Jersey Homes Trust

Annual report and financial statements

For the year ended 31 December 2017

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Adv Philip Le Cornu (Secretary)

Martyn Scriven (Treasurer/Deputy Chairman)

Ian Moore (Chartered Accountant)

Christopher Clarke (Developments Director)

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JERSEY HOMES TRUST
CHAIRMAN'S REPORT
For the year ended 31 December 2017

The following topics are covered in this report:

The Regulation of Social Housing Providers
The Minister for Housing will shortly lodge her proposition for the proposed Regulation of Social Housing providers. The Jersey Homes Trust ("JHT" or "Trust") welcomes and supports these long-awaited proposals.

The Affordable Housing Gateway
Problems have arisen in providing the necessary access by the housing providers to this States-run facility.

Finance and funding
The Trust has secured access to a further £15 million facility.

Developments
Our two current housing developments are proceeding well. We maintain appetite to do more.

Planning issues
Our proposed development for a purpose-designed unit for the use of Les Amis was refused a planning consent.

Housing need
The criteria for access to social housing are strict and result in skewed statistics of housing need. The Trust would be supportive of relaxing the criteria.

Rental contributions to the States Treasury
The Trust has agreed to pay to the Treasury some rental receipts to off-set income support payments.

Housing Management post Grenfell
All responsible housing providers are looking carefully at management, inspection and procurement processes following the Grenfell disaster.

The Strategic Housing Unit and the other social housing providers
We have good working relationships with those concerned with the provision of social housing.

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

The proposed Regulation of Social Housing Providers

By the time this report is disseminated, the Minister for Housing will have lodged her proposition for the Regulation of Social Housing Providers.

This is a very detailed proposition and this is not the place to set out its proposals, (which are available on-line).

The Minister's proposals follow a lengthy period of careful and thoughtful consultation. They follow years of previous abortive attempts by her predecessors to propose suitable and reasonable legislation. Clearly, regulation has to carry powers and the means to enforce them if it is to enjoy the confidence of the stakeholders and the public. On the other hand, heavily bureaucratic and rigid oversight and intervention, with its attendant costs, would be inappropriate in this small jurisdiction with so few regulated bodies, which in any event are performing admirably already. The Minister is to be congratulated on these reasonable proposals that meet her aspirations whilst avoiding heavy-handed solutions.

Through a number of legally-binding agreements, current practice and the Trust's constitution, the Trustees are already very effectively regulated. Without this structure of existing regulation the Trust would not have been able to borrow £130 million from Jersey banks to fund its developments, or to obtain further substantial financial subsidies from the States. However, for transparency and our public image, we recognise that regulation should be formalised on the lines proposed, with the Trust reporting to a regulator appointed by the Minister or by the States. I am confident that the resultant process will confirm that the Jersey Homes Trust meets the highest standards of tenant care, property management and good financial practice.

We have always been supportive of the concept of regulation and we welcome the proposals of the Minister.

The Affordable Housing Gateway

The Trust was always supportive of the concept of a central waiting list for social rented housing, from which all the housing providers would draw their new tenants. The Gateway, as it is called, is now maintained by the Social Security Department. It avoids the duplication of applications, as used to occur when each housing provider maintained its own list, and can therefore be a good indicator of actual social housing need. It also ensures that allocations are carried out in a fair and consistent basis and the Trusts can no longer be accused (unfairly) of "cherry-picking" their tenants.

The Jersey Homes Trust endeavours, largely successfully, to re-let homes becoming vacant without the cost of a single void day, i.e. without any days in which the property is unoccupied and producing no rental. This is important to prospective tenants as well as to the proper management of the Trust's finances. Clearly, access to the Gateway's lists must be timely and efficient in order to achieve this excellent management objective.

Regrettably, I cannot report that this is now the case. Since the States have upgraded the security of their internal IT systems, access to the Gateway by the Trust (a basic element of the Gateway) is slow and difficult. We are of the view that the States are in breach of the service-level agreement through which the Trust was persuaded to participate. A number of meetings have been held between our managers and Social Security IT specialists. We have been unable to secure any assurance of a return to an adequate level of service within an acceptable time frame (if at all). We are disappointed by this apparent lack of concern to find solutions. It brings into question where best to place the hosting of a service that is of such importance to housing providers as well as to prospective tenants.

Finance and Funding

Over the last few years the Trust has accumulated substantial revenue surpluses, due to the historically very low interest rates payable by the Trust in respect of its borrowing. The Trustees have taken the opportunity of utilising such surpluses towards funding a new programme of housing development. This comprises over 100 new units of flats and houses, which are detailed in the next section of this report.

Over the next 10 years the Trust is committed, under its borrowing agreements with the Banks, to make very substantial repayments. Such repayments are funded from rental receipts, which, like interest charges are lower than had been projected due to the effects of the global financial crisis. In committing the surpluses arising from low interest rates to development, the Trustees need to ensure that remaining cash reserves will be sufficient to meet loan repayments. The Trustees also need to consider and provide for the possibility of rising interest rates over the next few years.

I am very pleased to report that The Trustees have obtained from Barclays Bank a further loan facility of £15 million, after detailed negotiations with four major banks. It was reassuring to find that all the banks were happy to engage in very positive discussions and to offer acceptable and viable options. This facility, which is fairly flexible, will address foreseeable cash demands and may enable further modest development as well.

Social housing providers have been advised that access to the proceeds of the £250 million States bond is available, at a fixed rate of interest. The Trustees considered this option but were unable to secure an offer of finance from the States within the necessary time-frame to cover ongoing cash commitments to meet stage payments for housing developments in progress. Although this was disappointing, The Trustees will continue to pursue possible future development opportunities funded by access to this source of finance.

Developments

As reported above, the Trust has embarked on a further programme of housing development. The developments are:

21 apartments at the Hameau de la Mer estate in St Clement (completed in 2016).
5 apartments at Millbrook Gardens, in St Lawrence (completed in 2016).
40 flats at Garrett Anderson House in St Helier (completion expected in 2018).
35 houses at the De La Mare Nurseries site in Grouville (completion expected in 2018).
3 houses in Parkinson Drive, St Lawrence (completion expected in 2019).

The flats at Garrett Anderson House are part of the College Gardens project being developed by the States of Jersey Development Company. Six houses at De La Mare Nurseries will be sold under the Affordable Housing arrangements. The rest will be retained for rental by the Trust.

Both these projects are due for completion this year and are proceeding very well. They are attractive developments, in excellent locations and the homes are well specified and of high quality.

Our association with Les Amis

The Trust is very pleased to provide three group homes to Les Amis, which houses and supports people with learning difficulties to live in the community. We had high hopes of furthering this happy relationship with Les Amis by developing a purpose-designed unit in St Clement for older residents developing dementia or with similar needs. The Trust worked with the owners of the site, a developer, an architect and with Les Amis to design and specify the necessary facility. The Trust and Les Amis agreed heads of terms for the lease and fitting out arrangements.

The team committed the substantial resources required to engage in this process, which included the very high planning application fees, with initial encouragement by planning officers. We were therefore surprised and disappointed that, even after working through all the appeals processes, this attractive and important development was refused a planning consent.

The scheme was supported by the Minister for Housing, the Health and Social Services Minister and the Parish Constable. The proposed building occupied the same footprint as the redundant house presently standing on the site, with a lower overall height. The development was strongly opposed by nearby residents.

The community has a responsibility to provide housing and support to vulnerable people. I regret to say that the community failed on this occasion.

The housing need

Access to social housing is restricted by supply and when supply is not adequate, as is the case in Jersey, it is necessary to define and impose the criteria for access. The temptation in setting the criteria is to tailor them to restrict the level of demand to match the limited supply that exists. It has been suggested that this is a benign policy since people are not then encouraged to entertain unrealistic expectations.

The Trust is strongly in favour of relaxing the criteria so that the true extent of housing need is understood. The extent of waiting lists has long been regarded as a reliable measure of need. If the criteria is too strict, the actual level of housing need is obscured. The political system may not then be persuaded to introduce measures to improve supply. A politic unresponsive to actual need is not a benign option.

Furthermore, one should consider the unintended consequences of such criteria. A single parent of limited means is classified as in urgent need of 2 bed-roomed social rented housing and can rely on being accommodated. Young couples without dependents but of limited means are excluded from any such assistance.

Rental contributions to the States Treasury

The Trust was requested to agree to make an annual payment to the States Treasury to off-set increased income support levels arising from increased rentals received by the Trust by virtue of the 90% of market rental policy. Following the housing transformation programme and the establishment of Andium Homes, social housing rentals are no longer controlled by the Housing Minister. Instead, rentals are to be set on the basis of a comparison with like-for-like market rentals, at the rate of 90% of the equivalent market rate. The 90% rate applies only to new tenancies. Rental increases on existing tenancies will be linked to the rate of inflation. The 90% rate has to be supported through income support for those who qualify for benefit. This ensures, in effect, that the 90% rate will be paid only by those who can afford it. It was felt that the Trust should agree to refund to the Treasury that element of increased rentals funded through income support, commencing in 2014.

The Trust engaged enthusiastically in a negotiation with Treasury for a simplified formula for calculation of the annual payment. The formula had to predict the rate of new tenancies year on year as well as the proportion of tenants benefitting from income support. I am very pleased to report than the formula and a legally binding agreement to implement it were concluded in 2017, and back-dated payments for the years commencing 2014 have been paid to Treasury. Future payments will be made annually on the basis of the formula and will, in effect, entail refunding to Treasury approximately half the increased rental obtained through application of the 90% rate.

Housing Management post Grenfell
The world was horrified by the devastating fire at Grenfell Tower. Housing professionals were equally horrified and also stunned that a professionally managed housing block, in central London, should succumb to such a disaster.

The formal public enquiry is in progress and it would not be helpful to speculate on its conclusions. It is likely that the extent of the devastation was the result of a combination of factors and circumstances that may include little or no professional negligence. Without doubt, there will be practical lessons to assimilate and apply.

The question facing housing managers, pending the conclusions of the enquiry, is whether the properties they are responsible for might be at risk of a similar, or indeed a lesser disaster.

The Trustees have accordingly set in motion an audit of risk assessment and inspection protocols to ensure, as far as possible, that their tenants are safe from similar or avoidable risk. We are also implementing a policy to increase the rate or frequency of fire and electrical inspections.

The Strategic Housing Unit and the other social housing providers
We have a high regard for the Minister and her team at the Strategic Housing Unit ("SHU"). Deputy Anne Pryke is sympathetic and responsive and treats the housing sector with intelligent respect. In my years as Chairman of the Trust I have interacted with eight Housing presidents/ministers so perhaps these, my positive comments, will carry weight. I wish the Minister well in her programme to improve the lot of residential tenants and also to encourage the procurement and supply of social rented and affordable housing in Jersey.

I have mentioned above the excellent level of real consultation carried out by the Minister and the SHU, which is possible only by employing the services of her able and responsive officers.

We continue to exchange views and experiences with the other social housing providers in a helpful and positive discourse. I am always impressed that the needs and well-being of tenants and the supply of adequate and affordable housing is at the heart of our discussions. The Island is well served by its housing providers and the Trust is proud to be numbered amongst them.

It is important that the Minister and her Department, the SHU, and the housing providers should enjoy an open and fruitful engagement and the best of relationships. We are on the same page and we work in partnership towards the same objectives.

Benchmarking our performance
The results of the annual benchmarking 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 of over 1,000 units (90% of the sector). The JHT had 766 units in the period of review. It is generally accepted that larger associations enjoy the benefit of economies of scale. I would also mention that the JHT operates in a cost environment considerably higher than many parts of the UK.

We include the results for the Trust over the preceding three years (with the most recent being 2016) in order to monitor the rate and direction of cost movements. It will be seen that management costs are gradually approaching 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. In the case of insurance, for example, the replacement value of buildings, and therefore the insurance premiums, is very much higher than in the UK. Happily, even after incurring these professional and administrative expenses, our overall operating costs remain well below UK levels.

We operate under an out-sourced management model and we have no employees or place of business. This continues to be our preferred business model and the results of the benchmarking exercise validate this policy, which has been greatly assisted by our constitution that provides for remunerated services to be undertaken from firms connected to Trustees, under well understood protocols.

I previously reported that my joint roles and responsibilities as both Chairman and CEO would be separated. With the unanimous support of my Trustees, I have been encouraged to remain as Chairman. We needed to make alternative arrangements to cover the previously unremunerated executive functions that I carried out over the previous 20 years. In considering the appropriate CEO remuneration, the Trustees took professional advice and concluded that an enlargement of the management contract with Brunel Management would be a much less costly option, avoid the necessity of an appointment and the provision of an office, and would also offer practical advantages. A contract was duly negotiated and put into effect .

The extent of all related-party contracts is fully reported 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 and her team at Moore Management (accountancy services);
Sylvia Lennon at Intertrust (secretarial services);
and to my amazing Trustees (see below).

I continue to receive 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 9 June 1995 as an association for the purposes of the law entitled "Lois (1862) sur les teneures en fideicommis et l'incorporation d'associations". The 1862 law provides for duly registered incorporated associations and trusts to hold land and property for charitable purposes.

Annual Benchmarking of Performance (2014 - 2016)
against Performance of UK Housing Associations

	UK Associations 2016	Jersey Homes Trust 2016	2015	2014
Average stock	**not reported**	**766**	**751**	**744**
Void stock	**1.7%**	**0.0%**	**0.0%**	**0.0%**
Stock failing Decent Homes Standard	**not reported**	**0.0%**	**0.0%**	**0.0%**
Average re-let time (days)*	**not reported**	**0.0**	**0.0**	**0.4**
Rental arrears at year end	**4.60%**	**0.12%**	**0.06%**	**0.18%**
Bad debts	**0.70%**	**0.19%**	**0.13%**	**0.20%**
Headline operating unit cost per unit	**£3,970**	**£2,560**	**£2,704**	**£2,092**
Operating cost per unit:				
excluding major repairs - Weekly	**£59.23**	**£43.80**	**£46.06**	**£40.40**
excluding major repairs - Annual	**£3,080**	**£2,278**	**£2,395**	**£2,101**
Management cost per unit - Weekly	**£20.92**	**£20.55**	**£16.00**	**£14.74**
Management cost per unit - Annual	**£1,088**	**£1,069**	**£832**	**£766**

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).

Sources:
The "2016 Global Accounts of Housing Providers" published by the Homes & Communities Agency (over 95% of homes in the sector, being Housing Associations with over 1,000 units).
The independently audited financial statements of the JHT
and reports to Trustees by Managing Agents.

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

Unreported performance indicators in the UK:
Average stock: last reported in 2016 as 7,974
Re-let times: last reported in 2010 as 33.2 days
Stock failing Decent Homes Standard: last reported in 2012 as 1.9%

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

PROPERTY DETAILS and RENTALS CHARGEABLE

	Number of bedrooms						Attainable Rents	
PROPERTY	**1**	**2**	**3**	**4**	**5**	**Total**	**£ Mthly (Qtrly*)**	**£ Annualised**
Brooklands	1	11	3	-	-	15	15,381	184,569
Berkshire Court	113	-	-	-	-	113	86,951	1,043,410
Berkshire Court Shop	N/A	N/A	N/A	N/A	N/A	1	5,084*	20,335
Belle Vue	24	53	11	2	-	90	91,659	1,099,903
Clement Court	27	5	-	-	-	32	25,410	304,916
Clos Du Ruisseau	-	-	19	-	-	19	26,031	312,370
Cherry Grove	-	12	-	-	-	12	11,937	143,243
Le Grand Clos	14	6	27	7	-	54	62,052	744,624
Hameau de la Mer	18	3	-	-	-	21	19,356	232,277
John Wesley Apts	17	23	1	-	-	41	36,244	434,930
Kent Lodge	-	7	-	-	-	7	6,646	79,749
Le Coie	49	46	-	-	1	96	84,060	1,008,722
Le Coie Commercial Units	N/A	N/A	N/A	N/A	N/A	2	8,314*	33,256
La Folie	3	27	-	-	-	30	30,220	362,635
Le Jardin Fleuri	-	4	12	-	-	16	19,959	239,513
La Roseraie	4	14	27	-	-	45	51,990	623,882
Milbrook Gardens	-	5	-	-	-	5	5,752	69,023
Maison St Nicolas	-	6	-	-	-	6	5,768	69,215
Parkside	1	6	8	2	2	19	20,883	250,597
Clos Le Gallais	-	2	11	-	-	13	16,831	201,970
5 St Clements Road	9	1	-	-	-	10	7,953	95,438
St Paul's Gate	-	17	-	-	-	17	15,783	189,392
St Saviour's Court	-	24	4	-	-	28	27,157	325,881
Victoria Place Group Home	5	-	-	-	-	1	14,204*	56,816
Victoria Place	22	51	4	-	-	77	71,305	855,655
TOTALS	**307**	**323**	**127**	**11**	**3**	**770**	**748,527**	**8,982,321**

The above information is correct at 31 December 2017.

All properties are held through freehold or flying freehold title.

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

In addition to the above, the Trust has acquired the freehold of two sites presently under development. There are the Garrett Anderson House site, part of the College Gardens development, and the De La Mare Nurseries site in Grouville.

The Trustees submit their annual report and the audited financial statements of the Jersey Homes Trust (the "Trust") for the year ended 31 December 2017.

Activities

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

Results

The results for the year are shown in the Statement of Comprehensive Income on page 17.

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 including 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 Landlords 2014. 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.

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 so set aside, reserved or committed.

- ***Trustee remuneration***

  For the year ended 31 December 2017, compensation paid or payable to the Trustees was £127,500 (2016: £127,500).

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

	2017	2016
Under management	**Units**	Units
One bedroom flats	**301**	301
Two bedroom flats	**264**	260
Three bedroom flats	**19**	19
Five bedroom flats	**1**	1
One bedroom houses	**1**	1
Two bedroom houses	**55**	55
Two bedroom maisonettes	**4**	4
Four bedroom maisonettes	**2**	2
Five bedroom maisonettes	**2**	2
Three bedroom houses	**108**	108
Four bedroom houses	**9**	9
Other facilities	**4**	4
	770	766

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 2018*

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE 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 2017, 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 United Kingdom and the Republic of Ireland" ("FRS 102") and have been properly prepared in accordance with the requirements 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 2017;
- 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 summary of 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 the Chairman's Report and the Trustees' Report (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 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 financial statements that give a true and fair view in accordance with United Kingdom Accounting Standards, comprising FRS 102, 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 relating 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.
- 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.

Report on other legal and regulatory requirements

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.

PricewaterhouseCoopers CI LLP

PricewaterhouseCoopers CI LLP
Chartered Accountants
Jersey, Channel Islands
20 June 2018

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 financial statements may differ from legislation in other jurisdictions.

JERSEY HOMES TRUST
STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Notes	31 December 2017 £	£	31 December 2016 £	£
Fixed assets					
Housing properties	6		**160,295,497**		152,875,828
Current assets					
Debtors and prepayments	7	**220,882**		199,688	
Balance at managing agents	13	**580,833**		581,640	
Cash at bank and in hand	8	**4,427,121**		8,002,480	
		5,228,836		8,783,808	
Creditors – amounts falling due within one year					
Bank loans	11	**4,845,556**		4,181,418	
Creditors	9	**144,469**		282,022	
Tenants' deposits	10	**177,928**		188,853	
		5,167,953		4,652,293	
Net current assets			**60,883**		4,131,515
Creditors – amounts falling due after more than one year					
Bank loans	11	**74,612,032**		74,427,589	
			(74,612,032)		(74,427,589)
Net assets			**85,744,348**		82,579,754
Trust fund					
Housing property revaluation reserve	12		**32,027,548**		32,027,548
Retained reserves			**53,716,800**		50,552,206
			85,744,348		82,579,754

The financial statements were approved by the Trustees on 5 June 2018 and are signed 19 June 2018 on their behalf by:

Trustee

Trustee

The notes on pages 21 to 31 form an integral part of these audited financial statements.

JERSEY HOMES TRUST
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2017

	Notes	**31 December 2017 £**	31 December 2016 £
Income from property rentals	1	**8,655,669**	8,293,793
Property expenses		**(1,377,009)**	(1,232,923)
Aborted development costs	4	**(11,289)**	-
Provision for bad debts	7	**(12,965)**	(16,097)
Net property income		**7,254,406**	7,044,773
Sundry income		**-**	129,127
Operating expenses	3	**(842,737)**	(818,486)
Operating surplus before depreciation		**6,411,669**	6,355,414
Depreciation	6	**(2,424,131)**	(2,399,462)
Operating surplus		**3,987,538**	3,955,952
Interest income		**8,596**	72,039
Interest expense	5	**(831,540)**	(1,019,258)
Surplus on ordinary activities		**3,164,594**	3,008,733
Other comprehensive income		**-**	-
Total comprehensive income for the year		**3,164,594**	3,008,733

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

The notes on page 21 to 31 form an integral part of these audited financial statements.

JERSEY HOMES TRUST
STATEMENT OF CHANGES IN RESERVES
For the year ended 31 December 2017

	Housing property revaluation reserve (note 12) £	Retained reserves £	Total trust fund £
At 31 December 2015	32,027,548	47,543,473	79,571,021
Surplus on ordinary activities	-	3,008,733	3,008,733
At 31 December 2016	32,027,548	50,552,206	82,579,754
Surplus on ordinary activities	-	3,164,594	3,164,594
At 31 December 2017	**32,027,548**	**53,716,800**	**85,744,348**

The notes on page 21 to 31 form an integral part of these audited financial statements.

JERSEY HOMES TRUST
STATEMENT OF CASH FLOWS
For the year ended 31 December 2017

	31 December 2017		31 December 2016	
	£	**£**	£	£
Net cash inflow from operating activities (note 1)		**6,240,125**		6,750,582
Cash flow from investing activities				
Interest received	**8,970**		118,059	
Acquisition and construction of properties	**(9,843,800)**		(7,334,590)	
Net cash outflow from investing activities		**(9,834,830)**		(7,216,531)
Cash flow from financing activities				
Interest paid	**(830,042)**		(1,022,289)	
Loan principal drawdowns	**5,000,000**		-	
Loan principal repayments	**(4,151,419)**		(3,779,897)	
Net cash inflow/(outflow) from financing activities		**18,539**		(4,802,186)
Decrease in cash in the year		**(3,576,166)**		(5,268,135)
Cash and cash equivalents at beginning of the year		**8,584,120**		13,852,255
Cash and cash equivalents at end of the year		**5,007,954**		8,584,120
Cash and cash equivalents consists of:				
Balance at managing agents		**580,833**		581,640
Cash at bank and in hand		**4,427,121**		8,002,480
Cash and cash equivalents		**5,007,954**		8,584,120

The notes on page 21 to 31 form an integral part of these audited financial statements.

JERSEY HOMES TRUST
STATEMENT OF CASH FLOWS
For the year ended 31 December 2017

Note 1 to Statement of Cash Flows **Reconciliation of operating surplus to net cash inflow from operating activities**	**31 December 2017** **£**	31 December 2016 £
Operating surplus	**3,987,538**	3,955,952
Depreciation	**2,424,131**	2,399,462
(Increase)/decrease in debtors and prepayments	**(21,568)**	243,362
(Decrease)/incease in creditors and tenants deposits	**(149,976)**	151,806
	6,240,125	6,750,582

Note 2 to Statement of Cash Flows **Reconciliation of net cash flow to movement in net debt**	**31 December 2017** **£**	31 December 2016 £
Decrease in cash at bank & held at agents	**(3,576,166)**	(5,268,135)
Loan advances received	**(5,000,000)**	-
Loan principal repayments	**4,151,419**	3,779,897
Movement in net debt in the year	**(4,424,747)**	(1,488,238)
Opening net debt	**(70,024,887)**	(68,536,649)
Closing net debt	**(74,449,634)**	(70,024,887)

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

	1 Jan 2017 **£**	**Cashflows** **£**	**31 Dec 2017** **£**
Cash at bank & held at agents	**8,584,120**	**(3,576,166)**	**5,007,954**
Debt due after one year	**(74,427,589)**	**(184,443)**	**(74,612,032)**
Debt due within one year	**(4,181,418)**	**(664,138)**	**(4,845,556)**
	(78,609,007)	**(848,581)**	**(79,457,588)**
	(70,024,887)	**(4,424,747)**	**(74,449,634)**

The notes on page 21 to 33 form an integral part of these audited financial statements.

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 Landlords 2014 (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 25.

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 and short term 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 90% of market rentals. The reduction in rental income as a result of this was £135,762 for 2017 and £95,603 for 2016.

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.

1. Principal accounting policies – continued

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.

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

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 structural review on behalf of the Trustees of all of the Trust's properties as at 31 December 2017. The Trustees have considered this structural review as part of their impairment assessment and have concluded that there is no impairment in the carrying value of any of the properties owned by the Trust.

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.

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 1 January 2014 and 31 December 2015 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. The Trustees have concluded that there is no need to obtain an updated valuation as at 31 December 2017 as there have been no significant change in the condition of the housing properties or the social housing market in Jersey.

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

	2017	2016
	£	£
Property management fees (note 13)	**482,176**	457,252
Trustee remuneration	**127,500**	127,500
Audit fees	**22,890**	22,155
Administration and accountancy fees	**70,379**	77,444
Insurance	**105,753**	100,112
Legal and professional fees	**32,722**	32,987
Bank charges	**1,317**	1,036
	842,737	818,486

4. Aborted development costs

	2017	2016
	£	£
L'industrie site (Samares – Les Amis)	**11,289**	-
	11,289	-

5. Interest expense

	2017	2016
	£	£
Interest expense on loans attributable to housing properties	**831,540**	1,019,258

6. Housing properties

31 December 2017	**Held for letting £**	**Under construction £**	**Total housing properties £**
At 1 January 2016	**146,807,514**	**6,068,314**	**152,875,828**
Additions	**-**	**9,843,800**	**9,843,800**
Depreciation	**(2,424,131)**	**-**	**(2,424,131)**
At 31 December 2017	**144,383,383**	**15,912,114**	**160,295,497**

6. Housing properties – continued

31 December 2016	**Held for letting £**	**Under construction £**	**Total housing properties £**
At 1 January 2016	147,940,700	-	147,940,700
Additions	32,873	7,301,717	7,334,590
Transfer from under construction to held for letting	1,233,403	(1,233,403)	-
Depreciation	(2,399,462)	-	(2,399,462)
At 31 December 2016	146,807,514	6,068,314	152,875,828

Valuations were carried out as at 1 January 2015 and 31 December 2015 by Jones Lang LaSalle IP Incorporated ("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.

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.

JLL have also carried out a valuation of the Trust's housing properties as at 31 December 2015 based on open market value basis. The total of this valuation is £153,860,000.

In accordance with its policy, the Trust did not carry out a fair valuation exercise as at 31 December 2017.

Had the Trust not carried out a revaluation of its housing properties as at 31 December 2015, the depreciated cost of its housing properties would have been £128,267,949 as at 31 December 2017 (2016: £120,848,280).

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

7. Debtors and prepayments

	2017 £	2016 £
Amounts due from The Albert Pier Housing Association	**-**	33,609
Current rentals due	**139,411**	109,574
Bank interest receivable	**-**	374
Insurance prepaid	**49,846**	47,922
Other debtors and prepayments	**31,625**	8,209
	220,882	199,688

The loan to The Albert Pier Housing Association in respect of replacement lighting costs, was unsecured, interest free and was fully repaid during the year.

During the year the Trust provided for net bad debts in respect of current rentals due of £12,965 (2016: £16,097).

8. Cash at bank and in hand

	2017	2016
	£	£
Cash at bank	**4,427,121**	8,002,480

As at 31 December 2017, all cash and cash equivalents were held in bank accounts at Barclays Private Clients International Limited and Lloyds Bank Plc.

9. Creditors

	2017	2016
	£	£
Loan interest payable	**11,842**	10,344
Other – property related	**376**	535
Other – non-property related	**132,251**	271,143
Creditors due in less than one year	**144,469**	282,022

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

10. Tenants' deposits

This amount of £177,928 represents deposits received from tenants (2016: £188,853). 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

	2017		2016	
	£	**£**	£	£
Repayable in less than 1 year		**4,845,556**		4,181,418
Repayable in 1 to 2 years	**4,802,875**		4,845,556	
Repayable in 2 to 5 years	**19,066,449**		15,311,768	
Repayable in 5 years or more	**50,742,708**		54,270,265	
		74,612,032		74,427,589
		79,457,588		78,609,007

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 Clos Vaze 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, £5,000,000 of the 2017 facility had been drawn.

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

	2017	2016
	£	£
Opening balance	**32,027,548**	32,027,548
At 31 December 2017	**32,027,548**	32,027,548

Valuations have been carried out as at 1 January 2014 and 31 December 2015 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 2017 amounted to £127,500 (2016: £127,500) 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 £482,176 (2016: £457,252) of which £62,009 (2016: £60,267) 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 2017, this balance was £580,833 (2016: £581,640).

(c) Intertrust Fiduciary Services (Jersey) Limited ("Intertrust") through its relationship with Advocate Philip Le Cornu

Intertrust provides secretarial services to the Trust. The total amount payable during the year was £27,538 (2016: £30,451) of which nil was outstanding at the year end (2016: £441). With effect from 31 December 2017, Advocate Philip Le Cornu was no longer an employee of Intertrust.

13. Related parties – continued

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

Moore Management Limited act as the Trust's accountants. The amount payable during the year was £42,841 (2016: £46,992) of which £8,631 remained outstanding and is included in creditors at 31 December 2017 (2016: £8,741). With effect from 29 April 2016, Mr I Moore was no longer an employee of Moore Management Limited.

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

Ross-Gower Associates act as consulting engineer to the Trust. During the year £10,330 (2016: £507) was payable to Ross-Gower Associates, of which £10,330 was outstanding at the year end (2016: nil). With effect from 31 March 2016, Mr C Clarke was no longer an employee of Ross-Gower Associates.

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

Labesse & Co. act as the Trust's surveyors. During the year ended 31 December 2017, £10,100 (2016: £10,100) was payable to Labesse & Co. none of which was outstanding at the year end (2016: nil).

14. Capital commitments

The Trust has committed to the following housing developments:

	2017	2016
	£	£
Garrett Anderson House	**1,203,800**	6,054,100
Jardin de la Mare	**2,709,151**	7,325,890
	3,912,951	13,379,990

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

On 27 February 2018 the Trust entered into a building contract to develop 3 houses in Parkinson Drive, St Lawrence for a total consideration of £1,070,724.

There are no other subsequent events to report.