

CTJ HOUSING TRUST
FINANCIAL STATEMENTS
AT 30 JUNE 2021

CTJ HOUSING TRUST

TRUSTEES

Charles Thacker	(Chairman)
Andrew Jelley	
Angela Le Sueur	
Zoe Blomfield	(Secretary)
John Scally	
Mike LARBALTESTIER	
James Reed	
Stephen Ogborn	
Simon Barrows	

CORPORATE TREASURER

Grant Thornton Limited

AUDIT COMMITTEE

Mike LARBALTESTIER
Charles Thacker
Grant Thornton Limited
Stephen Ogborn

MANAGING AGENT

Voisin Hunter Limited
31-33 New Street
St Helier
Jersey JE2 3RA

ACCOUNTANTS

Alex Picot Limited
Chartered Accountants
95/97 Halkett Place
St Helier
Jersey JE1 1BX

AUDITORS

Alex Picot
Chartered Accountants
95/97 Halkett Place
St Helier
Jersey JE1 1BX

BANKERS

HSBC
PO Box 14
St Helier
Jersey JE4 8NU

RBS International
PO Box 64
St Helier
Jersey JE4 8PJ

CTJ HOUSING TRUST
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FOR THE YEAR ENDED 30 JUNE 2021

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CTJ HOUSING TRUST

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Trustees submit their annual report and the audited financial statements of CTJ Housing Trust (the "Trust") for the year ended 30 June 2021.

Incorporation and Objectives

The Trust was incorporated under the Laws of Jersey, Channel Islands on 19 January 1996. The objects of the Trust are:

- to provide residential accommodation for rent to persons in Jersey in need of such accommodation;
- to promote and encourage the acquisition, development and construction of residential and social accommodation;
- to seek to increase the availability of residential accommodation to persons in need of such accommodation and seek to improve the standard, design and specification of such accommodation.

The registered office of the Trust is:

c/o Voisin Hunter Limited
31-33 New Street
St Helier
Jersey JE2 3RA

The Trust also maintains a website whose address is:

<http://www.ctjhousingtrust.org.je>

Results

The results for the year are shown in the Statement of Comprehensive Income on page 11.

Trustees

The Trustees are responsible for the running of the Trust. Trustees are appointed for a period of three years and are eligible for re-election. The Trustees have resolved that the Chairman, Treasurer and Secretary are appointed for one year only although eligible for re-election.

In the event that a new Trustee is to be appointed, not for the re-election of a retiring Trustee, the position will be advertised in the Jersey Gazette. Whilst initial interviews are conducted by the Chairman appointments are a matter for all the Trustees.

Trustees who have served during the year were:

Charles Thacker (Chairman) succeeded Diarmuid Lynes as Chairman in March 2017. He has been a Trustee since 1995, providing legal advice to the Trust.

Andrew Jelley is a retired architect and advises us on building matters and has been a Trustee since 1995. In his professional capacity his firm has acted in the building of our houses.

Angela Le Sueur is a retired teacher. Angela was very active in the initial allocation process for housing new tenants and has been a Trustee since 2001.

John Scally is a retired Chartered Surveyor with over forty years of experience of the property world and joined the Trust in April 2009.

Mike Larbaestier is a Chartered Fellow of the Chartered Institute for Securities and Investment. He has been an investment manager/director locally since 1984, working for Rossborough Financial, Abacus, Morgan Grenfell, and Quilter Goodison. He was appointed in February 2012.

James Reed was appointed as a Trustee in November 2015. He is owner and Managing Director of Beau Pre Farm Limited, a company which currently owns and manages both residential and commercial property. After spending 12 years in the States, James has gained a wide range of experience in all aspects of government.

CTJ HOUSING TRUST

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

Trustees (continued)

Advocate Zoe Blomfield is the Managing Partner of Viberts. Viberts deal with all property related matters on behalf of the Trust. Zoe is an Advocate and became a Trustee in December 2017 and brings a wealth of experience in dealing with personal law and social issues.

Stephen Ogborn is the Head of Commercial Banking at Lloyds Bank International in Jersey. He became a Trustee in December 2017.

Simon Barrows is a very experienced electrical engineer who has been involved in numerous construction projects in Jersey and elsewhere. He became a Trustee in October 2020.

Hugh Lawton retired as Honorary Treasurer on 10 June 2021.

Corporate Treasurer

Grant Thornton Limited was appointed Corporate Treasurer to replace Hugh Lawton on 10th June 2021.

Trustee Remuneration

No fees or expenses were paid to the Trustees for the years ended 30 June 2021 or 30 June 2020 other than to refund travel expenses and Incidentals.

Property and Tenant Administration

The Trustees have entered into an agreement with Voisin-Hunter Limited for the administration of properties, their maintenance and dealing with tenants including the collection of rental income.

Accountancy Services

The Trustees have entered into an agreement with Alex Picot Limited for the provision of accounting services to the Trust including the preparation of quarterly management accounts. These services are provided by a different team and partner from the one responsible for the annual audit.

Audit Committee

The audit committee meets at least once each year and is responsible for the overseeing the preparation of the Financial Statements of the Trust, reviewing internal controls, and approving the Financial Statement for adoption at an annual general meeting of the Trustees.

The audit committee comprises the Chairman and two other Trustees, the Corporate Treasurer and a partner from the Trust's Auditors in attendance. Members of the audit committee are Charles Thacker, Mike Larbalestier and Stephen Ogborn.

CTJ HOUSING TRUST

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

Approach to Risk Management

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

- Risk of insufficient funding – 30 year modelling identifies funding needs and alerts trustees
- Risk of tenant default – quarterly review with management agents of action on arrears
- Risk of interest rate change – Interest rates on debt are hedged to at least 50% of principle
- Risk of third party liability – annual validation of insurance cover for adequacy
- Risk of insufficient funding is dealt with by secured loans from two banks
- Risk of tenant default - is managed by taking measures including Court action if necessary to collect arrears of rent.
- Risk of interest rate change - is managed by hedging as set out above
- Risk of third party liability - is managed by maintaining Insurance cover

Property Portfolio – 179 units

Lempriere Street, St Helier

- 1 One bedroom flat
- 2 Four bedroom houses

Bas du Mont, St Helier

- 1 One bedroom flat
- 6 Two bedroom flats
- 9 Three bedroom flats

Le Benefice, St Clements

- 64 Three bedroom houses
- 9 Four bedroom houses

Clos des Charmes, St Peter

- 12 One bedroom flats
- 3 Two bedroom houses
- 16 Three bedroom houses

Les Freres, Grouville

- 20 Two bedroom bungalows

The Cottage, St Helier

- 2 One bedroom cottage

Ed Le Quesne House, St Helier

- 26 One bedroom flats
- 5 Two Bedroom flats
- 3 Commercial Units

Former Hotel Site, St Helier

This has been acquired by the Trust and is currently undergoing refurbishment.

CTJ HOUSING TRUST

TRUSTEES' REPORT

Trustees' Responsibilities

According to the constitution of the Trust, it is the responsibility of the Trustees to prepare financial statements. In preparing the financial statements the Trustees should:

- ensure that the financial statements are in accordance with generally accepted accounting principles and show a true and fair view of the surplus or deficit of the Trust for the year and of the state of affairs of the Trust at the end of the year;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Trust will continue in business.

The Trustees confirm they have complied with all the above requirements in preparing the financial statements.

The Trustees are responsible for keeping accounting records which are sufficient to show and explain the Trust's transactions and are such as to disclose with reasonable accuracy, at any time, the financial position of the Trust. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 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.

Business Objectives and Strategies

The objective of the Trust is to provide social rented housing to the residents of Jersey, and other initiatives as allowed for in the Trust's Constitution.

Our objectives are to manage the assets of the Trust on a prudent and controlled basis. We are continuing to look at providing accommodation for the more marginalized, most likely in partnership with a charity or charities providing support for a particular disadvantaged group. We would like also to provide Shared Equity Housing particularly for young people and look forward to working with the Government to achieve these aims.

The Trust's tenants are allocated through Gateway, a joint waiting list for all the Housing Trusts. Whilst we are supportive for the criteria for inclusion on this list, we are still an independent charity. Therefore, the Trustees have reserved the right, in exceptional circumstances, to determine if a potential tenant should be housed by the Trust, notwithstanding that they do not meet the strict criteria of Gateway.

At the year-end the Trust owned 176 housing units and 3 commercial units, which were required as part of the planning consent for Ed Le Quesne House; all of which were tenanted. These will be needed to meet future loan repayment commitments and to invest in new housing units. The long-term projection for the Trust shows that it is financially viable. The management agents frequently attend our developments, making themselves available to our tenants. They have encouraged the creation of tenants associations. The Trustees visit our sites at least once a year to be approachable for tenants to let them know of any concerns they may have in person.

The Trustees believe they are meeting the objective of the Trust and are responsible landlords.

CTJ HOUSING TRUST
TRUSTEES' REPORT (CONTINUED)

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 11. 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 report 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.

Independent auditors

A resolution to reappoint Alex Picot Chartered Accountants as auditors to the Trust will be proposed at a future Trustees' meeting.



.....
Trustee



..... 2021

**CHAIRMAN'S REPORT TO THE TRUSTEES OF
CTJ HOUSING TRUST
FOR THE YEAR ENDED 30 JUNE 2021**

General overview

The Trust's existing estates continue to be let to tenants and managed by Volsin Hunter Limited. There are no significant problems to report. The Trust has acquired the site of a former hotel in St. Helier which is currently being refurbished for use in its next project.

Financial performance and position

The surplus from regular operations before depreciation was £1,436,024 (2020 £1,400,227). Payments of £60,314 (2020 £50,766) were due under the 90% Market Rent Policy implementation. The payments are calculated assuming the rents received by the trust are increased each year by the annual CPI rate.

At 30 June 2021, the value of our housing and commercial assets, excluding depreciation, stands at £51 million (2020 £49.0 million), with loans of £22.9 million (2020 £22.5 million) giving an LTV of 45% (2020 46%). Commercial units are valued at £0.3 million (2020 0.3).

Cash reserves will be used to fund future developments and principal payments. The required cash is calculated to ensure the trust remains solvent at all times.

Principal Risks and uncertainties being faced

One uncertainty is the direction of States policy on Housing. There is general recognition that there is a grave shortage of affordable housing, and the Assembly members elected in May 2020 did in most cases make it a feature of their election addresses that they would give priority to tackling this. At the time of writing it remains unknown exactly what form the policy will take, but some of the potential measures could well bring significant change to the affordable housing sector. There are more specific risks in the substantial loan repayments that the Trust has to make, but the repayments are budgeted for as far as possible. The management of the Trust's estates is outsourced to its managing agents, who are well reputed and experienced, but there is an inherent risk in any reliance on third parties.

Future Strategy and Prospects

The Trust is as set out above refurbishing the former hotel it has acquired for its next project. When that is completed, the Trust will be able to assess its capacity for further projects. The Trust has so far not encountered significant problems from the Covid 19 pandemic, and is hopeful that the next winter will not bring a resurgence.



Chairman



2021

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF CTJ HOUSING TRUST

Opinion

We have audited the financial statements of CTJ Housing Trust (the "trust") for the year ended 30 June 2021 which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation are the United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion, the financial statements:

- have been properly prepared in accordance with United Kingdom Accounting Standards;
- give a true and fair view of the state of the trust's affairs as at 30 June 2021 and of its results for the year then ended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 are independent of the trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CTJ HOUSING TRUST (CONTINUED)**

Responsibilities of the Trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud:

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

During our audit we assessed the risk of material misstatement of the financial statements as a result of non-compliance with relevant laws and regulations (irregularities), including fraud. Based on our understanding of the entity and its environment, together with discussion with senior management where appropriate, we were able to identify those laws and regulations which would have a direct effect on the financial statements as well as those which may have an effect on amounts in the financial statements, for instance through the imposition of fines or litigation. These included, but were not limited to, The Trust's Rules and Constitution as well as general legislation applicable to a business operating in the Jersey Social Housing Landlord Sector, such as Data Protection requirements, Health and Safety Regulation and the Residential Tenancy (Jersey) Law 2011. The risks arising from these laws and regulations were discussed amongst the audit engagement team, including consideration as to how and where fraud might occur.

Based on our assessment, the Engagement Partner ensured that the audit engagement team was composed appropriately with suitable competence and capabilities in order to allow identification and recognition of non-compliance with laws and regulations. The risks identified were communicated to all engagement team members who remained alert during the course of the audit for any indication of irregularities, including fraud.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CTJ HOUSING TRUST (CONTINUED)**

Auditor's responsibilities for the audit of the financial statements (continued)

Our procedures in response to the risks identified included the following:

- Enquiry of management, including consideration of known or suspected instances of non-compliance with laws and regulation or fraud;
- Review all available minutes of meetings held by those charged with governance;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- In common with all audits carried out under the ISAs(UK), we carried out procedures in response to the threat of management override, including those considering the appropriateness of journal entries and judgements made in making accounting estimates;
- Review for any changes to activities which the entity undertakes;

There are inherent limitations in the audit procedures above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. In addition, the risk of not detecting material misstatement due to fraud is higher than detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, collusion or intentional misrepresentations. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the trust's trustees, as a body, in accordance with our engagement letter. Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the trust and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.

2 November 2021


For and on behalf of
Alex Picot Chartered Accountants

CTJ HOUSING TRUST
STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2021

	Note	£	2021 £	£	2020 £
FIXED ASSETS					
Investment Property	6		297,900		297,900
Housing properties	7		50,576,371		48,673,500
			<u>50,874,271</u>		<u>48,971,400</u>
CURRENT ASSETS					
Debtors and prepayments	8	114,737		180,543	
Cash held at managing agents		61,933		66,869	
Cash at bank and in hand		1,107,162		1,810,633	
		<u>1,283,832</u>		<u>2,058,045</u>	
CREDITORS – Amounts falling due within one year					
Creditors	9	128,358		220,168	
Tenants' deposits	10	4,174		50,100	
Bank loans	11	1,184,655		973,710	
		<u>1,317,187</u>		<u>1,243,978</u>	
NET CURRENT (LIABILITIES)/ASSETS			(33,355)		814,067
			<u>50,840,916</u>		<u>49,785,467</u>
CREDITORS – Amounts falling due after more than one year					
Bank loans	11		21,748,648		21,491,398
NET ASSETS			<u>£29,092,268</u>		<u>£28,294,069</u>
TRUST FUND					
Capital reserve			1,125		1,125
Housing property revaluation reserve			13,733,538		14,371,363
Retained reserves			15,357,605		13,921,581
TOTAL			<u>£29,092,268</u>		<u>£28,294,069</u>

The financial statements were approved by the Trustees on 28 October 2021 and signed on their behalf by:

C. M. B. Thacker.

Chairman

[Signature]

Trustee

CTJ HOUSING TRUST
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 £	2020 £
Income from property rentals		2,529,673	2,481,170
Property expenses		(468,363)	(439,181)
Annual payment to States of Jersey	3	(60,314)	(50,766)
Movement in provision for bad debts		2,614	15,413
NET PROPERTY INCOME		<u>2,003,610</u>	<u>2,006,636</u>
Operating expenses	4	(165,174)	(157,171)
OPERATING SURPLUS BEFORE DEPRECIATION		1,838,436	1,849,465
Depreciation		(1,214,753)	(1,027,820)
OPERATING SURPLUS		623,683	821,645
Interest income		66	1,075
Interest expenses		(163)	(162)
Loan interest payable	5	(402,315)	(450,151)
SURPLUS FOR THE YEAR		221,271	372,407
OTHER COMPREHENSIVE INCOME			
Gain on revaluation of land and buildings		576,928	11,058,283
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>£798,199</u>	<u>£11,430,690</u>

All operations of the Trust are classified as continuing.

CTJ HOUSING TRUST
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30 JUNE 2021

	Capital reserve £	Housing property revaluation reserve £	Retained reserves £	Total trust fund £
At 30 June 2019	1,125	7,717,204	9,145,050	16,863,379
Surplus for the year	-	-	372,407	372,407
<u>Other Comprehensive income</u>				
Gain on revaluation of land & buildings	-	6,654,159	4,404,124	11,058,283
Total Comprehensive income	-	6,654,159	4,776,531	11,430,690
At 30 June 2020	1,125	14,371,363	13,921,581	28,294,069
Surplus for the year	-	-	221,271	221,271
<u>Other Comprehensive income</u>				
Gain on revaluation of land & buildings	-	(637,825)	1,214,753	576,928
Total Comprehensive Income	-	(637,825)	1,436,024	798,199
At 30 June 2021	<u>£1,125</u>	<u>£13,733,538</u>	<u>£15,357,605</u>	<u>£29,092,268</u>

CTJ HOUSING TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	£	£
NET CASH FLOW FROM OPERATING ACTIVITIES (Note 1)	1,859,206	1,914,637
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	66	1,075
Construction of properties	(2,633,396)	(783,069)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(2,633,330)	(781,994)
FINANCING		
Interest paid	(376,291)	(424,096)
Loan drawdown	1,415,688	701,000
Loan principal repayments	(973,710)	(774,486)
NET CASH INFLOW /(OUTFLOW) FROM FINANCING	65,717	(497,582)
(DECREASE)/INCREASE IN CASH IN THE YEAR	(708,407)	635,061
Cash and cash equivalents at beginning of the year	1,877,502	1,242,441
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>£1,169,095</u>	<u>£1,877,502</u>
CASH AND CASH EQUIVALENTS CONSISTS OF:		
Cash held at managing agents	61,933	66,869
Cash at bank and in hand	1,107,162	1,810,633
CASH AND CASH EQUIVALENTS	<u>£1,169,095</u>	<u>£1,877,502</u>

CTJ HOUSING TRUST
NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

1. Reconciliation of operating income to net cash inflow from operating activities

	2021 £	2020 £
Operating income	623,683	821,645
Depreciation	1,214,753	1,027,820
Decrease/(Increase) in debtors and prepayments	65,806	(18,879)
(Decrease)/Increase in sundry creditors, accruals and tenants deposits	(45,036)	84,051
	<u>£1,859,206</u>	<u>£1,914,637</u>

2. Reconciliation of net cash flow to movement in net debt

	2021 £	2020 £
(Decrease)/Increase in cash in the year & held at agents	(708,407)	635,061
Loan advanced	(1,415,688)	(701,000)
Loan principal payments	973,710	774,486
Loan fee amortisation	(26,217)	(26,217)
Movement in net debt in the year	(1,176,602)	682,330
Opening net debt	(20,587,606)	(21,269,936)
Closing net debt	<u>£(21,764,208)</u>	<u>£(20,587,606)</u>

3. Analysis of changes in net debt

	1 July 2020 £	Cash flows £	30 June 2021 £
Cash and cash equivalents & held at agents	1,877,502	(708,407)	1,169,095
Debt due within one year	(973,710)	(210,945)	(1,184,655)
Debt due after one year	(21,491,398)	(257,250)	(21,748,648)
	<u>(22,465,108)</u>	<u>(468,195)</u>	<u>(22,933,303)</u>
	<u>£(20,587,606)</u>	<u>£(1,176,602)</u>	<u>£(21,764,208)</u>

CTJ HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. ACCOUNTING POLICIES

Principal accounting policies and Statement of Compliance

The financial statements have been prepared in compliance 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 for Registered Social Housing Providers 2018 (the "SORP"). The Trust is a public benefit entity.

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

Basis of preparation

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

The preparation of financial statements in conformity with FRS 102 and the SORP requires the use of accounting estimates and exercise of judgement by the Trustees while applying the Trust's accounting policies. These estimates are based on the Trustees' best knowledge of the events which existed at the date of the Statement of Financial Position; however, the actual results may differ from these estimates. The most significant areas impacted by estimates and assumptions are described in note 1.

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 comprise of deemed deposits and short term deposits with maturities of 12 months or less. As at 30 June 2021, all cash and cash equivalents were held in bank accounts at HSBC Bank plc and Royal Bank of Scotland International Ltd.

Rental income

Rental income is accounted for on an accruals basis and represents income from social lettings.

Other income and expenditure

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

Loan interest

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 on loans to financial property developments is capitalised up to the date that the development is completed.

Deposit interest

Deposit interest is credited to the Income account on the date it is received.

CTJ HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2021

1. ACCOUNTING POLICIES (continued)

Principal accounting policies (continued)

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 exists.

Financial liabilities

- a) 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 and borrowing are initially recognised at the transaction price (including transactions costs), and are subsequently measured at amortised cost using the effective interest method.

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 surplus 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).

Where properties are rented to third parties, these are for the provision of social housing and not to generate full market financial return and are accordingly accounted for in line with Social Housing Properties managed directly by the Trust.

CTJ HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2021

1. ACCOUNTING POLICIES (continued)

Housing properties (continued)

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 the 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 following:

	Expected life (years)
Structure (including roof)	50
Kitchens and Bathrooms	20
Services	30
External works	25

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

Impairment of Housing properties and assets

Annual reviews are undertaken by the Trustees 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.

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.

Investment properties

Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the profit and loss account.

CTJ HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2021

1. 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 undertake annual impairment reviews in order to determine whether the Trust should record an impairment charge on any of 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. Revaluation losses or gains are recognised in Other Comprehensive Income and accumulated in reserves (Housing property revaluation reserve).

The Trust's housing properties were valued as at 30 June 2015 and 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 30 June 2021 as there has been no significant change in the condition of the housing properties or the social housing market in Jersey.

2. TAXATION

The Trust has been granted charitable status within the terms of Article 115(a) of the Income Tax (Jersey) Law 1961, with the result that its income, to the extent that it is applied for charitable purposes is exempt from income tax.

3. ANNUAL PAYMENT TO STATES OF JERSEY

The payment of £60,314 in the year ended 30 June 2021 (2020: £50,766) relates to the 90% Market Rents Policy agreement with the States of Jersey. The policy is designed to rebate to the States of Jersey imputed gains arising from the increased rent. The calculation is not dependent on current activity and so is recorded on a cash basis in the year it is paid.

CTJ HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2021

4. OPERATING EXPENSES	2021	2020
	£	£
Property management fees	116,478	108,078
Audit fee	8,000	8,250
Trustees insurance	7,555	6,550
Legal and professional	14,650	20,351
Administration and secretarial fee	15,344	12,944
Travel and other expenses	3,147	998
	<u>£165,174</u>	<u>£157,171</u>
5. INTEREST PAYABLE AND SIMILAR CHARGES	2021	2020
Gross Interest on loans due to lenders	<u>£402,315</u>	<u>£450,151</u>
6. INVESTMENT PROPERTY		
Ed Le Quesne House - Commercial	2021	2020
At valuation		
Brought forward	297,900	-
Transfer from Housing Properties	-	297,900
Carried forward	<u>£297,900</u>	<u>£297,900</u>

Ed Le Quesne House became operational in July 2019, and as per the SORP, the portion of the property utilised for commercial purposes has been transferred to Investment Property. The property was revalued by the trustees at 30 June 2021, based on a return of 7% due from commercial lettings.

CTJ HOUSING TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

7. TANGIBLE FIXED ASSETS

	Lempriere Street £	Bas du Mont £	Le Benefice £	Clos Des Charmes £	Les Freres £	Ed Le Quesne House £	Seaton Place £	Former Hotel, St Helier £	Total £
At Valuation or Cost:									
At 1 July 2020	650,000	3,695,300	23,879,700	8,564,000	5,250,000	6,294,500	340,000	-	48,673,500
Purchases	-	-	5,250	-	-	8,075	-	2,527,371	2,540,696
Revaluation	(30,000)	-	(5,250)	-	(600,000)	(2,575)	-	-	(637,825)
At 30 June 2021	620,000	3,695,300	23,879,700	8,564,000	4,650,000	6,300,000	340,000	2,527,371	50,576,371
Depreciation:									
At 1 July 2020	-	-	-	-	-	-	-	-	-
Depreciation charge	7,195	92,789	606,066	218,510	138,206	148,223	3,764	-	1,214,753
Revaluation	(7,195)	(92,789)	(606,066)	(218,510)	(138,206)	(148,223)	(3,764)	-	(1,214,753)
At 30 June 2021	-	-	-	-	-	-	-	-	-
Net Book Value:									
At 30 June 2021	£620,000	£3,695,300	£23,879,700	£8,564,000	£4,650,000	£6,300,000	£340,000	£2,527,371	£50,576,371
At 30 June 2020	£650,000	£3,695,300	£23,879,700	£8,564,000	£5,250,000	£6,294,500	£340,000	£-	£48,673,500

All properties have a legal charge secured against them with HSBC Bank or RBSI Plc.

As per the SORP, the portion of the Ed Le Quesne property which is utilised for commercial purposes has been classified as an Investment Property.

A former Hotel site in St Helier was acquired in February 2021 for a consideration of £2,463,752, inclusive of the associated Legal and Professional costs. Finance costs of £16,886 have been capitalised, based on the pro-rata share of the RBSI Loan utilised for the purchase of the new property. Since that date the Trust have capitalised the costs associated with permissions and developments of the building. This has been included as an Asset Under Construction at cost.

The properties known as Bas Du Mont, Le Benefice and Clos des Charmes were revalued in June 2020 by Jones Lang La Salle, while the properties known as Lempriere Street, Les Freres and Ed le Quesne House were revalued in August 2018 by D2 Real Estate. Seaton Place has been revalued by the trustees at 30 June 2021. All valuations have used the EUV-SH method.

CTJ HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2021

8. DEBTORS

	2021	2020
	£	£
Rent receivable	20,464	35,878
Bad debt provision	(12,318)	(14,932)
	<u>8,146</u>	<u>20,946</u>
Other debtors	106,591	159,597
	<u><u>£114,737</u></u>	<u><u>£180,543</u></u>

9. SUNDRY CREDITORS AND ACCRUALS

	2021	2020
	£	£
Construction costs	-	92,700
Rent received in advance	36,954	32,110
Rates	13,911	14,453
Audit fees	8,000	8,250
Accountancy fees	2,200	2,000
Interest due on deposits held	-	137
Other	5,771	3,238
Maintenance	1,208	16,514
Annual Payment to States of Jersey	60,314	50,766
	<u><u>£128,358</u></u>	<u><u>£220,168</u></u>

10. TENANTS' DEPOSITS

£4,174 (2020: £50,100) represents deposits received from tenants. All deposits shall be repaid to the tenants at the expiry or earlier determination of the tenancy subject only to the deduction therefrom of any arrears of rent and a reasonable amount in respect of any damage to the premises by the tenant.

11. CREDITORS: Amounts falling due after more than one year

	2021	2020
	£	£
HSBC Bank (a)	1,743,346	1,883,105
HSBC Bank (b)	9,519,526	10,168,841
HSBC Bank (c)	3,725,623	3,993,042
The Royal Bank of Scotland International (d)	7,045,432	5,317,906
Arrangement fee (over 5 years)	(53,083)	(60,083)
3% Base rate cap (over 20 years)	(232,196)	(251,413)
	<u><u>£21,748,648</u></u>	<u><u>£21,491,398</u></u>

Loan payment analysis

	£	£
Due within one year	1,184,655	973,710
Due in more than one year but not more than two years	1,313,334	1,184,655
Due in more than two years but not more than five years	13,429,450	4,365,257
Due in more than five years	7,005,862	15,941,486
	<u><u>£22,933,303</u></u>	<u><u>£22,465,108</u></u>

CTJ HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2021

11. CREDITORS: Amounts falling due after more than one year (continued)

Loan payment analysis (continued)

- (a) The loan from HSBC Bank is at the Bank's Base Rate plus 0.95% per annum, repayable over 25 years and is secured by a registered promissory note in the sum of £2,920,000 attaching to Land and Property at Bas du Mont, Pier Road, St Helier. Repayment of the loan is in accordance with a schedule of repayments:

The rate of interest paid on this loan is limited to 4% per annum; a sum equal to the difference between interest at the rate of 4% on the amount outstanding, and, if greater than 4%, the actual interest rate payable in accordance with the terms of the borrowing, will be paid by the States of Jersey Housing Committee. The level of interest subsidy paid will be reviewed every fifth year.

- (b) The loan from HSBC Bank was at the Bank's Base Rate plus 0.95% and was repayable over 25 years and is secured by a Registered Promissory Note in the sum of £13,400,000 attaching to Land and Property at Hodge Nursery, Grande Route de St Clement, Le Marais, St Clement (now Le Bénéfice).

During the year the rate of interest and terms of the Loan were re-negotiated with a revised interest rate at the Bank's Base Rate plus 1.75% per annum. The loan is repayable five years from the acceptance date of 10th February 2021.

The rate of interest paid on the loan is limited to 6% per annum; a sum equal to the difference between interest at the rate of 6% on the amount outstanding and, if greater than 5%, the actual interest rate payable in accordance with the terms of borrowing, will be paid by the States Housing Committee. The level of subsidy will be reviewed every fifth year.

- (c) The loan from HSBC Bank was at the Bank's Base Rate plus 0.95% and was repayable over 25 years and is secured by a Registered Promissory Note in the sum of £4,920,000 attaching to Land and Property at fields 181, 182 and 183, La Rue de la Pointe, St Peter (now Clos des Charmes).

During the year the rate of interest and terms of the Loan were re-negotiated with a revised interest rate at the Bank's Base Rate plus 1.75% per annum, effective from the 1st April 2021. The loan is now fully repayable five years from the acceptance date of 10th February 2021.

In August 2013 the Trust entered into a Base Rate Cap agreement with HSBC Bank Plc, whereby the Bank's Base is limited to 3% per annum until August 2033. The fee for the agreement of £381,122 was capitalised against the outstanding balances of the HSBC loans and is being amortised over 20 years.

The rate of interest paid on the loan is limited to 6% per annum; a sum equal to the difference between interest at the rate of 6% on the amount outstanding and, if greater than 6%, the actual interest rate payable in accordance with the terms of borrowing, will be paid by the States Housing Committee. The level of subsidy will be reviewed every fifth year.

- (d) The loan from The Royal Bank of Scotland International is at the LIBOR Rate plus 1.65% per annum and is secured by a first ranking Registered Promissory Note in the sum of £7,326,000 over the Trust's property at Lempriere Street, Les Frères and Ed Le Quesne House. The loan is repayable on the date which is 120 months after the first part of the loan is drawn.

An arrangement fee of £70,000 was paid on drawdown, and was capitalised against the outstanding balance of the loan. It is being amortised over the life of the loan.

CTJ HOUSING TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

12. INCOME ACCOUNT

	2021 £	2020 £
At beginning of the year	13,921,581	9,145,050
Net income retained for the year	221,271	372,407
Gain on revaluation of land & buildings	1,214,753	4,776,531
At end of the year	<u>£15,357,605</u>	<u>£13,921,581</u>

These funds are being retained at year end to fulfil loan commitments in the future years.

13. RELATED PARTIES

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

The Trustees

- (a) No fees or expenses were paid to the Trustees for the year ended 30 June 2021 or 30 June 2020 other than to refund travel expenses and incidentals.
- (b) Two trustees of the Trust, C Thacker and Z Blomfield, are Partners of Viberts Law Firm, which provides legal advice and conveyancing services to the Trust. The total amount payable to Viberts Law Firm during the year was NIL (2020: £5,500), with nothing outstanding at the year end.

In accordance with the Constitution, in respect of any contract or arrangement services rendered to the Trust by a Trustee (defined as a "Member" in the Constitution) acting as an employee, director, partner or member of a firm or company appointed by the Trustees to render such services, the following provisions apply and were adhered to during the year:

- (a) Individual Trustees shall not be party to any Trustee discussion nor vote in relation to any aspect of the contract or arrangement between the Trust and the Individual Trustee;
- (b) Such professional services rendered to the Trust may be remunerated; and
- (c) No Trustee shall be remunerated for performing any service or duty to the Trust in the capacity only of the Trustee.

14. ULTIMATE CONTROLLING PARTY

In the opinion of the Trustees, there is no controlling party as all Trustees are bound by the Constitution dated 19 January 1996.

15. CAPITAL COMMITMENTS

As at the year end the trust had entered into agreed but uncontracted commitments of £231,000 for works to the St Helier Hotel Site.

16. RISKS AND UNCERTAINTIES

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

- Risk of Insufficient funding – 30 year modelling identifies funding needs and alerts trustees
- Risk of tenant default – quarterly review with management agents of action on arrears
- Risk of interest rate change – Interest rates on debt are hedged to at least 50% of principle
- Risk of third party liability – annual validation of insurance cover for adequacy

17. SUBSEQUENT EVENTS

Subsequent to the year end the property known as n° 12 Lempriere Street was sold for a consideration of £370,000.