

LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018

**LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)
TRUST INFORMATION**

Incorporation	The Trust is a Jersey Association incorporated under the Loi (1862) sur les teneures en fideicommiss et l'incorporation d'associations (as amended 1963)
Chairman	F Le Gresley
Treasurer	D J P Thérézien
Secretary	J A Le Fondré
Members	F Le Gresley D J P Thérézien J A Le Fondré M J Le Boutillier G Ramskill T G Hart G Hutchison
Auditors	Alex Picot, Chartered Accountants 95-97 Halkett Place St Helier Jersey JE1 1BX

LES VAUX HOUSING TRUST

CONTENTS

	Page
Contents	1
Structure, Governance and Management	2 - 4
Members' report	5 - 6
Chairman's report	7 - 8
Independent Auditor's report	9 - 10
Property revenue account	11 - 12
Balance sheet	13
Cash flow statement	14
Statement of changes in reserves	15
Notes to the accounts	16 - 24

**LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)
STRUCTURE, GOVERNANCE AND MANAGEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

Incorporation and Objectives

The Trust was incorporated under the Laws of Jersey, Channel Islands on 8th December 1989.

The principal objects of the Trust are to provide residential accommodation primarily though not necessarily or exclusively by way of rented accommodation, to persons in Jersey in need of such accommodation and to assist, financially or otherwise, such persons.

The registered office of the Trust is:

c/o I C N Toole & Co.
12 Dumaresq Street
St Helier
Jersey
JE2 3RL

The Trust also maintains a website whose address is:

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

Members

The number of Members shall never be less than five and never more than seven.

The Members are responsible for the management of the Trust and are appointed for an indeterminate length of time. A Member shall *ipso facto* lose his membership:-

- (i) upon his death;
- (ii) if he becomes of unsound mind or becomes bankrupt within the meaning of Article 13 of the Interpretation (Jersey) Law 1954;
- (iii) if he sends his written resignation to the Trust;
- (iv) if he ceases to be resident in Jersey;
- (v) if he be removed by a resolution passed by a simple majority of those Members present and voting at a Meeting of the Trust

The Chairman of the Trust shall be chosen by the Members from amongst their number and for such period as they shall determine.

The Members shall also appoint any one of their number or any third party to be Treasurer of the Trust and any one of their number or any third party to be Secretary of the Trust; such appointments to be upon such terms (honorary or otherwise) and for such periods as the Members shall in their absolute discretion determine.

The Members who have served during the year were:

F Du H Le Gresley (Chairman)
D J P Thérézien (Treasurer)
J A Le Fondré (Secretary)
M J Le Boutillier
G Ramskill
T G Hart
G Hutchison

**LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)
STRUCTURE, GOVERNANCE AND MANAGEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

Property and Tenant Administration

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

Accountancy Services

The Members have entered into an agreement with I C N Toole & Co Limited for the provision of accounting services to the Trust.

Property Portfolio

As at 31 December 2018, the Trust's property portfolio consisted of 346 units of residential accommodation, a retail supermarket and 3 commercial shop units made up as follows:

Troy Court, St Helier

16	One bedroom flats
48	Two bedroom flats
16	Three bedroom flats

Vale Court, St Helier

8	Studio flats
8	One bedroom flats

Landscape Grove, St Helier

8	Studio flats
32	One bedroom flats

St Saviour's Crescent, St Saviour

8	One bedroom flats
10	Two bedroom flats

Leonard Norman Close, St Saviour

4	One bedroom flats
7	Two bedroom flats
1	Three bedroom house

Berry House, St Helier

3	One bedroom flats
2	Two bedroom flats

John Le Fondré Court, St Helier

15	One bedroom flats
3	Two bedroom flats

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FOR THE YEAR ENDED 31 DECEMBER 2018**

Perquage Court, St Lawrence

36 One bedroom flats
36 Two bedroom flats

David Moon House Court, St Helier

26 One bedroom flats

16-25 Clos Lempriere, St Clement

10 Three bedroom houses

La Mabonnerie, Trinity

1 House (group home)

12 Clos de la Ville, St Helier

1 House (group home)

Jardin de Haut, St Mary

14 Two bedroom bungalows

Ville Vautier, St Ouen

6 One bedroom flats
12 Three bedroom houses
1 Four bedroom house

Mourant Lodge, Trinity

1 House (group home)

Grands Vaux Court, St Helier

1 One bedroom flat
7 Two bedroom flats
1 Retail supermarket
3 Commercial shop units

Dun Na Ri, St Helier

4 One bedroom flats
1 One bedroom cottage

**LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)
MEMBERS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

Statement of members' responsibilities

According to the constitution of the Trust, it is the responsibility of the members to prepare accounts. In preparing the accounts the members should -

- ensure that the accounts 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;
- prepare the accounts on the going concern basis unless it is inappropriate to assume that the Trust will continue in business.

The members confirm they have complied with all the above requirements in preparing the accounts.

The members 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 members are aware, there is no relevant audit information of which the Trust's auditors are unaware, and each member has taken all steps that he or she ought to have taken as a member 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 principal objective of the Trust is to provide social rented housing to the residents of Jersey.

The Trust's tenants are mainly allocated through the Affordable Housing Gateway, a joint waiting list for all the Social Housing Providers. Whilst we are supportive for the criteria for inclusion on this list, we are still an independent charity. Therefore, the Members 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 the Affordable Housing Gateway.

We meet with the Trustees of other Housing Trusts on a regular basis to discuss items of mutual interest. We also meet with the Management of the Strategic Housing Unit of the Chief Minister's Department to keep abreast of proposed changes in social housing and to discuss with them our Plans and Goals as we progress. We have also met with the Housing Minister, to share our view of the difficulties and the opportunities around providing affordable accommodation.

The Trust has been generating cash flow surpluses; 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 is financially viable. The management agents frequently attend our properties and estates, making themselves available to our tenants. The Members also visit our sites at least once a year so that tenants can let them know of any concerns they may have in person.

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

**LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)
MEMBERS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

Internal financial control

The Members 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 10. The Trust is therefore dependent upon the financial controls of these third parties.

The Members receive regular reports from the property manager in respect of all of the Trust's properties.

**LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)
CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

General overview

As I write this report it is pleasing to know that Phase 1 at Troy Court has been completed on schedule and the sixty, new apartments are now occupied. Phase 2 will commence later this year. The Trustees decided that the completed development will become part of Grands Vaux Court, which the Trust already owns and borders the site on the North boundary.

Each block of apartments will be named after manufacturers of bricks in Jersey. In the 19th century there were thirteen active brickworks in Jersey with a concentration in St Saviour and St Helier. Brickfields were the source of the raw clay material and there was one directly above Troy Court. Brick has been used to face all ground storey walls and raised planting beds in the new development.

In April 2018 the Trust purchased Dun Na Ri, St Saviour's Road, St Helier, for a consideration of £1.25m. The building consists of four, one bedroom flats and a separate, one bedroom cottage. The whole property has been leased to The Shelter Trust for sub-letting to their clients who are in need of assisted and supervised accommodation. The purchase was funded by a 100% loan from the States of Jersey.

A maintenance survey and Decent Homes Standard assessment of Perquage Court, carried out in early 2018 by Currie & Brown (Consultants) Limited, has provided the Trust with a 5 year, detailed, maintenance management plan for this estate. During the year we have replaced water cylinders and removed gas connections. Extractors have been installed in kitchens and bathrooms and a number of flats have had new kitchens fitted. New fencing and railings have also been erected.

Ground floor flats at John Le Fondre Court had to be vacated due to water ingress. The problem proved to be more serious than originally expected with remedial work not completed until May 2019. The majority of the cost was covered by insurance.

In March 2018 Voisin-Hunter conducted a Tenant Survey the purpose of which was to adopt best practice in tenant engagement and improve the Trust's service to tenants, particularly if any problems were highlighted in the feedback from tenants. There were fifty six responses to the survey, which represented a response rate of 16%. Overall satisfaction with the Trust as landlord was 80% very satisfied or satisfied. The full results of the survey are available on the Trust's website. The next survey will be carried out in 2020.

The Trust applied for accredited status under the States of Jersey, Rent Safe Scheme. All properties placed on the register, and assessed to date, have achieved four star rating. We anticipate that the new apartments at Grands Vaux Court will achieve five star rating.

Rents were increased in November by 3.5%, with the exception of Troy Court where the increase was discounted by 1% in order to compensate the tenants for the disruption caused by the ongoing building works. The Retail Price Index figure in June 2018 was 4.5% and the Earnings Index figure 3.5%.

The Trust has applied for charitable status under the Charities (Jersey) Law 2014. We await the decision of the Charity Commissioner.

I would like to thank all the team at Voisin-Hunter who look after the Trust's residential units and make sure that the needs of our tenants are responded to promptly and courteously. Special mention must be recorded of the outstanding work carried out by Caroline Fernandes who has looked after the tenants at Troy Court during a very stressful time. I would also like to thank my fellow trustees for their contribution to the running of the Trust.

**LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)
CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

Financial performance and position

Rents receivable increased by £97,675 mainly due to the Trust receiving a full year's income from the flats, commercial units and supermarket at Grands Vaux Court and eight months' income from Dun Na Ri.

As at the 31st December we had total rent arrears (net of rents received in advance of £36,114) of £60,815 which equates to 1.8% of current rent. Our Bad Debt Provision is £61,311.

The total figure for repairs and maintenance in 2018 was £334,051, a decrease of £63,563 when compared to 2017. Loan arrangement and non-utilisation fees of £207,893 were incurred in connection with the financing of Phase 1 at Troy Court. Of this amount, the sum of £166,500 in respect of loan arrangement fees has been carried forward and will be amortised over the period of the loan which is due to be repaid in 2028. Bank overdraft interest of £32,251 was also incurred before the new loan facility was set up.

There were 32 tenant movements during the year which included 23 internal transfers. Loss of rent due to voids during this period amounted to £32,718, equivalent to less than 1% of total available rents. A third of the loss was incurred at Perquage Court mainly due to the refurbishment of flats to meet Decent Homes Standard.


A loan facility agreement, in the sum of £28,100,000, was entered into between the Trust and The Royal Bank of Scotland International Ltd, secured against the Trust's properties. The loan repaid all existing borrowings, with the exception of the loan of £1,250,000 from the States of Jersey on Du Na Ri. As at the 31st December 2018 the loan stood at £19,300,000. We are most grateful for the support of the Royal Bank of Scotland International in furthering the aims of the Trust.

Principal risks and uncertainties

We anticipate that the basic building cost of Phase 2 of our development at Troy Court will be at least 6% higher than Phase 1 due to the current RPI and Earnings Index coupled with the uncertainties surrounding the supply of building materials due to BREXIT.

We have applied for charitable status under the Charities (Jersey) Law 2014 but if this was refused we may be unable to claim GST refunds going forward.

We are confident that all our rents are at least 30% below current market rents for equivalent accommodation. We intend to continue with this policy and would resist any attempt by government to make us change to the "90% of market rent policy" used by Andium Homes and Jersey Homes Trust.


F Le Gresley
Date 31-12-19

**LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LES VAUX HOUSING TRUST

Report on the audit of the accounts

Opinion

We have audited the financial statements of Les Vaux Housing Trust (the "Trust") for the year ended 31 December 2018 which comprise the Property Revenue Account, Balance Sheet, Cash Flow Statement 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion, the financial statements give a true and fair view of the state of the Trust's affairs as at 31 December 2018 and of its surplus for the year then ended in accordance with United Kingdom Accounting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)). 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 Members 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. In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. 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.

**LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LES VAUX HOUSING TRUST

Responsibilities of the Members

As explained more fully in the Members' responsibilities statement set out on page 5, the Members 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 Members 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 Members 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 Members 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.

This report is made solely to the Trust's Members, as a body, in accordance with our engagement letter. Our audit work has been undertaken so that we might state to the Trust's Members 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 Trust's Members as a body, for our audit work, for this report, or for the opinions we have formed.

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.



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

Date

12/8/19

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**LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)
PROPERTY REVENUE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018**

		2018		2017
	£	£	£	£
Income				
Rent receivable		3,409,540		3,311,865
Management expenses				
Management fees	152,865		144,692	
Professional fees	18,704		7,236	
Sundry	857		614	
		172,426		152,542
Repairs and maintenance		334,051		397,614
Service costs				
Rates	47,049		44,479	
Insurance	53,553		52,737	
Heat, light and water	49,165		51,219	
Cleaning	45,632		48,950	
Amortisation	3	1,836		1,836
		197,235		199,221
Total property expenses		703,712		749,377
Net income from properties before depreciation		2,705,828		2,562,488
Depreciation	4	416,060		327,582
Net income from properties		2,289,768		2,234,906

...continued overleaf


**LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)
PROPERTY REVENUE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	£	£
Net income from properties (brought forward)	2,289,768	2,234,906
Interest on loans attributable to the property	370,726	255,283
Loan arrangement and non-utilisation fees	41,393	-
	<u>412,119</u>	<u>255,283</u>
Net surplus after interest charge	1,877,649	1,979,623
Interest receivable	1,752	102
Other income	4,774	12,129
	<u>1,884,175</u>	<u>1,991,854</u>
Other expenditure		
Audit	7,225	6,500
Accountancy	34,150	31,600
Administration and secretarial costs	12,944	17,944
Professional indemnity insurance	1,158	1,157
Professional fees - general	1,750	937
Bad debts	12,609	11,314
General insurance	1,839	1,293
Bank overdraft interest and charges	33,141	1,672
General expenses	200	-
	<u>105,016</u>	<u>72,417</u>
Total surplus for the year	<u>£1,779,159</u>	<u>£1,919,437</u>

**LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)
BALANCE SHEET
AS AT 31 DECEMBER 2018**

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Intangible assets	3		45,600		47,436
Tangible assets (owned)	4		37,280,688		28,781,653
			<u>37,326,288</u>		<u>28,829,089</u>
Current assets					
Debtors	5	564,711		184,824	
Cash at bank and in hand		549,336		-	
			<u>1,114,047</u>	<u>184,824</u>	
Creditors: amounts falling due within one year	7		<u>155,712</u>	<u>3,463,949</u>	
Net current assets/(liabilities)			<u>958,335</u>	<u>(3,279,125)</u>	
Total assets less current liabilities			<u>38,284,623</u>	<u>25,549,964</u>	
Creditors: amounts falling due after more than one year	8		<u>20,550,000</u>	<u>9,594,500</u>	
			<u>£17,734,623</u>	<u>£15,955,464</u>	
Reserves					
Property revenue reserve			10,168,567		8,406,146
Property redevelopment reserve			6,000,000		6,000,000
Cyclical maintenance reserve			1,566,056		1,549,318
			<u>£17,734,623</u>	<u>£15,955,464</u>	

We approve these accounts and confirm that we have made available all relevant information for their preparation. The accounts were approved by the members on 31 July 2019 and were signed on their behalf by:


.....
F Le Gresley
Chairman


.....
D J P Thérézien
Treasurer

**LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
Cash flow from operating activities		
Operating surplus	1,779,159	1,919,437
Depreciation and amortisation	417,896	329,418
Interest payable	370,726	255,283
Interest receivable	(1,752)	(102)
(Increase) in debtors	(379,887)	(78,967)
Increase in other creditors and accruals	75,480	14,099
Net cash inflow from operating activities	<u>2,261,622</u>	<u>2,439,168</u>
Interest paid	(333,758)	(255,746)
Interest received	1,752	102
Net cash outflow for returns on investing and servicing of finance	<u>(332,006)</u>	<u>(255,644)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(8,915,194)	(5,368,334)
Purchase of decennial insurance policy	-	(38,018)
Disposal of tangible fixed assets	99	1,000
Net cash outflow for capital expenditure and financial investment	<u>(8,915,095)</u>	<u>(5,405,352)</u>
Financing		
New long term States loan	1,250,000	-
New bank loan	19,300,000	-
Loan principal repayments	(11,924,510)	(457,490)
Net cash outflow from financing	<u>8,625,490</u>	<u>(457,490)</u>
Increase/(Decrease) in cash in the year	<u>1,640,011</u>	<u>(3,679,318)</u>
Opening cash and cash equivalents	(1,090,675)	2,588,643
Closing cash balance	<u><u>£549,336</u></u>	<u><u>(£1,090,675)</u></u>

**LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Cyclical maintenance reserve £	Property redevelopment reserve £	Property revenue reserve £
Balance at 1 January 2017	1,604,736	5,000,000	7,431,291
Surplus for the year	-	-	1,919,437
Transfer to cyclical maintenance reserve	(55,418)	-	55,418
Transfer to property redevelopment reserve	-	1,000,000	(1,000,000)
Balance at 31 December 2017	<u>1,549,318</u>	<u>6,000,000</u>	<u>8,406,146</u>
Balance at 1 January 2018	1,549,318	6,000,000	8,406,146
Surplus for the year	-	-	1,779,159
Transfer to cyclical maintenance reserve	16,738	-	(16,738)
Transfer to property redevelopment reserve	-	-	-
Balance at 31 December 2018	<u>1,566,056</u>	<u>6,000,000</u>	<u>10,168,567</u>

**LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1 Accounting policies

1.1 Accounting convention

The accounts are prepared under the historical cost convention and in accordance with generally accepted accounting principles in the Island of Jersey, incorporating United Kingdom accounting standards. The accounts are prepared in sterling, which is the functional currency of the Trust.

1.2 Statement of compliance

The accounts have been prepared in compliance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102").

1.3 Income and expenditure

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

1.4 Loan and deposit interest

Loan interest is charged in the period to which it relates. Deposit interest is credited on the date it is received.

1.5 Ten year insurance cover

On 25 May 2007 the Trust took out a latent defects insurance policy with Premier Guarantee to cover the development of 10 houses at Clos Lempriere, St Clement. The policy is for a period of 10 years from 10 June 2014. The total cost of the policy amounts to £8,290 made up of a survey fee of £2,800 and an insurance premium of £5,490. An amount of £4,172.50 was paid on 25 May 2007 and the balance of £4,117.50 was paid on 21 August 2014. The cost of the policy is being amortised over the period of cover.

On 5 March 2012 the Trust paid £10,073 representing a portion (14/33rds) of the Decennial Insurance Cover taken out with Premier Guarantee by Alpine Contractors Limited for Units 3-16, Fields 561 and 562 St. Mary. The cost of the policy is being amortised over the period of cover.

On 8 June 2017 the Trust paid £38,018 representing 20% of the premium and 100% of the technical audit fee in respect of the Decennial Insurance Cover being taken out with Premier Guarantee for Blocks A, B and C of Phase 1 of the redevelopment of Troy Court and Valley Court, Les Grands Vaux, St. Saviour. The balance of the cost of the policy will be paid at practical completion of Phase 1 of the redevelopment. The total cost of the policy will then be amortised over the period of cover.

1.6 Cyclical maintenance reserve

Transfers are made from the accumulated property revenue reserve to create a reserve for cyclical maintenance which will be released back to the property revenue reserve as cyclical maintenance expenditure is incurred.

**LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1.7 Tangible fixed assets and depreciation

Freehold land and buildings (including refurbishments) are stated at cost less depreciation. Freehold buildings are depreciated on a straight line basis over their remaining useful economic lives of between 10 and 50 years. Land is not depreciated. Finance costs incurred up to completion of each building are capitalised, after which any further finance costs are expensed in the property revenue account. The following freehold properties are now fully depreciated and the value shown in the accounts represents the land value of each property: Troy Court, Vale Court, Landscape Grove, Perquage Court and Valley Court. All remaining freehold properties are being depreciated over a period of 50 years.

The Trust has decided to retain the value of its land and buildings at cost and not to adopt a policy of revaluation in future. Freehold buildings (including refurbishments) are depreciated over their useful economic lives of between 10 and 50 years.

1.8 Financial instruments

The Trust has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(a) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at the market rate of interest. Such assets are subsequently stated at amortised cost using the effective interest method. Given the nature of receivables and cash and cash equivalents, however and their short length of time between the origination and settlement, their amortised cost is the same as their fair value on the date of origination.

Other financial assets are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the revenue account.

(b) Financial liabilities

Basic financial liabilities including trade and other payables and bank loans are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest method. Given the nature of trade and other payables, however and their short length of time between the origination and settlement, their amortised cost is the same as their fair value on the date of origination.

(c) Impairment

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying value and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the revenue account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the revenue account.

**LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1.9 Critical accounting estimates and assumptions

In the application of the Trust's accounting policies, which are described above, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

No significant judgements have had to be made by management in preparing these accounts.

Key sources of estimation uncertainty

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the accounts are described below.

(a) Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

(b) Bad debt provisions

Certain amounts due to the Trust will not be paid due to the default of a small number of tenants. Our estimates of doubtful debts, based on our historical experience, are used in determining the level of debts that we believe will not be collected. These estimates consider a variety of factors including the debtors' personal and financial position.

2 Taxation

The Trust is exempt from income tax under Article 115(a) of the Income Tax (Jersey) Law 1961 (as amended).

**LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3 Intangible fixed assets

	Building defects insurance £
Cost	
At 1 January 2018 & at 31 December 2018	56,381
Amortisation	
At 1 January 2018	8,945
Charge for year	1,836
At 31 December 2018	10,781
Net book value	
At 31 December 2018	45,600
At 31 December 2017	47,436

On 25 May 2007 the Trust took out a latent defects insurance policy with Premier Guarantee to cover the development of 10 houses at Clos Lempriere, St Clement. The policy is for a period of 10 years from 10 June 2014. The total cost of the policy amounts to £8,290 made up of a survey fee of £2,800 and an insurance premium of £5,490. An amount of £4,172.50 was paid on 25 May 2007 and the balance of £4,117.50 was paid on 21 August 2014. The cost of the policy is being amortised over the period of cover.

On 5 March 2012 the Trust paid £10,073 representing a portion (14/33rds) of the Decennial Insurance Cover taken out with Premier Guarantee by Alpine Contractors Limited for Units 3-16, Jardin de Haut, St. Mary. The cost of the policy is being amortised over the period of cover.

On 8 June 2017 the Trust paid £38,018 representing 20% of the premium and 100% of the technical audit fee in respect of the Decennial Insurance Cover being taken out with Premier Guarantee for Blocks A, B and C of Phase 1 of the redevelopment of Troy Court and Valley Court, Les Grands Vaux, St. Saviour. The balance of the cost of the policy will be paid at practical completion of Phase 1 of the redevelopment. The total cost of the policy will then be amortised over the period of cover.

**LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4 Tangible fixed assets (owned)

	Land and buildings Freehold £	Refurbish- ment £	Total £
Cost			
At 1 January 2018	37,707,893	2,211,050	39,918,943
Additions	8,915,194	-	8,915,194
Disposals	(99)	-	(99)
	<u>46,622,988</u>	<u>2,211,050</u>	<u>48,834,038</u>
At 31 December 2018			
Depreciation			
At 1 January 2018	9,021,499	2,115,791	11,137,290
Charge for the year	413,424	2,636	416,060
	<u>9,434,923</u>	<u>2,118,427</u>	<u>11,553,350</u>
At 31 December 2018			
Net book value			
At 31 December 2018	<u>37,188,065</u>	<u>92,623</u>	<u>37,280,688</u>
At 31 December 2017	<u>28,686,394</u>	<u>95,259</u>	<u>28,781,653</u>

5 Debtors

	2018 £	2017 £
Other debtors	20,383	12,129
Bad debt provision	(61,311)	(47,980)
Rent arrears	96,929	79,011
Voisin-Hunter Limited	35,438	36,436
Interest on tenants' deposits	596	40
Le Gallais & Luce Clients' Account	5,000	-
Prepayments	23,371	18,386
Prepaid loan arrangement fees	166,500	-
GST control account	277,805	86,802
	<u>564,711</u>	<u>184,824</u>

**LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6 Loans	2018	2017
	£	£
Bank loans		
Repayable in less than 1 year	-	2,330,010
Repayable in 1 to 2 years	-	854,500
Repayable in 2 to 5 years	1,222,476	1,230,000
Repayable in 5 years or more	19,327,524	7,510,000
	<u>20,550,000</u>	<u>9,594,500</u>
	<u>20,550,000</u>	<u>11,924,510</u>

Bank loans

The bank loans which were secured by way of a registered bond in respect of each property were repaid as follows: Leonard Norman Close repaid in 2014; Berry House, Perquage Court and St. Saviour's Crescent repaid in 2015; John Le Fondré Court, David Moon House, Clos Lempriere, La Mabonnerie, Clos de la Ville, Jardin de Haut, Mourant Lodge and La Ville Vautier repaid in 2018.

In order to fund the redevelopment of the Trust's property at Troy Court, a new consolidated portfolio loan has been provided by The Royal Bank of Scotland International Limited trading as NatWest. The new loan facility of £28.1m was also utilised to repay the existing loans in September 2018 as described above. The new loan is due to be repaid on the 10th Anniversary of the Agreement date (14 September 2028) and interest is charged on the loan at LIBOR plus 1.65%. The new consolidated loan, the balance of which stood at £19,300,000 as at 31 December 2018, is secured by way of a Judicial Hypothec over all the Trust's properties other than Dun Na Ri Apartments.

States of Jersey loans

A new States of Jersey loan was obtained in 2018 to fund the acquisition of Dun Na Ri Apartments. The loan, which is for a period of 36 years, is repayable by 28 February 2054 and bears interest at the fixed rate of 4.3% throughout the term of the loan. The loan, the balance of which stood as £1,250,000 as at 31 December 2018, is secured by a simple conventional hypothec over the property known as Dun Na Ri Apartments, St Helier, Jersey.

7 Creditors: amounts falling due within one year	2018	2017
	£	£
Bank overdraft	-	1,090,675
Bank interest payable	43,529	6,561
Short term bank loans (see note 6)	-	2,330,010
Other creditors and accruals	112,183	36,703
	<u>155,712</u>	<u>3,463,949</u>

**LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8 Creditors: amounts falling due after more than one year	2018	2017
	£	£
Long term bank loans (see note 6)	20,550,000	9,594,500
	<u>20,550,000</u>	<u>9,594,500</u>
	<u><u>20,550,000</u></u>	<u><u>9,594,500</u></u>

9 Tenants' deposits

Tenants' deposits totalling £92,224 are held by the Trust's managing agent, Voisin-Hunter Limited and Tenants' deposits totalling £30,534 are held by myDeposits Jersey under the Residential Tenancy (Deposit Scheme) (Jersey) Regulations 2014. These amounts are not reflected in these accounts.

10 Related party transactions

Accountancy and administration services were provided during the year at a cost of £38,850 (2017: £39,175) by I C N Toole & Co Limited, a firm of which Denis Therezien, a member and current Treasurer of the Trust is a director. Amounts owed to I C N Toole & Co Limited at the year end were £13,400 (2017: £10,475).

Quantity Surveying services were provided during the year at a cost of £34,034 (2017: £31,646) by Woodward Burton Associates, a firm of which Tom Hart, a member, is also a partner. Amounts owed to Woodward Burton Associates at the year end were £nil (2017: £nil).

Legal and professional services were provided during the year at a cost of £36,803 (2017: £20,043) by Le Gallais and Luce, a partnership in which Malcolm Le Boutillier, a member, was a partner. Amounts owed to Le Gallais and Luce at the year end were £nil (2017: £nil).

Architectural services were provided to the Trust during the year at a cost of £147,173 (2017: £120,923) by Michael Bravery, son of Ian Bravery, a former member. Ian Bravery has no financial or other interest in his son's firm. Amounts owed to Michael Bravery at the year end were £nil (2017: £nil).

John Le Fondré, a member and the Secretary of the Trust, is a member of The States of Jersey and Chief Minister of the States of Jersey Council of Ministers.

**LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11 Capital commitments

John Le Fondré Court

On 5 July 2004 the Trust entered into a contract to develop the site now known as John Le Fondré Court, Victoria Street, St Helier. The development, which was completed by December 2005, was financed by a 25 year bank loan that was repaid on 18 September 2018.

David Moon House

On 29 September 2006 the Trust acquired the site of the property formerly known as the Aquila Youth Centre, Great Union Road, St Helier from the States of Jersey and entered into a contract to develop the site into 26 units of residential accommodation. The acquisition and development was financed by a £3,666,000 bank loan that was repaid on 18 September 2018.

Clos Lempriere

On 20 July 2007 the Trust acquired the site of the properties known as Nos. 16-25 Clos Lempriere, La Rue de Maupertuis, St Clement from Denbrae Limited and entered into a contract to develop the site into 10 units of residential accommodation. The acquisition and development was financed by a £1,800,000 bank loan that was repaid on 18 September 2018.

Leonard Norman Close, Berry House, Perquage Court and St Saviour's Crescent

The bank loan raised by the Trust to finance the acquisition of its property at Leonard Norman Close was repaid in 2014 and the loans raised to finance the acquisition of its properties at Berry House, Perquage Court and St Saviour's Crescent were all repaid in 2015.

Troy Court, Valley Court, Vale Court and Landscape Grove

The States of Jersey loans raised by the Trust to finance the acquisition of its properties at Vale Court, Valley Court, Troy Court and Landscape Grove were repaid in full in 2010, 2012, 2013 and 2015 respectively.

12 Clos de la Ville and La Mabonnerie

On 17 October 2008 the Trust acquired two properties known as 12 Clos de la Ville, St Helier and La Mabonnerie, La Rue de la Monnaie, Trinity for the sum of £610,000 from the States of Jersey. The acquisition together with the costs of refurbishment works was financed by a bank loan of £820,000 that was repaid on 18 September 2018.

Jardin de Haut

On 28 January 2011 the Trust acquired a site to build 14 units of residential accommodation on part of Fields 561 & 562, St Mary from Jardin de Haut Limited for £750,000. The Trust also entered into a contract to build the 14 units with Jardin de Haut Limited for the total sum of £1,513,800. The acquisition and development was financed by a £2,405,000 bank loan that was repaid on 18 September 2018.

La Ville Vautier

On 16 December 2011 the Trust acquired 19 units of residential accommodation situated at Westview, La Ville Vautier, St. Ouen from Community Homes Limited for the sum of £3,500,000. The acquisition was financed by a bank loan that was repaid on 18 September 2018.

Mourant Lodge

On 10 March 2014 the Trust completed the development of Mourant Lodge, La Rue de la Monnaie, Trinity. The development costs and associated expenses were financed by a bank loan of £489,500 that was repaid on 18 September 2018.

**LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Dun Na Ri Apartments

On 16 March 2018 the Trust acquired 5 units of residential accommodation situated at 95 St Saviour's Road, St Helier from Mr N MacFirbhisigh for the sum of £1,250,000. The acquisition is being financed by a 36 year fixed rate loan from the States of Jersey that is due to be repaid by 2054. The balance on the loan from the States of Jersey to finance this property amounted to £1,250,000 as at 31 December 2018.

Troy Court redevelopment - Phase 1

On 2 August 2017 the Trust entered into a contract with ROK Construction Limited in the sum of £12,430,158 to redevelop part of the existing site of Troy Court and the adjacent site of Valley Court, St Helier. Phase 1 of the re-development was completed on 13 May 2019. The development costs and associated expenses are being financed by a bank loan facility in the sum of £28,100,000 that is due to be repaid by 14 September 2028. The balance on the loan from the bank that has been utilised to finance the development and to repay existing bank borrowings amounted to £19,300,000 as at 31 December 2018.

**LES VAUX HOUSING TRUST
DETAILED PROPERTY REVENUE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Troy Court	Valley Court	Vale Court	Landscape Grove	St Saviour's Crescent	Leonard Norman Close	Berry House	John Le Fondré Court	Perquage Court
	£	£	£	£	£	£	£	£	£
Income									
Rent receivable	690,777	-	110,098	328,022	186,755	129,050	50,131	172,115	625,489
Management expenses									
Management fees	30,566	-	4,903	14,890	8,297	5,661	2,206	7,376	28,321
Professional fees	1,375	-	-	563	-	4,819	-	-	9,507
Sundry	669	-	15	5	-	-	5	-	80
	32,610	-	4,918	15,458	8,297	10,480	2,211	7,376	37,908
Repairs and maintenance									
Current maintenance	41,901	-	9,631	40,376	4,613	2,701	1,456	5,756	141,638
	41,901	-	9,631	40,376	4,613	2,701	1,456	5,756	141,638
Service costs									
Rates	12,896	-	1,280	3,859	1,968	1,340	653	1,961	7,247
Insurance	10,906	163	1,698	4,144	3,349	2,457	1,134	3,203	7,456
Heat, light and water	16,320	-	2,076	5,348	601	494	388	3,925	13,874
Cleaning	1,127	-	3,591	8,689	6,416	5,138	2,769	6,629	390
Amortisation	-	-	-	-	-	-	-	-	-
	41,249	163	8,645	22,040	12,334	9,429	4,944	15,718	28,967
Total property expenses	115,760	163	23,194	77,874	25,244	22,610	8,611	28,850	208,513
Depreciation	-	-	-	-	15,436	11,200	4,180	41,124	-
Net income	£575,017	(£163)	£86,904	£250,148	£146,075	£95,240	£37,340	£102,141	£416,976

**LES VAUX HOUSING TRUST
DETAILED PROPERTY REVENUE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	David Moon House	16-25 Clos Lempriere	La Mabonnerie	12 Clos de la Ville	Jardin de Haut	Ville Vautier	Mourant Lodge	Grands Vaux Court	Dun Na Ri Apartments	Total
	£	£	£	£	£	£	£	£	£	£
Income										
Rent receivable	238,955	149,570	33,500	38,051	183,162	259,330	29,640	147,266	37,630	3,409,540
Management expenses										
Management fees	10,733	6,688	1,465	1,684	8,026	11,362	1,304	7,174	2,211	152,865
Professional fees	-	-	-	-	-	-	-	-	2,440	18,704
Sundry	23	-	-	-	-	-	-	60	-	857
	10,756	6,688	1,465	1,684	8,026	11,362	1,304	7,234	4,651	172,426
Repairs and maintenance										
Current maintenance	24,427	4,504	7,152	72	7,062	26,284	575	15,511	393	334,051
	24,427	4,504	7,152	72	7,062	26,284	575	15,511	393	334,051
Service costs										
Rates	2,866	1,880	232	400	2,386	3,434	277	3,502	866	47,049
Insurance	4,417	2,785	579	883	2,462	3,286	555	3,437	637	53,553
Heat, light and water	5,431	-	-	-	-	242	-	81	386	49,165
Cleaning	9,203	-	-	-	-	1,575	-	105	-	45,632
Amortisation	-	829	-	-	1,007	-	-	-	-	1,836
	21,917	5,494	811	1,283	5,855	8,537	832	7,125	1,889	197,235
Total property expenses	57,100	16,686	9,428	3,039	20,943	46,183	2,711	29,870	6,933	703,712
Depreciation	73,628	29,016	11,948	6,104	32,068	48,308	8,888	91,372	42,788	416,060
Net income	£108,227	£103,868	£12,124	£28,908	£130,151	£164,839	£18,041	£26,024	(£12,091)	£2,289,768

**LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)
FREEHOLD PROPERTIES AND BUILDING DEFECTS INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2018**

Properties	Freehold property £	Refurbish- ment £	Accumulated depreciation £	Total £	Defects insurance £	Amortisation £	Total £
Troy Court, St Helier, Jersey	16,492,707	1,045,080	3,700,999	13,836,788	38,018	-	38,018
Valley Court, St Saviour, Jersey	715,932	181,863	561,795	336,000	-	-	-
Vale Court, St Helier, Jersey	459,189	257,839	365,028	352,000	-	-	-
Landscape Grove, St Helier, Jersey	2,189,157	372,303	961,460	1,600,000	-	-	-
6 St Saviour's Crescent, St Saviour, Jersey	1,477,656	9,414	385,007	1,102,063	-	-	-
Leonard Norman Close, St Saviour, Jersey	1,012,707	18,184	265,407	765,484	-	-	-
Berry House, St Helier, Jersey	483,941	-	100,308	383,633	-	-	-
John Le Fondré Court, St Helier, Jersey	2,496,227	-	533,121	1,963,106	-	-	-
Perquage Court, St Lawrence, Jersey	4,606,887	245,603	2,692,490	2,160,000	-	-	-
David Moon House, St Helier, Jersey	3,681,303	-	740,288	2,941,015	-	-	-
16-25 Clos Lempriere, St Clement, Jersey	1,809,460	80,764	287,783	1,602,441	8,290	3,731	4,559
La Mabonnerie, Trinity, Jersey	597,461	-	112,817	484,644	-	-	-
12 Clos de la Ville, St Helier, Jersey	305,212	-	62,482	242,730	-	-	-
Jardin de Haut, St Mary, Jersey	2,351,668	-	224,144	2,127,524	10,073	7,050	3,023
La Ville Vautier, St Ouen, Jersey	3,565,457	-	338,157	3,227,300	-	-	-
Mourant Lodge, Trinity, Jersey	444,388	-	42,218	402,170	-	-	-
Grands Vaux Court, St Saviour, Jersey	2,677,475	-	137,058	2,540,417	-	-	-
Dun Na Ri Apartments, St Helier, Jersey	1,256,161	-	42,788	1,213,373	-	-	-
At 31 December 2018	£46,622,988	£2,211,050	11,553,350	£37,280,688	£56,381	£10,781	£45,600
At 31 December 2017	£37,707,893	£2,211,050	£11,137,290	£28,781,653	£56,381	£8,945	£47,436