

Jersey Homes Trust

Annual report and financial statements

For the year ended 31 December 2021

JERSEY HOMES TRUST

CONTENTS

| | Page |
|-----------------------------------|-------------|
| Directory | 2 |
| Chairman's Report | 3 – 11 |
| Trustees' Report | 12 – 15 |
| Independent Auditor's Report | 16 – 17 |
| Statement of Financial Position | 18 |
| Statement of Comprehensive Income | 19 |
| Statement of Changes in Reserves | 20 |
| Statement of Cash Flows | 21 – 22 |
| Notes to the Financial Statements | 23 – 37 |

JERSEY HOMES TRUST DIRECTORY

Trustees

Adv Philip Le Cornu (appointed
Chairman on 11 January 2022)

Michael Van Neste (stood down as
Chairman on 11 January 2022)

Martyn Scriven (Treasurer/Deputy
Chairman)

Ian Moore (Chartered Accountant)

Christopher Clarke
(Developments Director)

Paul Labesse (Estates Director)

Frank Dearie (Secretary & 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 2021

Twenty - sixth Annual Report
of the
Jersey Homes Trust

Crisis or no crisis

Our politicians have been debating the very serious shortage of affordable housing in Jersey, with disagreement on how this problem should be defined. Although frequently and popularly referred to as a “crisis”, the term is frowned upon in the upper echelons of Government. What is not disputed is the seriousness of a profound failure to provide, for the Island’s people, a decent stock of affordable housing with the resultant social and economic problems.

How did a small, easily governed and affluent Island get into this position?

When the Housing Department was transformed into the quasi-independent and very successful Andium Homes, there was discussion about any further need for a Housing Minister. I was one of those who keenly supported a continuation of the role, in order that strategic housing issues would continue to be a priority of Government. An office called the Strategic Housing Unit was established, with a Minister for Housing at its head. Regrettably, this has not been a success. The Housing Ministers who followed have not been supported with a properly functioning, properly staffed Department, developing a continuous and strategic oversight of housing need and supply, which should have been its primary concern. At the same time, there has been a proliferation of bodies and involvement of Departments with disparate objectives, agendas and policies, delivering reports, seeking sundry intervention and powers and achieving little. This fragmented and ineffective bureaucracy has been a rudderless ship with a sleeping captain.

By the time that Andium had been set up, a moratorium on Government support for affordable housing development had run for four years, resulting ultimately in a six-year hiatus in delivered construction. I repeatedly warned that affordable housing development should follow a steady course and that a problem was developing. The Government sleep-walked into a crisis that is now seriously affecting young families, causing homelessness, poverty and despair.

Andium are to be congratulated on their ambitious development plans, which will take time to deliver, and which will mitigate the crisis to some extent. The Planning Minister should also be congratulated on pushing ahead with an Island Plan seeking to offer solutions to the dearth of sites. This also will take years to deliver new homes and he will face very determined opposition. It is difficult to put a brave face on the outcome of measures that may be too little and too late.

The Government has been slow and reluctant to release redundant sites, owned by the Public, for housing development. If housing were a priority the situation would have been very different. The Jersey Homes Trust is keen to make a useful contribution to the development of any site becoming available. The Trust is a Jersey institution. It belongs to the Island and it is run for the Island and it is about time it was perceived as such. The view that making sites available to the Trust constitutes “loss of the family silver” is as fatuous as it is false.

Our local population have as much right to an affordable home as they have to proper health and education services. A failure in any such provision is a failure of government.

JERSEY HOMES TRUST

CHAIRMAN'S REPORT

For the year ended 31 December 2021

Assessment of the need

The Trust was a firm supporter of the establishment of the Affordable Housing Gateway, which maintains a central waiting list for affordable housing applicants. Previously each housing provider maintained its own list, resulting in duplication, inconsistency, lack of transparency and uncertain statistics of housing need. In 2018, responding to operating concerns and other issues, the Department for Strategic Policy, Performance and Population (yet another Department claiming to have an interest in housing issues) commissioned a report from UK experts, with a wide brief, to consider the whole purpose, effect and operation of the Gateway.

For years, the criteria for access to States' social housing waiting lists in Jersey has fallen short of UK standards and I have campaigned for years for relaxation of the harsh criteria that discriminate against many Jersey families in need of affordable housing. Although the report acknowledged that the Gateway criteria were too strict, it recommended delaying resolution of this until housing supply was increased to meet the additional demand that widening the criteria would create. The reason given for this delay was to avoid disappointment arising from raised hopes for accommodation that could not be fulfilled. This has been the argument, trotted out for decades, to justify a policy of discrimination and exclusion. Those leaving the Island to obtain decent housing, or shacking up with in-laws, are no less disappointed.

All Jersey residents should be able to house themselves decently. Due to the shortage of supply and the high costs of ownership and renting, many Jersey families need to rely on subsidised housing and benefits in order to achieve what is their right. It is a serious injustice if, for example, couples without dependents are denied this opportunity by being excluded from the Gateway's waiting list. Furthermore, such exclusion distorts the official statistics of housing need, because the Gateway's waiting lists are relied upon to indicate such need and to inform Government policies.

By this means, demand has been geared to meet supply, instead of the other way around. For years, the official record of housing need has been artificially manipulated and its true extent unrecognised. The result is a housing crisis.

NOTE: the Housing Minister has announced in a document dated 31st December 2021 entitled "Fair Rents Plan" an intention to phase out, over several years, the more discriminatory criteria referred to above. This is welcome news and I congratulate the Minister for taking this overdue step. I would urge the Minister to go further. Having at last recognised the injustice and its seriously detrimental effect, any further delay in resolving matters may be difficult to justify. When finding yourself inadvertently standing on somebody's neck, proposing to gradually remove your foot prolongs the suffering of the victim and falls short of a forthright, contrite response. The sooner the extent of need is understood, the sooner it will assist the Minister in arguing his case before the Council of Ministers and impact on the Government's policies. It will take years to rectify the mistakes of the past.

JERSEY HOMES TRUST

CHAIRMAN'S REPORT

For the year ended 31 December 2021

Developments

A second year has passed without an opportunity for the Trust to commence any further development. We have been engaged in a negotiation to acquire a country site zoned for housing development, but the outcome of this remains uncertain.

The Housing Policy Development Board, established by the previous Housing Minister, has reported in full on measures to resolve the housing crisis. The present Minister has published a Housing Action Plan and then set up the Strategic Housing Partnership, a forum for numerous stakeholders or interested parties.

I submit that resolution of the crisis requires simple and well-understood measures, prioritising policies with leadership and consistency. Quite simply, providers and developers need sites and helpful bureaucracy. Both are in very short supply.

Rental policy

The Jersey Homes Trust was the first housing provider to announce a freeze on rental increases, which commenced in April 2020, in response to the Covid pandemic. The States later imposed a short-lived freeze on all residential rentals. Along with other providers, the Trust is maintaining its present freeze and will be reviewing this policy month by month.

Our managers provide helpful advice and options to tenants experiencing financial constraints arising from the pandemic and I am pleased to report that rental arrears remain at consistently low levels.

The States recently voted in principle that the present cap on social rentals should be reduced from 90% to 80% of comparable market levels. The Jersey Homes Trust is fully supportive of this measure, which now aligns with UK policy for affordable social rentals. The Trust's actual rentals stand, in fact, at less than 80% of market levels. My Trustees have always taken the view that, provided commitments to funders are met, they would be reluctant to impose the full 90% rate on their tenants. Housing Associations are not-for-profit bodies with charitable intent and my Trustees are very much aware of this. If the supply of social housing can be increased to meet demand, capping rentals at 20% below the market level will, through competition, reduce expectations in the private sector. That will be key to resolving the housing crisis in the rental market.

Len Norman

I was greatly saddened by the passing of a dear friend and constant supporter of the work of the Trust, Connetable Len Norman. Len, as Housing President, asked me to set up the Trust in 1994, to take on further greatly needed social housing development. Twenty-seven years' later the Jersey Homes Trust is landlord to 839 homes with a balance-sheet valuation of £200 million. Over the years, in times of political challenges, Len was a reliable and effective champion of our ethos and performance.

My own time in the role as Chairman must now be limited, as advanced age approaches. I was greatly flattered to be invited by Len to establish the Trust and then to enjoy, over so many years, the confidence of my wonderful Trustees to act as their Chairman. I believe it is timely for them now to consider succession and continuity issues for the future. I have informed the Trustees of my intention to stand down early this year.

JERSEY HOMES TRUST

CHAIRMAN'S REPORT

For the year ended 31 December 2021

My time as Chairman

Over the years I have worked with eleven holders of the office of Housing President or Minister, for the most part in close and harmonious collaboration. Along the way, two holders of the office were deposed by States members, when the politics of housing provision by the Trust became an issue. I played a well-publicised role at the time. It is pleasing and reassuring to know that the Trust continues to enjoy recognition and the confidence of the States. The Trust has always been cognisant that the essential basis of its role is through a working partnership with the States.

I have played an active role in consultations, forums and committees, such as the Housing Task Force, Housing Forums, appearances and submissions to Scrutiny Panels and other Boards. I have attended seminars on town regeneration and the Waterfront. The Housing Task Force was composed of the Chief Officers of Housing, Planning and Property Services and myself. It was powerful, dynamic and decisive and it was effective. In recent years there have been more reports, more talk, more bureaucracy and a housing crisis.

I have been interviewed on numerous occasions by all the branches of the media who generally have taken a responsible and active interest in housing issues and the role of the Trust. I would like to thank the many journalists who have been courteous to me and respectful of the vital role of the Trust.

Major estates of the Trust include Belle Vue (formerly Lesquende), Victoria Place (Waterfront), Berkshire Court (La Motte Street), John Wesley Apartments (Cannon Street), Le Coie (Springfield), La Roseraie (formerly Postal Headquarters), Le Grand Clos (St John's Road) and La Folie (Millbrook). The Housing Department and the Waterfront Enterprise Board played major roles in developing Le Coie and Victoria Place respectively. All the other developments were commissioned and fully managed by the Trust. I acted as CEO throughout, without executive officers, a staffed office or establishment. Our developments have always been on time and within budget. A full list of our estates and properties is appended. I was ably assisted by Chris Clarke, our Developments Director and professional firms of which Jersey can be proud.

Our properties have been fully occupied by Jersey families, always on the basis of need. The Trust is, of course, a major landlord and puts the well-being of its tenants at the top of its agenda. A recent satisfaction survey (see below) confirmed a very high level of appreciation by tenants of their homes and their landlord services. Our properties are superbly maintained by our Managers, who enjoy the professional advice of Paul Labesse, our Estates Director.

I recruited a band of dedicated professionals to serve as my Trustees. These included a lawyer, a banker, an accountant, a building surveyor and a building engineer. All were at the top of their professions and they freely offered their time, reputations and expertise in order to make a difference to the lives of Jersey people in need of a home. All but one remain serving as Trustees to this day. Their expertise, support and loyalty, including during some difficult times, were the key to the success of this very large endeavour. I shall always be in their debt. Martyn Scriven, my Deputy Chairman and Treasurer, played a key role in negotiating substantial funding facilities for a housing association with no track record. He has been a staunch and loyal friend. Ian Moore, our Accountant, has overseen our complex accountancy requirements in an effective and easy manner, ensuring compliance with the highest UK reporting standards. Advocate Phil Le Cornu and Frank Dearie were appointed as Trustees in more recent years, Phil as Secretary and Frank overseeing regulation and compliance.

I recall, when setting it up, that I described to Len Norman how the Trust would be composed and operated. He smiled broadly at me and said, "Oh, how I wish I could run a Committee like that!" He knew a thing or two.

JERSEY HOMES TRUST

CHAIRMAN'S REPORT

For the year ended 31 December 2021

The Future

The Trust entered into borrowing of £120 million to fund its developments. Over the next few years the Trust is well placed to largely complete repayment of this funding. For 25 years, most of the Trust's rentals have had to be utilised to meet scheduled loan repayments. It can now begin to plan for substantial revenue surpluses.

We have commenced a programme of refurbishments and improvements to our properties. We will be placed to invest substantial resources in new development and to leverage further funding for such purpose, when the opportunities arise.

My Trustees are ambitious to magnify their contribution to the lives of the people of the Island and look forward a close working relationship with the States, in a partnership for further social housing provision and improvement.

Satisfaction Survey of Tenants

All the Trust's tenants were invited in 2021 to respond to a satisfaction survey, which is conducted every few years. About a third of tenants responded, which is considered a good response. The results were more than reassuring. Positive responses were received to the statement "I would recommend a friend or relative to live in a JHT property" (89.6%) and "I enjoy living in my home" (86%). Our Managers received positive approval ratings (93.75%) with similar ratings for efficient handling of queries (88.8%). Good responses of satisfaction were recorded for low levels of anti-social behaviour and vandalism.

These excellent results were obtained during the Covid pandemic and lock-downs that have been highly challenging to our Managers, Brunel Management. They must be congratulated for their professionalism and dedication and it is gratifying to see that their performance is appreciated by our tenants.

Bench-marking our performance:

As usual, the results of the annual bench-marking of the Trust's performance are appended.

The UK results used for comparison are based on the global accounts of associations owning over 1,000 units (90% of the sector). The Trust owned 839 units in the period of review. For fair comparison, it should be noted that larger associations enjoy the benefit of economies of scale and that the Trust operates in an environment much more costly than in most parts of the UK.

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

The benchmarking exercise validates our out-sourced management structure which continues to be our preferred business model, for reasons of both efficiency and cost. Of benefit in this context is our ability to utilise remunerated services at 'arm's length' terms from firms connected to Trustees, under well understood protocols. All related-party contracts are reported and fully detailed in the audited accounts of the Trust, which are submitted to the Treasury and Housing Ministers and published on the Trust's website.

**JERSEY HOMES TRUST
CHAIRMAN'S REPORT
For the year ended 31 December 2021**

Acknowledgements

To:

Nigel Sweeny (our monitoring surveyor);
Marion Falle (our public relations consultant);
Stephen Van Neste and his team at Brunel Management (our property managers);
Paul Fleming and the team at IQ EQ (accountancy services);
Becky Fernandes and her colleagues at Intertrust (secretarial services);
and, of course, my wonderful Trustees (see below).

Thank you all for your outstanding support and service.

**MICHAEL VAN NESTE CIHM.
CHAIRMAN
1st January 2022**

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:

Advocate Philip Le Cornu, (Secretary until 11 January 2022 and appointed Chairman on 11 January 2022);

Michael Van Neste (stood down as Chairman on 11 January 2022);

Martyn Scriven, Deputy Chairman; Treasurer;

Frank Dearie; (appointed Secretary on 11 January 2022) Risk, Regulation and Compliance.

Ian Moore, (Chartered Accountant), Accountant;

Chris Clarke, (Chartered Structural Engineer) Developments Director;

Paul Labesse, (Chartered Building Surveyor) Estates Director.

JERSEY HOMES TRUST
CHAIRMAN'S REPORT
For the year ended 31 December 2021

Annual Benchmarking of Performance Indicators (2018 - 2020)
against Performance Indicators of UK Housing Associations (2019 -2020)

| | UK Associations | | Jersey Homes Trust | | |
|---------------------------------|-----------------|--------------|--------------------|--------|--------|
| | 2019 | 2020 | 2020 | 2019 | 2018 |
| Average stock per provider | 12,389 | 12,367 | 842 | 842 | 805 |
| Rent loss from void properties | 1.5% | 1.5% | 0.2% | 0.0% | 0.0% |
| Average re-let time (days)* | not reported | not reported | 17.68 | 0.32 | 0.0 |
| Rental arrears at year end | 4.70% | 4.90% | 0.69% | 0.14% | 0.07% |
| Bad debts | 0.80% | 1.00% | 0.32% | 0.16% | 0.27% |
| Maintenance & Repairs per unit: | | | | | |
| Weekly | £37.20 | £39.78 | £34.63 | £42.40 | £31.94 |
| Annual | £1,934 | £2,068 | £1,801 | £2,205 | £1,661 |
| As percentage of Turnover | 35.86% | 37.41% | 14.32% | 17.84% | 14.27% |
| Management cost per unit: | | | | | |
| Weekly | £22.17 | £23.14 | £21.78 | £21.44 | £20.60 |
| Annual | £1,153 | £1,203 | £1,132 | £1,115 | £1,071 |
| As percentage of Turnover | 21.38% | 21.77% | 9.01% | 9.02% | 9.20% |
| Overall costs per unit: | | | | | |
| Weekly | £60.08 | £64.37 | £57.21 | £64.25 | £53.20 |
| Annual | £3,124 | £3,347 | £2,975 | £3,341 | £2,766 |
| As percentage of Turnover | 57.93% | 60.54% | 23.66% | 27.03% | 23.77% |

NOTES:

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

To achieve like-for-like and meaningful comparisons:

All costs are nett of depreciation and impairment costs.

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

Re-let time:

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

Sources:

The “2020 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 data in UK statistics:

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

See also the following information sheet.

JERSEY HOMES TRUST

CHAIRMAN'S REPORT

For the year ended 31 December 2021

Benchmarking of Performance Indicators; 2021 reporting.

- This exercise compares both the performance and costs of the Trust with those of major UK housing associations, as well as with prior years' performance of the Trust itself. As the UK Regulator has advised, higher costs may be the result of higher standards of maintenance. This is particularly relevant in this year's reporting since, due to the Covid pandemic, planned renovations were postponed; the consequent reduction in overall costs, year on year, is a reflection of this.
- The "Global Accounts of private registered providers", published by the Regulator of Social Housing, are the aggregated accounts of UK housing associations managing/owning more than 1,000 social housing units, which account for over 95% of the sector. There were 215 such providers out of a total number of approximately 1,400 active providers. The results of the great majority of providers UK housing associations, with fewer than 1,000 units, are therefore not included.
- The UK Regulator reports that, "Bad debts, void losses and current tenant arrears are key performance indicators in assessing the efficiency of letting and rent collection".

Headline costs; economies of scale

The UK Regulator has confirmed that larger associations benefit from economies of scale when comparing costs. The costs of associations with fewer than 1,000 units, which are excluded from the data set, would be expected to be higher than the costs reported in the Global Accounts. In the case of the Trust, with 842 units, like for like comparison is therefore negatively compromised.

Average re-let time (days) and rental loss from void properties

These parameters normally achieve nil results by successful policies of re-letting homes "back-to-back", (the incoming tenant securing the home immediately on the departure of the tenant vacating) and also through carrying no vacant stock. The requirements of social distancing during the Covid emergency prevent different contractors working together and delay the inspections of premises by prospective tenants. An average re-let time of 17.68 days and a rental loss of 0.2% is the result. This still compares very favourably with the performance of UK providers, even in normal times. The issue will continue to impact results until normality returns.

Decent Homes Standard; Major Repairs

This parameter is no longer reported, since almost all UK stock now achieves the standard. The cost of repairs generally has now levelled in the UK, following the major repairs programmes that achieved the standard throughout the sector, and current levels of maintenance costs in the UK continue to benefit.

Overall Cost per unit; Maintenance & Repairs

Overall costs per unit have dipped below UK levels. This is a temporary phenomenon and is largely the result of delayed planned refurbishments (see above). Comparisons are actually disadvantaged by unequal economies of scale (see above). Also, it should be noted that the Trust operates in a cost environment very much higher than in the UK. As a percentage of turnover, the costs of the Trust remain very much lower than those in the UK.

Management Cost per unit

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

Other providers

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

JERSEY HOMES TRUST
CHAIRMAN'S REPORT
For the year ended 31 December 2021

The estates of The Jersey Homes Trust as at 1st January 2022

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

The Trust owns the freehold of all properties listed, which also includes 3 commercial units, which are not listed. All units listed are fully occupied.

JERSEY HOMES TRUST

TRUSTEES' REPORT

For the year ended 31 December 2021

The Trustees submit their annual report and the audited financial statements of the Jersey Homes Trust (the "Trust") for the year ended 31 December 2021.

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 19.

Trustees

The Trustees of the Trust during the year were as shown on page 2.

Michael Van Neste stood down as Chairman on 11 January 2022 and was replaced as Chairman by Advocate Philip Le Cornu. Frank Dearie was appointed Secretary on 11 January 2022 in place of Advocate Philip Le Cornu who took over as Chairman.

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 2021

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 80% 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 80% 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 2021, compensation paid or payable to the Trustees was £127,500 (2020: £112,500).

JERSEY HOMES TRUST

TRUSTEES' REPORT

For the year ended 31 December 2021

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

| | 2021 | 2020 |
|-------------------------|------------------|------------------|
| <i>Under management</i> | Units | Units |
| One bedroom flats | 338 | 338 |
| Two bedroom flats | 271 | 271 |
| Three bedroom flats | 19 | 19 |
| Four bedroom flats | 2 | 2 |
| Five bedroom flats | 4 | 4 |
| One bedroom houses | 1 | 1 |
| Two bedroom houses | 57 | 57 |
| Three bedroom houses | 138 | 138 |
| Four bedroom houses | 9 | 9 |
| Other facilities | 3 | 3 |
| | <hr/> 842 | <hr/> 842 |

Independent auditors

PricewaterhouseCoopers CI LLP have expressed their willingness to continue in office.

Access to these financial statements through the Trust's website

The maintenance and integrity of the trust's website is the responsibility of the trustees; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

JERSEY HOMES TRUST
TRUSTEES' REPORT
For the year ended 31 December 2021

Risks and uncertainties

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

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

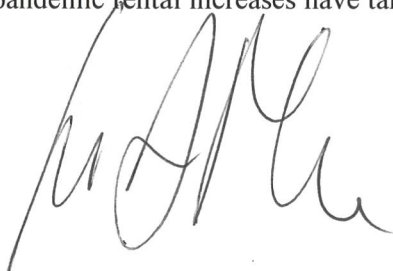
The Trustees closely monitor the impact of the above risks including the financial modelling of sensitivity analysis on a number of scenarios. This assists to provide an “early warning mechanism” which enables informed decisions to be made by the Trustees.

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

In the circumstances and with the prevailing COVID-19 pandemic the Trustees agreed that the Trust would not implement rental increases before the end of the reporting period. With the improved situation with regards to the COVID-19 pandemic rental increases have taken effect after the year end from April 2022 onwards.



Trustee
28 June 2022



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

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements of Jersey Homes Trust (the "trust") for the year ended 31 December 2021 have been properly prepared, in all material respects, in accordance with the accounting policies described in note 1 to the financial statements and the provisions of the Constitution of the Trust.

What we have audited

The trust's financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in reserves for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

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

Without modifying our opinion, we draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the trust to comply with the financial reporting provisions of the Constitution of the Trust. As a result, the financial statements may not be suitable for another purpose. This report, including the opinion, has been prepared for and only for the trustees as a body in accordance with the Constitution of the Trust and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other information

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

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

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

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation of the financial statements in accordance with the Constitution of the Trust and the accounting policies in note 1 and for determining that the accounting policies are acceptable in the circumstances. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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



PricewaterhouseCoopers CI LLP
Chartered Accountants
Jersey, Channel Islands
29 June 2022

The maintenance and integrity of the trust's website is the responsibility of the trustees; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts 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 2021

| | <i>Notes</i> | 31 December 2021 | | 31 December 2020 | |
|---|--------------|--------------------------|----------------------------|-------------------------|---------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Housing properties | 6 | | <u>192,136,929</u> | | <u>195,310,216</u> |
| Current assets | | | | | |
| Debtors and prepayments | 7 | 421,929 | | 469,585 | |
| Balance at managing agents | 13 | 666,497 | | 736,968 | |
| Cash at bank and in hand | 8 | 14,683,875 | | 13,941,001 | |
| | | <u>15,772,301</u> | | <u>15,147,554</u> | |
| Creditors – amounts falling due within one year | | | | | |
| Bank loans | 11 | 6,840,057 | | 6,355,355 | |
| Creditors | 9 | 117,233 | | 86,197 | |
| Tenants' deposits | 10 | 18,164 | | 18,164 | |
| | | <u>6,975,454</u> | | <u>6,459,716</u> | |
| Net current assets | | | <u>8,796,847</u> | | <u>8,687,838</u> |
| Creditors – amounts falling due after more than one year | | | | | |
| Bank loans | 11 | 60,742,707 | | 67,582,764 | |
| | | | <u>(60,742,707)</u> | | <u>(67,582,764)</u> |
| Net assets | | | <u>140,191,069</u> | | <u>136,415,290</u> |
| Trust fund | | | | | |
| Housing property revaluation reserve | 12 | | 72,263,226 | | 72,263,226 |
| Retained reserves | | | <u>67,927,843</u> | | <u>64,152,064</u> |
| | | | <u>140,191,069</u> | | <u>136,415,290</u> |

The financial statements were approved by the Trustees on 28 June 2022 and are signed on their behalf by:


Trustee

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

JERSEY HOMES TRUST
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021

| | <i>Notes</i> | 31 December 2021 £ | 31 December 2020 £ |
|--|--------------|--------------------------|--------------------------|
| Income from property rentals | 1 | 10,898,738 | 10,586,199 |
| Property expenses | | (2,146,552) | (1,637,210) |
| Aborted development costs | 4 | - | (119) |
| Provision for bad debts | 7 | (5,044) | (35,093) |
| Net property income | | 8,747,142 | 8,913,777 |
| Operating expenses | 3 | (1,005,203) | (953,551) |
| Operating surplus before depreciation | | 7,741,939 | 7,960,226 |
| Depreciation | 6 | (3,220,851) | (3,216,278) |
| Operating surplus | | 4,521,088 | 4,743,948 |
| Interest income | | 1,595 | 32,321 |
| Interest expense | 5 | (746,904) | (1,037,767) |
| Surplus on ordinary activities | | 3,775,779 | 3,738,502 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 3,775,779 | 3,738,502 |

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

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

JERSEY HOMES TRUST
STATEMENT OF CHANGES IN RESERVES
For the year ended 31 December 2021

| | Housing property revaluation reserve (note 12) £ | Retained reserves £ | Total trust fund £ |
|--------------------------------|---|------------------------------------|-----------------------------------|
| At 31 December 2019 | 72,263,226 | 60,413,562 | 132,676,788 |
| Surplus on ordinary activities | - | 3,738,502 | 3,738,502 |
| At 31 December 2020 | 72,263,226 | 64,152,064 | 136,415,290 |
| Surplus on ordinary activities | - | 3,775,779 | 3,775,779 |
| At 31 December 2021 | 72,263,226 | 67,927,843 | 140,191,069 |

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

JERSEY HOMES TRUST
STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

| | 31 December 2021 | | 31 December 2020 | |
|---|--------------------|--------------------------|--------------------|--------------------------|
| | £ | £ | £ | £ |
| Net cash inflow from operating activities (note 1) | | 7,821,409 | | 7,762,234 |
| Cash flow from investing activities | | | | |
| Interest received | 1,595 | | 32,321 | |
| Acquisition and construction of properties | <u>(47,564)</u> | | <u>(36,494)</u> | |
| Net cash outflow from investing activities | | (45,969) | | (4,173) |
| Cash flow from financing activities | | | | |
| Interest paid | (747,682) | | (1,044,129) | |
| Loan principal repayments | <u>(6,355,355)</u> | | <u>(6,541,373)</u> | |
| Net cash outflow from financing activities | | (7,103,037) | | (7,585,502) |
| Increase in cash in the year | | 672,403 | | 172,559 |
| Cash and cash equivalents at beginning of the year | | 14,677,969 | | 14,505,410 |
| Cash and cash equivalents at end of the year | | <u>15,350,372</u> | | <u>14,677,969</u> |
| Cash and cash equivalents consists of: | | | | |
| Balance at managing agents | | 666,497 | | 736,968 |
| Cash at bank and in hand | | <u>14,683,875</u> | | <u>13,941,001</u> |
| Cash and cash equivalents | | <u>15,350,372</u> | | <u>14,677,969</u> |

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

JERSEY HOMES TRUST
STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

| Note 1 to Statement of Cash Flows | 31 December | 31 December |
|---|--------------------|--------------------|
| Reconciliation of operating surplus to net cash inflow from operating activities | 2021 | 2020 |
| | £ | £ |
| Operating surplus | 4,521,088 | 4,743,948 |
| Depreciation | 3,220,851 | 3,216,278 |
| Decrease/(increase) in debtors and prepayments | 47,656 | (17,247) |
| Increase/(decrease) in creditors and tenants deposits | 31,814 | (180,745) |
| | <u>7,821,409</u> | <u>7,762,234</u> |

| Note 2 to Statement of Cash Flows | 31 December | 31 December |
|--|---------------------|---------------------|
| Reconciliation of net cash flow to movement in net debt | 2021 | 2020 |
| | £ | £ |
| Increase in cash at bank & held at agents | 672,403 | 172,559 |
| Loan principal repayments | 6,355,355 | 6,541,373 |
| Movement in net debt in the year | 7,027,758 | 6,713,932 |
| Opening net debt | (59,260,150) | (65,974,082) |
| Closing net debt | <u>(52,232,392)</u> | <u>(59,260,150)</u> |

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

| | 1 Jan 2021 | Cashflows | 31 Dec 2021 |
|-------------------------------|---------------------|------------------|---------------------|
| | £ | £ | £ |
| Cash at bank & held at agents | 14,677,969 | 672,403 | 15,350,372 |
| Debt due after one year | (67,582,764) | 6,840,057 | (60,742,707) |
| Debt due within one year | (6,355,355) | (484,702) | (6,840,057) |
| | <u>(73,938,119)</u> | <u>6,355,355</u> | <u>(67,582,764)</u> |
| | <u>(59,260,150)</u> | <u>7,027,758</u> | <u>(52,232,392)</u> |

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

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

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 of the Trust and have been prepared, where appropriate, in accordance with the Statement of Recommended Practice - Accounting by Registered Social Housing Providers 2018 (the “SORP”), except for the valuation of the housing properties and accounting policies as selected by the Trustees. The Trust is a public benefit entity.

The following accounting policies set out below have been applied consistently in dealing with items which are considered material in relation to the Trust’s financial statements.

Basis of preparation

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

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

Going concern

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

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

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 has been 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. In the current year due to the effect of COVID-19 the Trustees have approached the States Treasury for an exemption to the contribution. The reduction in rental income as a result of this was £Nil for 2021 and £262,160 for 2020.

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

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 2021

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 2021

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 January 2022. The Trustees have considered the impairment assessment prepared by Labesse & Co and concluded that no impairment is required. They are of the view that the value of Housing properties given by JLL is fairly stated.

Impairment of assets

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

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

Retained reserves

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

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.

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

1. Principal accounting policies – continued

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

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

d) Valuation of housing properties

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

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

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

The last independent valuation was performed for the year ended 31 December 2019, the Trustees have considered the following factors listed below in assessing the EUV for 31 December 2021:

- There continues to be demand for high quality social housing in Jersey as evidenced by the Trust's housing properties being fully let during the year, as well as substantial new developments being undertaken by other social housing providers in Jersey in response to significant demand. The Trustees are confident that a revaluation would not report any diminution in the carrying value of its properties;
- The rental income of the Trust was frozen, in response to the Covid pandemic, during most of 2020 and 2021 and has seen only a recent increase (not back-dated) based on prior inflation over 12 months only (but not on current high) inflation. Consequently the rental of the Trust reported in the year to 31st December 2021 has not increased materially from the parameters giving rise to the JLL valuation;
- There have been no significant capital expenditure enhancements on the held for letting property during 2021 to warrant a revaluation;
- There have been no material impairment indicators identified in the annual impairment review carried out by Labesse & Co, Chartered Surveyors in January 2022;
- The level of maintenance incurred on the properties against the loan models reflects anticipated and projected sums; and

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

1. Principal accounting policies – continued

Critical accounting estimates and assumptions - continued

- The value of social housing rental property in Jersey is not subject to volatility or significant year-on-year fluctuation and Trustees take the view that, having considered the above matters, their policy of commissioning three or four-yearly professional re-valuations of the property of the Trust is consistent with the requirement of sufficient regularity. In consistency with this policy the Trustees intend to commission a full property re-valuation during the year to 31st December 2022;

Based on the above, the Trustees have discussed these matters in detail and have confidence in the present valuations (depreciated in accordance with present practice). The Trustees have concluded that there was no need for the valuation to be performed by the independent valuer for the purposes of the financial statements of the Trust as at 31 December 2021.

2. Taxation

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

3. Operating expenses

| | 2021 | 2020 |
|-------------------------------------|------------------|----------------|
| | £ | £ |
| Property management fees (note 13) | 585,645 | 579,695 |
| Trustee remuneration | 127,500 | 112,500 |
| Audit fees | 28,075 | 33,330 |
| Administration and accountancy fees | 71,242 | 64,487 |
| Insurance | 158,166 | 145,708 |
| Legal and professional fees | 32,914 | 16,243 |
| Bank charges | 1,661 | 1,588 |
| | <u>1,005,203</u> | <u>953,551</u> |

4. Aborted development costs

| | 2021 | 2020 |
|----------------|----------|------------|
| | £ | £ |
| Thornhill Park | - | 119 |
| | <u>-</u> | <u>119</u> |

5. Interest expense

| | 2021 | 2020 |
|--|----------------|------------------|
| | £ | £ |
| Interest expense on loans attributable to housing properties | <u>746,904</u> | <u>1,037,767</u> |

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

6. Housing properties

| | Held for letting £ | Under construction £ | Total housing properties £ |
|-------------------------|-----------------------------------|-------------------------------------|---|
| 31 December 2021 | | | |
| At 1 January 2021 | 195,310,216 | - | 195,310,216 |
| Additions | 47,564 | - | 47,564 |
| Depreciation | (3,220,851) | - | (3,220,851) |
| | <u>192,136,929</u> | <u>-</u> | <u>192,136,929</u> |
| 31 December 2020 | | | |
| At 1 January 2020 | 198,490,000 | - | 198,490,000 |
| Additions | 36,494 | - | 36,494 |
| Depreciation | (3,216,278) | - | (3,216,278) |
| | <u>195,310,216</u> | <u>-</u> | <u>195,310,216</u> |

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

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

The Trustees’ have concluded that there is no need for a formal revaluation exercise for the purposes of the financial statements of the Trust as at 31st December 2021. It is the intention of the Trustees to commission a full property re-valuation during the year to 31st December 2022. The Trust’s housing properties have been valued at £192,136,929 by the Trustees, which is a decrease of 3.2% compared to the independent valuation at 31 December 2019, mainly attributable to depreciation charges. For detailed disclosure regarding the key inputs and considerations in arriving at the valuation please see Note 1.

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

6. Housing properties - continued

Land acquired by the Trust for development with the financial support of the Ministry is subject to covenants protecting the interests of the Public and perpetuating its use for social rented housing.

Had the Trust not carried out a revaluation of its housing properties as at 31 December 2019 and 31 December 2015, the depreciated cost of its housing properties would have been £145,109,638 as at 31 December 2021 (2020: £147,742,357).

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

7. Debtors and prepayments

| | 2021 £ | 2020 £ |
|-------------------------------|----------------|----------------|
| Current rentals due | 295,294 | 336,455 |
| Insurance prepaid | 78,135 | 73,556 |
| Other debtors and prepayments | 48,500 | 59,574 |
| | <u>421,929</u> | <u>469,585</u> |

During the year the Trust provided for net bad debts in respect of current rentals due of £5,044 (2020: £35,093).

8. Cash at bank and in hand

| | 2021 £ | 2020 £ |
|--------------|-------------------|-------------------|
| Cash at bank | <u>14,683,875</u> | <u>13,941,001</u> |

As at 31 December 2021, all cash and cash equivalents were held in bank accounts at Barclays Private Clients International Limited and Lloyds Bank Plc.

9. Creditors

| | 2021 £ | 2020 £ |
|-------------------------------------|----------------|---------------|
| Loan interest payable | 6,391 | 7,169 |
| Other – property related | 275 | 275 |
| Other – non-property related | 110,567 | 78,753 |
| Creditors due in less than one year | <u>117,233</u> | <u>86,197</u> |

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

10. Tenants' deposits

This amount of £18,164 represents deposits received from tenants (2020: £18,164). All deposits have been discontinued and are in the process of being repaid to the tenants.

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

11. Bank loans

| | 2021 | | 2020 | |
|-------------------------------|-------------------|-------------------|------------|------------|
| | £ | £ | £ | £ |
| Repayable in less than 1 year | | 6,840,057 | | 6,355,355 |
| Repayable in 1 to 2 years | 6,951,200 | | 6,840,057 | |
| Repayable in 2 to 5 years | 21,400,534 | | 21,164,041 | |
| Repayable in 5 years or more | 32,390,973 | | 39,578,666 | |
| | | 60,742,707 | | 67,582,764 |
| | | 67,582,764 | | 73,938,119 |

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

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

All of the loans are from Barclays Bank PLC or Lloyds Bank Plc. The rate of interest incurred on each of the Barclays Bank PLC loans in the year amounted to LIBOR + 0.75% (apart from the 2017 facility with Barclays Bank PLC which suffered interest at LIBOR + 1.85% in the year). Due to the cessation of LIBOR as an available rate, from 1 January 2022 the Barclays Bank PLC loans incur interest at a similar margin over the Banks Base Rate plus an applicable Credit Adjustment Spread. The rate of interest incurred on the Lloyds Bank Plc loans was and continues to amount to the Banks Base Rate + 0.75%.

For the majority of the loans, in the event that interest exceeds 4% per annum, the sum equal to the difference between 4% and the interest rate is reimbursed by the States of Jersey. There are three loans where the interest rate limit is 6% per annum.

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

11. Bank loans – continued

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

| 2021 | Original facility | Repayments to date | Loan amount outstanding | Repayable in less than 1 year | Repayable in 1 to 2 years | Repayable in 2 to 5 years | Repayable in 5 years or more |
|---------------------------------|-------------------|---------------------|-------------------------|-------------------------------|---------------------------|---------------------------|------------------------------|
| Loans | | | | | | | |
| BARCLAYS Long term loans | | | | | | | |
| Victoria Place | 12,500,000 | (5,736,058) | 6,763,942 | 753,396 | 819,368 | 2,893,875 | 2,297,303 |
| Belle Vue | 11,865,000 | (8,548,616) | 3,316,384 | 988,142 | 1,066,895 | 1,261,347 | |
| Cherry Grove | 1,440,839 | (1,326,788) | 114,051 | 114,051 | | | |
| Kent Lodge | 880,000 | (682,692) | 197,308 | 77,350 | 83,456 | 36,502 | |
| St Clements Road | 1,200,000 | (711,727) | 488,273 | 86,270 | 93,424 | 308,579 | |
| St Saviours Court | 3,800,341 | (3,444,794) | 355,547 | 320,364 | 35,183 | | |
| Jardin Fleuri | 3,240,000 | (1,693,165) | 1,546,835 | 213,256 | 231,404 | 813,996 | 288,179 |
| La Roseraie | 8,287,000 | (3,339,168) | 4,947,832 | 457,680 | 498,933 | 1,769,485 | 2,221,734 |
| Berkshire Court | 13,380,000 | (5,343,050) | 8,036,950 | 734,184 | 800,499 | 2,839,875 | 3,662,392 |
| John Wesley | 6,000,000 | (2,384,096) | 3,615,904 | 328,059 | 357,725 | 1,269,292 | 1,660,828 |
| Parkside | 3,200,000 | (1,237,023) | 1,962,977 | 171,564 | 187,180 | 664,784 | 939,449 |
| La Folie | 3,670,000 | (424,885) | 3,245,115 | 197,616 | 213,629 | 745,595 | 2,088,275 |
| Clement Court | 4,300,000 | (2,165,491) | 2,134,509 | 280,141 | 304,140 | 1,070,854 | 479,374 |
| Clos le Gallais | 2,275,530 | (393,261) | 1,882,269 | 91,124 | 103,733 | 397,272 | 1,290,140 |
| Clos Du Ruisseau | 3,378,454 | (540,783) | 2,837,671 | 126,110 | 144,050 | 554,684 | 2,012,827 |
| 2017 Barclays Facility | 15,000,000 | (1,687,500) | 13,312,500 | 750,000 | 750,000 | 2,250,000 | 9,562,500 |
| TOTAL | 94,417,164 | (39,659,097) | 54,758,067 | 5,689,307 | 5,689,619 | 16,876,140 | 26,503,001 |

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

11. Bank loans – continued

| | | | | | | | | |
|---|-------------------|--------------------|-------------------|------------------|------------------|-------------------|-------------------|--|
| LLOYDS Long term loans | | | | | | | | |
| Le Grand Clos | 8,519,064 | (1,517,943) | 7,001,121 | 342,507 | 389,773 | 1,491,937 | 4,776,904 | |
| Le Coie | 12,250,000 | (6,426,424) | 5,823,576 | 808,243 | 871,808 | 3,032,456 | 1,111,069 | |
| TOTAL | 20,769,064 | (7,944,367) | 12,824,697 | 1,150,750 | 1,261,581 | 4,524,393 | 5,887,973 | |
| TOTAL OUTSTANDING BORROWINGS | | | 67,582,764 | 6,840,057 | 6,951,200 | 21,400,533 | 32,390,974 | |

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

11. Bank loans – continued

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

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

11. Bank loans – continued

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

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

12. Housing property revaluation reserve

| | 2021 | 2020 |
|------------------------------------|--------------------------|--------------------------|
| | £ | £ |
| Opening and Closing balance | <u>72,263,226</u> | <u>72,263,226</u> |

The housing property revaluation reserve is unrealised and is therefore not available for distribution. As no revaluation of the property portfolio was carried out at either 31 December 2021 or 31 December 2020 there has been no movement in the revaluation reserve.

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 2021 amounted to £127,500 (2020: £112,500) of which nil was outstanding at the current and prior year end.

(b) Brunel Management Limited (“Brunel”) through its relationship with Mr M C Van Neste

Brunel manages all of the Trust’s properties and receives a fee of 4.75% of rental income received plus reimbursement for certain sundry expenses incurred. Brunel also receives an additional fee of £5,500 per calendar month for providing CEO consultancy services to the Trust. The total amount payable for all services during the year was £585,645 (2020: £579,695) of which £71,517 (2020: £42,253) 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 2021, this balance was £666,497 (2020: £736,968).

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

Labesse & Co. act as the Trust’s surveyors. During the year ended 31 December 2021, £12,600 (2020: £12,000) was payable to Labesse & Co. none of which was outstanding at the year end (2020: nil).

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

In 2021 the Trustees approved a small contract to lease storage space from Cranham Investments Limited at an annual rental of £4,680. Mr M C Van Neste is a Director of and shareholder in Cranham Investments Limited.

JERSEY HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

14. Capital commitments

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

15. Ultimate controlling party

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

16. Subsequent events

Michael Van Neste stood down as Chairman on 11 January 2022 and was replaced as Chairman by Advocate Philip Le Cornu. Frank Dearie was appointed Secretary on 11 January 2022 in place of Advocate Philip Le Cornu who took over as Chairman.

In the circumstances and with the prevailing COVID-19 pandemic the Trustees agreed that the Trust would not implement rental increases before the end of the reporting period. With the improved situation with regards to the COVID-19 pandemic rental increases have taken effect after the year end from April 2022 onwards.

There are no further subsequent events to report.