202
Jardin de la Mare	-	-	29	-	-	29	49,199	590,393
John Wesley Apts	17	23	1	-	-	41	39,225	470,700
Kent Lodge	-	7	-	-	-	7	7,105	85,259
Le Coie	49	46	-	-	1	96	90,462	1,085,544
Le Coie Commercial Units	N/A	N/A	N/A	N/A	N/A	2	8,849*	35,396
La Folie	3	29	1	-	-	33	37,418	449,011
Le Jardin Fleuri	-	4	12	-	-	16	21,767	261,203
La Roseaie	4	14	27	-	-	45	56,576	678,918
Milbrook Gardens	-	5	-	-	-	5	6,148	73,772
Maison St Nicolas	-	6	-	-	-	6	6,287	75,439
Parkside	1	6	8	2	2	19	22,442	269,306
Clos Le Gallais	-	2	11	-	-	13	18,062	216,749
5 St Clements Road	9	1	-	-	-	10	8,654	103,848
St Paul's Gate	-	17	-	-	-	17	16,868	202,419
St Saviour's Court	-	24	4	-	-	28	29,169	350,030
Victoria Place Group Home	5	-	-	-	-	1	15,216*	60,863
Victoria Place	22	51	4	-	-	77	77,142	925,706
TOTALS	344	328	157	11	3	842	900,119	10,801,427

The above information is correct at 31 December 2019.

All properties are held through freehold or flying freehold title. All units listed are fully occupied.

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 2019

The Trustees submit their annual report and the audited financial statements of the Jersey Homes Trust (the "Trust") for the year ended 31 December 2019.

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 Statement of Comprehensive Income 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 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 2019

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 2019, compensation paid or payable to the Trustees was £112,500 (2018: £120,000).

JERSEY HOMES TRUST

TRUSTEES' REPORT

For the year ended 31 December 2019

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

	2019	2018
	Units	Units
<i>Under management</i>		
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	55
Three bedroom houses	138	137
Four bedroom houses	9	9
Other facilities	3	3
	<u>842</u>	<u>839</u>

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 consider this to be a non-adjusting post balance sheet event, hence the information on which the valuations are based has not been adjusted due to the Coronavirus/COVID-19 situation.

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.



Trustee
19 June 2020

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 give a true and fair view of the financial position of Jersey Homes Trust (the “Trust”) as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with United Kingdom Accounting Standards, comprising FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and have been properly prepared in accordance with 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 2019;
- 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 a description of the significant accounting policies.

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 Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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.

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation of the financial statements that give a true and fair view in accordance with United Kingdom Accounting Standards, comprising FRS 102, the provisions of the Constitution of the Trust and for such internal control as the trustees 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.

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

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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Use of this report

This independent auditor's 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.



PricewaterhouseCoopers CI LLP
Chartered Accountants
Jersey, Channel Islands
19 June 2020

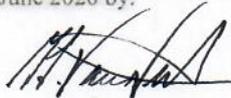
The maintenance and integrity of the Jersey Homes Trust website is the responsibility of the Trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements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

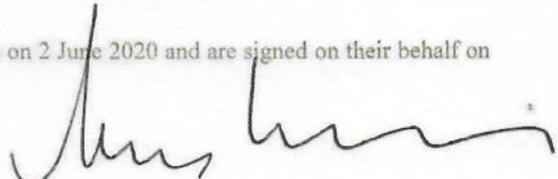
JERSEY HOMES TRUST
STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Notes	31 December 2019		31 December 2018	
		£	£	£	£
Fixed assets					
Housing properties	6		<u>198,490,000</u>		<u>160,460,719</u>
Current assets					
Debtors and prepayments	7	452,338		345,053	
Balance at managing agents	13	623,115		635,853	
Cash at bank and in hand	8	<u>13,882,295</u>		<u>7,492,367</u>	
			<u>14,957,748</u>		<u>8,473,273</u>
Creditors – amounts falling due within one year					
Bank loans	11	6,541,373		4,772,875	
Creditors	9	133,320		129,393	
Tenants' deposits	10	<u>158,148</u>		<u>167,408</u>	
			<u>6,832,841</u>		<u>5,069,676</u>
Net current assets			<u>8,124,907</u>		<u>3,403,597</u>
Creditors – amounts falling due after more than one year					
Bank loans	11	73,938,119		74,809,157	
			<u>(73,938,119)</u>		<u>(74,809,157)</u>
Net assets			<u>132,676,788</u>		<u>89,055,159</u>
Trust fund					
Housing property revaluation reserve	12		72,263,226		32,027,548
Retained reserves			<u>60,413,562</u>		<u>57,027,611</u>
			<u>132,676,788</u>		<u>89,055,159</u>

The financial statements were approved by the Trustees on 2 June 2020 and are signed on their behalf on 19 June 2020 by:



Trustee



Trustee

The notes on pages 20 to 29 form an integral part of these audited financial statements.

JERSEY HOMES TRUST
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	<i>Notes</i>	31 December 2019 £	31 December 2018 £
Income from property rentals	1	10,406,095	9,367,047
Property expenses		(1,978,029)	(1,454,623)
Aborted development costs	4	(1,113)	-
Provision for bad debts	7	(17,694)	(27,312)
Net property income		8,409,259	7,885,112
Operating expenses	3	(938,846)	(862,151)
Operating surplus before depreciation		7,470,413	7,022,961
Depreciation	6	(2,722,499)	(2,572,673)
Operating surplus		4,747,914	4,450,288
Interest income		40,972	21,098
Interest expense	5	(1,402,935)	(1,160,575)
Surplus on ordinary activities		3,385,951	3,310,811
<i>Other comprehensive income</i>			
Unrealised gain on revaluation of housing properties		40,235,678	-
Total comprehensive income for the year		43,621,629	3,310,811

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

The notes on page 20 to 29 form an integral part of these audited financial statements.

JERSEY HOMES TRUST
STATEMENT OF CHANGES IN RESERVES
For the year ended 31 December 2019

	Housing property revaluation reserve (note 12) £	Retained reserves £	Total trust fund £
At 31 December 2017	32,027,548	53,716,800	85,744,348
Surplus on ordinary activities	-	3,310,811	3,310,811
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
At 31 December 2019	72,263,226	60,413,562	132,676,788

The notes on page 20 to 29 form an integral part of these audited financial statements.

JERSEY HOMES TRUST
STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

	31 December 2019		31 December 2018	
	£	£	£	£
Net cash inflow from operating activities (note 1)		7,358,293		6,871,008
Cash flow from investing activities				
Interest received	40,972		21,097	
Acquisition and construction of properties	(516,102)		(4,668,345)	
Sale of properties	-		1,930,450	
		<u>-</u>		<u>1,930,450</u>
Net cash outflow from investing activities		(475,130)		(2,716,798)
Cash flow from financing activities				
Interest paid	(1,403,433)		(1,158,388)	
Loan principal drawdowns	5,000,000		5,000,000	
Loan principal repayments	(4,102,540)		(4,875,556)	
		<u>(4,102,540)</u>		<u>(4,875,556)</u>
Net cash outflow from financing activities		(505,973)		(1,033,944)
Increase in cash in the year		6,377,190		3,120,266
Cash and cash equivalents at beginning of the year		8,128,220		5,007,954
		<u>8,128,220</u>		<u>5,007,954</u>
Cash and cash equivalents at end of the year		14,505,410		8,128,220
		<u>14,505,410</u>		<u>8,128,220</u>
Cash and cash equivalents consists of:				
Balance at managing agents		623,115		635,853
Cash at bank and in hand		13,882,295		7,492,367
		<u>13,882,295</u>		<u>7,492,367</u>
Cash and cash equivalents		14,505,410		8,128,220
		<u>14,505,410</u>		<u>8,128,220</u>

The notes on page 20 to 29 form an integral part of these audited financial statements.

JERSEY HOMES TRUST
STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

Note 1 to Statement of Cash Flows	31 December	31 December
Reconciliation of operating surplus to net cash inflow	2019	2018
from operating activities	£	£
Operating surplus	4,747,914	4,450,288
Depreciation	2,722,499	2,572,673
Increase in debtors and prepayments	(107,285)	(124,171)
Decrease in creditors and tenants deposits	(4,835)	(27,782)
	7,358,293	6,871,008

Note 2 to Statement of Cash Flows	31 December	31 December
Reconciliation of net cash flow to movement in	2019	2018
net debt	£	£
Increase in cash at bank & held at agents	6,377,190	3,120,266
Loan advances received	(5,000,000)	(5,000,000)
Loan principal repayments	4,102,540	4,875,556
Movement in net debt in the year	5,479,730	2,995,822
Opening net debt	(71,453,812)	(74,449,634)
Closing net debt	(65,974,082)	(71,453,812)

Note 3 to Statement of Cash Flows
Analysis of changes in net debt

	1 Jan 2019	Cashflows	31 Dec 2019
	£	£	£
Cash at bank & held at agents	8,128,220	6,377,190	14,505,410
Debt due after one year	(74,809,157)	871,038	(73,938,119)
Debt due within one year	(4,772,875)	(1,768,498)	(6,541,373)
	(79,582,032)	(897,460)	(80,479,492)
	(71,453,812)	5,479,730	(65,974,082)

The notes on page 20 to 29 form an integral part of these audited financial statements.

JERSEY HOMES TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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”). 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 26.

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.

Presentational 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 £223,115 for 2019 and £179,424 for 2018.

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

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 2019

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 2019

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 March 2020. The Trustees have considered the impairment assessment prepared by Labesse & Co as well as the valuation report from Jones Lang LaSalle IP Incorporated (“JLL”) 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 2019

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 and commercial units are valued using a rent and yield approach less subsequent depreciation and impairment. Revaluation losses or gains are recognised in Other Comprehensive Income and accumulated in reserves (Housing property revaluation reserve). In determining the value, an estimated discount rate and future costs (management costs, total repair costs and the amount of bad debts and voids) is made.

The Trust's housing properties were valued as at 31 December 2019 by independent professionally qualified valuers who hold a recognised professional qualification and have experience in the properties valued. The Trustees review the valuations performed by the independent valuers for financial reporting purposes.

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

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

	2019 £	2018 £
Property management fees (note 13)	569,178	513,409
Trustee remuneration	112,500	120,000
Audit fees	25,860	24,035
Administration and accountancy fees	55,128	64,944
Insurance	134,375	114,340
Legal and professional fees	39,936	23,404
Bank charges	1,869	2,019
	<u>938,846</u>	<u>862,151</u>

4. Aborted development costs

	2019 £	2018 £
Maison St Nicholas	1,113	-
	<u>1,113</u>	<u>-</u>

5. Interest expense

	2019 £	2018 £
Interest expense on loans attributable to housing properties	<u>1,402,935</u>	<u>1,160,575</u>

6. Housing properties

	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>

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

6. Housing properties – continued

31 December 2018	Held for letting £	Under construction £	Total housing properties £
At 1 January 2018	144,383,383	15,912,114	160,295,497
Additions	-	4,668,345	4,668,345
Transfer from under construction to held for letting	19,615,513	(19,615,513)	-
Sales	(1,930,450)	-	(1,930,450)
Depreciation	<u>(2,572,673)</u>	<u>-</u>	<u>(2,572,673)</u>
At 31 December 2018	<u>159,495,773</u>	<u>964,946</u>	<u>160,460,719</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 have been prepared using the EUV-SH (apart from the commercial units), as required by the SORP. The commercial units have been 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’.

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 £126,226,774 as at 31 December 2019 (2018: £128,433,171).

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

7. Debtors and prepayments

	2019 £	2018 £
Current rentals due	302,726	266,744
Insurance prepaid	65,176	57,604
Other debtors and prepayments	84,436	20,705
	<u>452,338</u>	<u>345,053</u>

During the year the Trust provided for net bad debts in respect of current rentals due of £17,694 (2018: £27,312).

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

8. Cash at bank and in hand

	2019	2018
	£	£
Cash at bank	<u>13,882,295</u>	<u>7,492,367</u>

As at 31 December 2019, all cash and cash equivalents were held in bank accounts at Barclays Private Clients International Limited and Lloyds Bank Plc.

9. Creditors

	2019	2018
	£	£
Loan interest payable	13,531	14,029
Other – property related	5,052	1,410
Other – non-property related	114,737	113,954
Creditors due in less than one year	<u>133,320</u>	<u>129,393</u>

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

10. Tenants' deposits

This amount of £158,148 represents deposits received from tenants (2018: £167,408). 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 rental and a reasonable amount in respect of any damage to the premises by the tenant.

11. Bank loans

	2019		2018	
	£	£	£	£
Repayable in less than 1 year		6,541,373		4,772,875
Repayable in 1 to 2 years	6,355,355		5,871,038	
Repayable in 2 to 5 years	21,195,530		20,146,611	
Repayable in 5 years or more	<u>46,387,235</u>		<u>48,791,508</u>	
		<u>73,938,119</u>		<u>74,809,157</u>
		<u>80,479,492</u>		<u>79,582,032</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.

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.

On 26 September 2017, the Trustees entered into a new loan facility with Barclays Bank PLC for a total amount of £15,000,000 (the “2017 facility”). As at the year end, £15,000,000 of the 2017 facility had been drawn (2018: £10,000,000).

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

11. Bank loans – continued

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.

12. Housing property revaluation reserve

	2019	2018
	£	£
Opening balance	32,027,548	32,027,548
Unrealised gain on revaluation of housing properties	<u>40,235,678</u>	<u>-</u>
Closing balance	<u>72,263,226</u>	<u>32,027,548</u>

Valuations have been carried out as at 31 December 2019 by JLL (an independent valuer) using the discounted cash flow method. The valuations have been prepared using the EUV-SH (apart from the commercial units), as required by the SORP. The commercial units have been valued using a rent and yield approach.

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 2019 amounted to £112,500 (2018: £120,000) 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 £569,178 (2018: £513,409) of which £81,225 (2018: £69,551) 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 2019, this balance was £623,115 (2018: £635,853).

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

Labesse & Co. act as the Trust’s surveyors. During the year ended 31 December 2019, £11,500 (2018: £10,100) was payable to Labesse & Co. none of which was outstanding at the year end (2018: nil).

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

14. Capital commitments

The Trust has committed to the following housing developments:

	2019	2018
	£	£
Garrett Anderson House*	-	192,622
Jardin de la Mare*	-	133,731
La Folie	-	241,661
	<u>-</u>	<u>568,014</u>

*Amounts reflected above relate solely to retentions.

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. 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.

17. Subsequent events

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 consider this to be a non-adjusting post balance sheet event, hence the information on which the valuations are based has not been adjusted due to the Coronavirus/COVID-19 situation.

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.

There are no further subsequent events to report.