

**CTJ HOUSING TRUST**  
**FINANCIAL STATEMENTS**  
**AT 30 JUNE 2022**

## **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**

Maillards & Co  
31-33 New Street  
St Helier  
Jersey JE2 3RA

### **ACCOUNTANTS**

Alex Picot Limited  
Chartered Accountants  
The Le Gallais Building  
6 Minden Place  
St Helier  
Jersey JE2 4WQ

### **AUDITORS**

Alex Picot  
Chartered Accountants  
The Le Gallais Building  
6 Minden Place  
St Helier  
Jersey JE2 4WQ

### **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 2022**

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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 2022.

#### 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 Maillards  
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 Larbalestier** 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 2021.

#### Corporate Treasurer

Grant Thornton Limited is Corporate Treasurer.

#### Trustee Remuneration

No fees or expenses were paid to the Trustees for the years ended 30 June 2022 or 30 June 2021 other than to refund travel expenses and incidentals.

#### Property and Tenant Administration

The Trustees have entered into an agreement with Maillards 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 principal
- 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 – 177 units**

##### **Lempriere Street, St Helier**

- 1 One bedroom flat –
- 2 Four bedroom houses – Disposal in the year

##### **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 174 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**

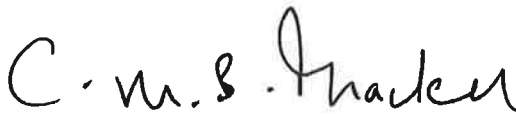
The Trustees have overall responsibility for ensuring that the Trust maintains a system of internal financial control to provide them with reasonable assurance regarding the reliability of financial information used within the business and for publication and that assets are safeguarded. There are inherent 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 13 to the financial statements. 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**

 2022



**CHAIRMAN'S REPORT TO THE TRUSTEES OF  
CTJ HOUSING TRUST  
FOR THE YEAR ENDED 30 JUNE 2022**

**General overview**

The Trust's existing estates continue to be let to tenants and managed by Maillards. There are no significant problems to report. The Trust is completing the refurbishment of a former hotel in St Helier which is a joint venture with Shelter Trust.

**Financial performance and position**

The surplus from regular operations before depreciation was £1,442,270 (2021 £1,436,024). Payments of £60,314 (2021 £60,314) 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 2022, the value of our housing and commercial assets, excluding depreciation, stands at £50.5 million (2021 £51.0 million), with loans of £22 million (2021 £22.9 million) giving an LTV of 44% (2021 45%). Commercial units are valued at £0.3 million (2021 £0.3).

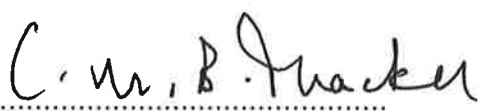
Cash reserves will be used to fund future developments and principal payments. The required cash is calculated to ensure the trust remains solvent at all times.

**Principal Risks and uncertainties being faced**

The future direction of government policy on affordable housing remains a work in progress, but will be likely to affect the work of the Trust. The Trust has substantial loan commitments and the service of these loans is governed by movement in interest rates, which currently are on an upward trend. The Trust has purchased some protection from rate rises, but the protection only takes effect when interest rates pass a threshold which has not yet been reached. Inflation, particularly in the cost of building materials, is at a higher annual rate than it has been for many years, and inevitably this presents a risk to a housing provider. The management of the Trust's estates is outsourced to the managing agent, which is very experienced and well regarded, but there is a risk inherent in delegation to a third party. It is not yet established what cost implications there may be for housing providers in fulfilling the carbon neutral strategy, but this is likely to feature in budgets in the next few years.

**Future Strategy and Prospects**

With the completion of the joint project with Shelter, the Trust will take stock of the current need for affordable housing in Jersey, and consider financial projections for the next five years, taking into account the loan commitments and risks and uncertainties noted above. We will expect then to be able to formulate a strategy for those five years.

  
.....  
Chairman

  
..... 2022



**Alex Picot**  
chartered accountants

95-97 Halkett Place  
St. Helier, Jersey  
Channel Islands JE1 1BX

## **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 2022 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 2022 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.



**Alex Picot**  
chartered accountants

95-97 Halkett Place  
St. Helier, Jersey  
Channel Islands JE1 1BX

## **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.



**Alex Picot**

chartered accountants

95-97 Halkett Place

St. Helier, Jersey

Channel Islands JE1 1BX

**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](http://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.

*Alex Picot*

9 January 2022

**For and on behalf of  
Alex Picot Chartered Accountants**

**CTJ HOUSING TRUST**  
**STATEMENT OF FINANCIAL POSITION**  
**AT 30 JUNE 2022**

	Note	£	2022 £	£	2021 £
<b>FIXED ASSETS</b>					
Investment Property	6		297,900		297,900
Housing properties	7		49,343,722		50,576,371
			<u>49,641,622</u>		<u>50,874,271</u>
<b>CURRENT ASSETS</b>					
Debtors and prepayments	8	125,915		114,737	
Cash held at managing agents		41,692		61,933	
Cash at bank and in hand		1,630,250		1,107,162	
		<u>1,797,857</u>		<u>1,283,832</u>	
<b>CREDITORS – Amounts falling due within one year</b>					
Creditors	9	171,287		128,358	
Tenants' deposits	10	-		4,174	
Bank loans	11	1,206,578		1,184,655	
		<u>1,377,865</u>		<u>1,317,187</u>	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			419,992		(33,355)
			<u>50,061,614</u>		<u>50,840,916</u>
<b>CREDITORS – Amounts falling due after more than one year</b>					
Bank loans	11		20,540,527		21,748,648
<b>NET ASSETS</b>			<u>£29,521,087</u>		<u>£29,092,268</u>
<b>TRUST FUND</b>					
Capital reserve			1,125		1,125
Housing property revaluation reserve			13,551,916		13,733,538
Retained reserves			15,968,046		15,357,605
<b>TOTAL</b>			<u>£29,521,087</u>		<u>£29,092,268</u>

The financial statements were approved by the Trustees on 8 December 2022 and signed on their behalf by:

*C. M. B. Inacker*

Chairman

*Angela M. Lesueur*

Trustee

ANGELA M. LESUEUR

**CTJ HOUSING TRUST**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	<b>Note</b>	<b>2022</b> £	<b>2021</b> £
Income from property rentals		2,538,370	2,529,673
Property expenses		(456,275)	(468,363)
Annual payment to States of Jersey	3	(60,314)	(60,314)
Movement in provision for bad debts		6,187	2,614
<b>NET PROPERTY INCOME</b>		<b>2,027,968</b>	<b>2,003,610</b>
Operating expenses	4	(167,602)	(165,174)
<b>OPERATING SURPLUS BEFORE DEPRECIATION</b>		<b>1,860,366</b>	<b>1,838,436</b>
Depreciation		(1,258,184)	(1,214,753)
<b>OPERATING SURPLUS</b>		<b>602,182</b>	<b>623,683</b>
Interest income		172	66
Interest expenses		(949)	(163)
Loan interest payable	5	(417,321)	(402,315)
<b>SURPLUS FOR THE YEAR</b>		<b>184,084</b>	<b>221,271</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Gain on revaluation of land and buildings		-	576,928
Profit on disposal of property		244,735	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>£428,819</u></b>	<b><u>£798,199</u></b>

All operations of the Trust are classified as continuing.

**CTJ HOUSING TRUST**  
**STATEMENT OF CHANGES IN RESERVES**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	<b>Capital reserve £</b>	<b>Housing property revaluation reserve £</b>	<b>Retained reserves £</b>	<b>Total trust fund £</b>
<b>At 30 June 2020</b>	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
<b>At 30 June 2021</b>	1,125	13,733,538	15,357,605	29,092,268
Surplus for the year	-	-	184,084	184,084
<u>Other Comprehensive income</u>				
Profit on disposal of property	-	-	244,735	244,735
Total Comprehensive income	-	-	428,819	428,819
Transfer from revaluation reserve	-	(181,622)	181,622	-
<b>At 30 June 2022</b>	<b><u>£1,125</u></b>	<b><u>£13,551,916</u></b>	<b><u>£15,968,046</u></b>	<b><u>£29,521,087</u></b>

**CTJ HOUSING TRUST**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	2022	2021
	£	£
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b> (Note 1)	1,887,943	1,859,206
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest received	172	66
Construction of properties	(553,423)	(2,633,396)
Proceeds from disposal of property	772,623	-
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	219,372	(2,633,330)
<b>FINANCING</b>		
Interest paid	(392,053)	(376,261)
Loan drawdown	-	1,415,688
Loan principal repayments	(1,212,415)	(973,710)
<b>NET CASH (OUTFLOW)/INFLOW FROM FINANCING</b>	(1,604,468)	65,717
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>	502,847	(708,407)
Cash and cash equivalents at beginning of the year	1,169,095	1,877,502
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<u>£1,671,942</u>	<u>£1,169,095</u>
<b>CASH AND CASH EQUIVALENTS CONSISTS OF:</b>		
Cash held at managing agents	41,692	61,933
Cash at bank and in hand	1,630,250	1,107,162
<b>CASH AND CASH EQUIVALENTS</b>	<u>£1,671,942</u>	<u>£1,169,095</u>



**CTJ HOUSING TRUST**  
**NOTES TO THE STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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

	<b>2022</b> £	<b>2021</b> £
Operating income	602,182	623,683
Depreciation	1,258,184	1,214,753
(Increase)/Decrease in debtors and prepayments	(11,178)	65,806
Increase/(Decrease) in sundry creditors, accruals and tenants' deposits	38,755	(45,036)
	<u>£1,887,943</u>	<u>£1,859,206</u>

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

	<b>2022</b> £	<b>2021</b> £
Increase/(Decrease) in cash in the year & held at agents	502,847	(708,407)
Loan advanced	-	(1,415,688)
Loan principal payments	1,212,415	973,710
Loan fee amortisation	(26,217)	(26,217)
Movement in net debt in the year	1,689,045	(1,176,602)
Opening net debt	(21,764,208)	(20,587,606)
Closing net debt	<u>£(20,075,163)</u>	<u>£(21,764,208)</u>

**3. Analysis of changes in net debt**

	<b>1 July 2021</b> £	<b>Cash flows</b> £	<b>30 June 2022</b> £
Cash and cash equivalents & held at agents	1,169,095	502,847	1,671,942
Debt due within one year	(1,184,655)	(21,923)	(1,206,578)
Debt due after one year	(21,748,648)	1,208,121	(20,540,527)
	<u>(22,933,303)</u>	<u>1,186,198</u>	<u>(21,747,105)</u>
	<u>£(21,764,208)</u>	<u>£1,689,045</u>	<u>£(20,075,163)</u>

**CTJ HOUSING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**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 2022, 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 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 2022**

**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 2022**

**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:

	<b>Expected life (years)</b>
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 Statement of Comprehensive Income.

**CTJ HOUSING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**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 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 2022 as there has been no significant change in the condition of the housing properties or the social housing market in Jersey.

**2. TAXATION**

Within the terms of Article 115(ae) of the Income Tax (Jersey) Law 1961, The Trust's income is exempt from income tax.

**3. ANNUAL PAYMENT TO STATES OF JERSEY**

The payment of £60,314 in the year ended 30 June 2022 (2021: £60,314) 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.

**CTJ HOUSING TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 30 JUNE 2022**

**4. OPERATING EXPENSES**

	<b>2022</b>	<b>2021</b>
	£	£
Property management fees	112,445	116,478
Audit fees	9,000	8,250
Accountancy fees	8,715	8,200
Trustees insurance	7,000	7,555
Legal and professional	11,618	6,200
Administration and secretarial fee	16,181	15,344
Travel and other expenses	-	3,147
Sundry expenses	100	-
Website cost	2,543	-
	<u>£167,602</u>	<u>£165,174</u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2022</b>	<b>2021</b>
Gross interest on loans due to lenders	<u>£417,321</u>	<u>£402,315</u>

**6. INVESTMENT PROPERTY**  
**Ed Le Quesne House - Commercial**

	<b>2022</b>	<b>2021</b>
	£	£
<b>At valuation</b>	<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 2022, 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 2022

### 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 £
<b>At Valuation or Cost:</b>									
At 1 July 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
Purchases	-	-	-	-	-	-	-	553,423	553,423
Disposals	(530,720)	-	-	-	-	-	-	-	(530,720)
At 30 June 2022	89,280	3,695,300	23,879,700	8,564,000	4,650,000	6,300,000	340,000	3,080,794	50,599,074
<b>Depreciation:</b>									
At 1 July 2021	-	-	-	-	-	-	-	-	-
Depreciation charge	3,952	92,156	606,264	220,040	138,824	193,892	3,056	-	1,258,184
Disposal	(2,832)	-	-	-	-	-	-	-	(2,832)
At 30 June 2022	1,120	92,156	606,264	220,040	138,824	193,892	3,056	-	1,255,352
<b>Net Book Value:</b>									
<b>At 30 June 2022</b>	<b>£88,160</b>	<b>£3,603,144</b>	<b>£23,273,436</b>	<b>£8,343,960</b>	<b>£4,511,176</b>	<b>£6,106,108</b>	<b>£336,944</b>	<b>£3,080,794</b>	<b>£49,343,722</b>
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

All properties have a legal charge secured against them with HSBC Bank or RBSI Plc, except number 12a Lempriere Street..

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.

Since the acquisition of the former Hotel site in St Helier, the Trust has 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 2021 by Jones Lang La Salle, while the properties known as Les Freres and Ed le Quesne House were revalued in August 2018 by D2 Real Estate. The trustees consider the values to remain appropriate as at 30 June 2022. Seaton Place has been revalued by the trustees at 30 June 2022. All valuations have used the EUV-SH method.

During the year, numbers 8 and 12 Lempriere Street were sold for a total consideration of £772,623, realising a total profit on disposal of £244,735.

**CTJ HOUSING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**8. DEBTORS**

	<b>2022</b>	<b>2021</b>
	£	£
Rent receivable	23,710	20,464
Bad debt provision	(6,132)	(12,318)
	<u>17,578</u>	<u>8,146</u>
Other debtors	108,337	106,591
	<u><u>£125,915</u></u>	<u><u>£114,737</u></u>

**9. SUNDRY CREDITORS AND ACCRUALS**

	<b>2022</b>	<b>2021</b>
	£	£
Rent received in advance	16,382	36,954
Rates	15,241	13,911
Audit fees	9,000	8,000
Accountancy fees	2,200	2,200
Other	4,525	5,771
Maintenance	3,311	1,208
Annual Payment to States of Jersey	120,628	60,314
	<u><u>£171,287</u></u>	<u><u>£128,358</u></u>

**10. TENANTS' DEPOSITS**

The balance of £4,174 at 30 June 2021 represented deposits received from tenants. All deposits were 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**

	<b>2022</b>	<b>2021</b>
	£	£
HSBC Bank (a)	1,743,346	1,743,346
HSBC Bank (b)	9,519,525	9,519,526
HSBC Bank (c)	3,725,623	3,725,623
The Royal Bank of Scotland International (d)	7,017,673	7,045,432
Arrangement fee (over 5 years)	(46,082)	(53,083)
3% Base rate cap (over 20 years)	(212,980)	(232,196)
	<u><u>£21,747,105</u></u>	<u><u>£21,748,648</u></u>

**Loan payment analysis**

	£	£
Due within one year	1,206,578	1,184,655
Due in more than one year but not more than two years	1,334,401	1,313,334
Due in more than two years but not more than five years	12,351,007	13,429,451
Due in more than five years	7,114,181	7,005,863
	<u><u>£22,006,167</u></u>	<u><u>£22,933,303</u></u>



**CTJ HOUSING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**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).

The loan bears interest at the Bank's Base Rate plus 1.75% per annum, and is repayable five years from the acceptance date of 10<sup>th</sup> 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 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.

- (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).

The loan bears interest at the Bank's Base Rate plus 1.75% per annum, and is fully repayable five years from 10<sup>th</sup> 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 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 2022

#### 12. INCOME ACCOUNT

	2022 £	2021 £
At beginning of the year	15,357,605	13,921,581
Net income retained for the year	428,819	221,271
Gain on revaluation of land & buildings	-	1,214,753
Transfer from Housing property revaluation reserve	181,622	-
At end of the year	<u>£15,968,046</u>	<u>£15,357,605</u>

These funds are being retained at the 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:

No fees or expenses were paid to the Trustees for the year ended 30 June 2022 or 30 June 2021 other than to refund travel expenses and incidentals.

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 £20,000 (2021: £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 principal
- Risk of third party liability – annual validation of insurance cover for adequacy