

LES VAUX HOUSING TRUST
(INCORPORATED IN JERSEY, CHANNEL ISLANDS)
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2019

LES VAUX HOUSING TRUST

COMPANY 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)
Chair	Mr F Du H Le Gresley
Treasurer	Mr D J P Thérézien
Secretary	Mr J A Le Fondré
Members	Mr F Du H Le Gresley Mr D J P Thérézien Mr J A Le Fondré Mr M J Le Boutillier Mr G Ramskill Mr T G Hart Mr G Hutchinson
Auditor	Alex Picot 95-97 Halkett Place St Helier Jersey JE1 1BX
Address	12 Dumaresq Street St Helier Jersey JE2 3RL
Bankers	NatWest International P O Box 11 16 Library Place St Helier Jersey JE4 8NH

LES VAUX HOUSING TRUST

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LES VAUX HOUSING TRUST

STRUCTURE, GOVERNANCE & MANAGEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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:

Mr F Du H Le Gresley
Mr D J P Thérézien
Mr J A Le Fondré
Mr M J Le Boutillier
Mr G Ramskill
Mr T G Hart
Mr G Hutchinson

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.

LES VAUX HOUSING TRUST

STRUCTURE, GOVERNANCE & MANAGEMENT **FOR THE YEAR ENDED 31 DECEMBER 2019**

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 2019, the Trust's property portfolio consisted of 326 units of residential accommodation, a retail supermarket and 3 commercial shop units made up as follows:

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

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)

LES VAUX HOUSING TRUST

STRUCTURE, GOVERNANCE & MANAGEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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 (Maison Bryant), St Helier

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

Grands Vaux Court (Maison Copp, Maison De La Mare and Maison Le Huquet), St Helier and St Saviour

31 One bedroom flats
20 Two bedroom flats
9 Three bedroom flats

Dun Na Ri, St Helier

4 One bedroom flats
1 One bedroom cottage

LES VAUX HOUSING TRUST

MEMBERS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume 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 strategy

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 housing trust. 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

MEMBERS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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

CHAIR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

General overview

"A flagship development for social housing in the island". These words headlined an article in the Jersey Evening Post on the 5th July 2019 featuring the Trust's development of 60 new apartments at Grands Vaux Court, formerly known as Troy Court.

It is appropriate that I use this opportunity to thank again the team from ROK Construction, and their sub-contractors, who completed the work on schedule. Special thanks to Michael Bravery who designed the apartments and supervised the build. Phase 2 will see a further 63 apartments constructed along the roadside in three blocks, extensive landscaping and provision of recreation space for the residents. ROK Construction have been invited to tender for this work and it is hoped that the development will be completed by the end of 2022.

During the year we spent £590,837 on repairs and maintenance of our estates which is nearly double the figure spent in 2018 (£324,460). More than a third of this expenditure (£223,136) was at John Le Fondré Court. Extensive remedial work was carried out on three flats following water damage and the exterior of the property was also repainted.

Perquage Court is one of our oldest estates and needs constant care and attention. A programme of refurbishment of kitchens and bathrooms has proceeded throughout the year with the tenants able to remain in occupancy whilst the work was carried out. Interior decoration has also taken place where needed. Just over £163,000 was spent on this estate in 2019.

In August the Trust purchased Field 563 in St Mary which borders to the north of our bungalows at Jardin de Haut. The field is designated as a "protected open space" in the current Island Plan and will continue to be used for grazing of cattle by the tenant farmer. The opportunity has been taken to prune and pollard trees which were overhanging the gardens of our tenants.

The trust has accredited status under the States of Jersey, Rent Safe Scheme. All properties have achieved four star rating. The new apartments at Grands Vaux Court achieved a five star rating.

Rents were increased in November by 2.6%. The increase in the Retail Price Index to June 2019 was 2.8% and the Earnings Index rose by 2.6%. Rent increases for tenants moving in to Phase 1, Grands Vaux Court apartments, are being phased in over a three year period.

The trust has applied for charitable status under the Charities (Jersey) Law. We still await the decision of the Charities Commissioner. However, a recent change to tax legislation means that social housing trusts can continue to receive exemption from income tax, GST and stamp duty.

2019 has been a challenging year for the team at Voisin-Hunter who manage our properties. Helping to move long-standing tenants out of their Troy Court flats into their new homes, on the other side of the street, has involved liaising with plumbers, furniture removal companies, carpet fitters, etc. We were pleased to have received feedback from tenants' representatives that the "house moves" went smoothly due in the main to the help received from Caroline Fernandes and her colleagues.

I would like to thank the whole team at Voisin-Hunter who look after our tenants throughout the year. On a recent visit to our estates fellow trustees commented that our properties were looking in excellent order, perhaps the best they have ever been.

My thanks also to my fellow trustees for their wise counsel. In particular I would like to single out Denis Thérézien, Honorary Treasurer, for his negotiation of the loan facility for the trust and for preparation of cash flow forecasts, budgets and final accounts which help to keep trustees and the bank well informed

As I am writing this report in early April 2020 it is clear that the coronavirus pandemic will present a unique set of problems for the Island. Tenants have been advised that the trust will be sympathetic to difficulties some may have in paying their rents due to job loss or reduction in income. As caring landlords we will help our tenants get through this crisis.

LES VAUX HOUSING TRUST

CHAIR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Financial performance and position

Rents receivable increased by £43,430 on the previous year. The main reason for this smaller than usual increase was due to voids at Troy Court, as no new tenants were accepted there after December 2018.

As at the 31st December we had total rent arrears (net of rents received in advance of £35,045) of £21,409 which equates to 0.6% of current rent. Our Bad Debt Provision is £33,231.

The total figure for repairs and maintenance in 2019 was £590,837, an increase of £266,377 when compared to 2018. Of the 2019 expenditure, a significant proportion (£223,136 net of insurance claims made) was incurred at John Le Fondré Court where extensive remedial works were carried out to three ground floor flats.

There were 29 tenant movements during the year, excluding the 60 tenant households who moved into Grands Vaux Court. Loss of rent due to voids during this period amounted to £26,467, equivalent to less than 1% of total available rents.

Principal risks and uncertainties

There are realistically only two major risks and uncertainties for the year ahead: economic downturn following the coronavirus pandemic and, to a lesser extent, Brexit.

The first will adversely affect some of our tenants' ability to pay rent and also the cost and supply of building materials.

The Government of Jersey may impose by Law a rent freeze in 2020 on landlords.


Mr F Du H Le Gresley
Chair

13/04/20

LES VAUX HOUSING TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LES VAUX HOUSING TRUST

Opinion

We have audited the financial statements of Les Vaux Housing Trust (the 'Trust') for the year ended 31 December 2019 which comprise the property revenue account, balance sheet, statement of cash flows, statement of changes in reserves 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

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 members' report and chair's report. 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

INDEPENDENT AUDITOR'S REPORT (CONTINUED) 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 4, 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <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 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.



for and on behalf of Alex Picot

11/9/20

**Chartered Accountants
Statutory Auditor**

95-97 Halkett Place
St Helier
Jersey
JE1 1BX

LES VAUX HOUSING TRUST

PROPERTY REVENUE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019		2018
	£	£	£	£
Rent receivable		3,452,970		3,409,540
Management expenses				
Management fees	150,667		152,865	
Professional fees	15,113		18,704	
Sundry	682		857	
		(166,462)		(172,426)
Repairs and maintenance		(590,837)		(324,460)
Service costs				
Rates	54,448		47,049	
Insurance	75,386		53,553	
Heat, light and water	59,741		49,165	
Cleaning	55,532		45,632	
Service charges	9,746		9,591	
Tenant re-location grants	9,642		-	
TV and cable services	1,647		-	
Amortisation	3 7,506		1,836	
		(273,648)		(206,826)
Total property expenses		(1,030,947)		(703,712)
Net income from properties before depreciation		2,422,023		2,705,828
Depreciation	4	(557,147)		(416,060)
Net income from properties		1,864,876		2,289,768
Interest on loans attributable to property	564,008		370,726	
Loan arrangement and non-utilisation fees	79,414		41,393	
		(643,422)		(412,119)
Net surplus after interest charge		1,221,454		1,877,649
Interest receivable		2,010		1,752
Other income		4,736		4,774
Net surplus after interest received		1,228,200		1,884,175

LES VAUX HOUSING TRUST

PROPERTY REVENUE ACCOUNT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

	£	2019 £	£	2018 £
Net surplus after interest received		1,228,200		1,884,175
Other expenditure				
Audit	7,000		7,225	
Accountancy	38,750		34,150	
Administration and secretarial costs	12,944		12,944	
Professional indemnity insurance	1,158		1,158	
Professional fees - general	-		1,750	
Bad debts (recovered)	(18,573)		12,609	
General insurance	458		1,839	
Bank overdraft interest and charges	3,101		33,141	
General expenses	606		200	
		(45,444)		(105,016)
Profit for the financial year		1,182,756		1,779,159

The profit and loss account has been prepared on the basis that all operations are continuing operations.

LES VAUX HOUSING TRUST

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	£	2019 £	£	2018 £
Fixed assets					
Intangible assets	3		113,472		45,600
Tangible assets	4		39,818,016		37,280,688
			<u>39,931,488</u>		<u>37,326,288</u>
Current assets					
Debtors	5	472,689		564,711	
Cash at bank and in hand		1,230,453		549,336	
			<u>1,703,142</u>	<u>1,114,047</u>	
Creditors: amounts falling due within one year	6	(367,251)		(155,712)	
Net current assets			<u>1,335,891</u>		<u>958,335</u>
Total assets less current liabilities			<u>41,267,379</u>		<u>38,284,623</u>
Creditors: amounts falling due after more than one year	8		(22,350,000)		(20,550,000)
Net assets			<u><u>18,917,379</u></u>		<u><u>17,734,623</u></u>
Capital and reserves					
Property redevelopment reserve			6,000,000		6,000,000
Cyclical maintenance reserve			1,320,514		1,566,056
Property revenue reserve			11,596,865		10,168,567
Total equity			<u><u>18,917,379</u></u>		<u><u>17,734,623</u></u>

The financial statements were approved by the members and authorised for issue on 24/06/20 and are signed on its behalf by:


Mr F Du H Le Gresley
Chair


Mr D J P Thérézien
Treasurer

LES VAUX HOUSING TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations		1,182,756		1,779,159	
Depreciation and amortisation		564,653		417,896	
Interest payable		564,008		370,726	
Interest receivable		(2,010)		(1,752)	
Decrease/(Increase) in debtors		92,022		(379,887)	
(Decrease)/Increase in creditors and accruals		208,453		75,480	
Net cash inflow from operating activities		2,609,882		2,261,622	
Interest paid		(560,922)		(333,758)	
Interest received		2,010		1,752	
Net cash used in investing and servicing of finance		(558,912)		(332,006)	
Capital expenditure and financial investment					
Purchase of tangible assets		(3,094,475)		(8,915,194)	
Purchase of decennial insurance policy		(75,378)		-	
Disposal of tangible assets		-		99	
Net cash used in capital expenditure and financial investment		(3,169,853)		(8,915,095)	
Financing					
New States of Jersey loan		-		1,250,000	
New bank loan		1,800,000		19,300,000	
Loan principal repayments		-		(11,924,510)	
Net cash generated from financing		1,800,000		8,625,490	
Net increase in cash and cash equivalents		681,117		1,640,011	
Cash and cash equivalents at beginning of year		549,336		(1,090,675)	
Cash and cash equivalents at end of year		1,230,453		549,336	

LES VAUX HOUSING TRUST

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 DECEMBER 2019

	Cyclical maintenance reserve £	Property redevelopment reserve £	Property revenue reserve £	Total £
Balance at 1 January 2018	1,549,318	6,000,000	8,406,146	15,955,464
Year ended 31 December 2018:				
Profit and total comprehensive income for the year	-	-	1,779,159	1,779,159
Transfer from cyclical maintenance reserve	16,738	-	(16,738)	-
Balance at 31 December 2018	1,566,056	6,000,000	10,168,567	17,734,623
Year ended 31 December 2019:				
Profit and total comprehensive income for the year	-	-	1,182,756	1,182,756
Transfer from cyclical maintenance reserve	(245,542)	-	245,542	-
Balance at 31 December 2019	1,320,514	6,000,000	11,596,865	18,917,379

LES VAUX HOUSING TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Trust information

Les Vaux Housing Trust is a Jersey Association incorporated under the Loi (1862) sur les teneures en fideicommiss et l'incorporation d'associations (as amended 1963).

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102").

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the members have a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. In particular, the members have taken the potential impact of events arising from the COVID-19 pandemic into account. Thus the members continue to adopt the going concern basis of accounting in preparing the financial statements.

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 amounting to £75,378 was paid at practical completion of Phase 1 of the redevelopment. The total cost of the policy is due to 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.7 Tangible fixed assets

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 and Valley Court (now part of Grands Vaux Court), Vale Court, Landscape Grove, and Perquage 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 company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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 profit or loss.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

LES VAUX HOUSING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Taxation

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

2 Judgements and key sources of estimation uncertainty

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.

LES VAUX HOUSING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Intangible fixed assets

	Building defects insurance £
Cost	
At 1 January 2019	56,381
Additions	75,378
	<hr/>
At 1 January 2019 and 31 December 2019	131,759
	<hr/>
Amortisation and impairment	
At 1 January 2019	10,781
Amortisation charged for the year	7,506
	<hr/>
At 31 December 2019	18,287
	<hr/>
Carrying amount	
At 31 December 2019	113,472
	<hr/>
At 31 December 2018	45,600
	<hr/>

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 amounting to £75,378 was paid at practical completion of Phase 1 of the redevelopment. The total cost of the policy is due to be amortised over the period of cover.

LES VAUX HOUSING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

4 Tangible fixed assets

	Freehold land and buildings	Refurbishment	Total
	£	£	£
Cost			
At 1 January 2019	46,622,988	2,211,050	48,834,038
Additions	3,094,475	-	3,094,475
Disposals	(3,035,851)	(1,226,942)	(4,262,793)
At 31 December 2019	46,681,612	984,108	47,665,720
Depreciation and impairment			
At 1 January 2019	9,434,923	(2,118,427)	(11,553,350)
Depreciation charged in the year	554,515	2,632	557,147
Eliminated in respect of disposals	(3,035,851)	(1,226,942)	(4,262,793)
At 31 December 2019	6,953,587	894,117	(7,847,704)
Carrying amount			
At 31 December 2019	39,728,025	89,991	39,818,016
At 31 December 2018	37,188,065	92,623	37,280,688

5 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Voisin-Hunter Limited	94,564	35,438
Rent arrears	56,454	96,929
Bad debt provision	(33,231)	(61,311)
Other debtors	7,979	20,383
Interest on tenants' deposits	1,243	596
Le Gallais & Luce clients' account	-	5,000
Prepayments	20,814	23,371
Prepaid loan arrangement fees	148,000	166,500
GST control account	176,866	277,805
	472,689	564,711

LES VAUX HOUSING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

6 Creditors: amounts falling due within one year

	2019 £	2018 £
Bank interest payable	46,614	43,528
Rents received in advance	35,045	36,115
Other creditors	215,671	30,582
Accruals and deferred income	69,921	45,487
	<u>367,251</u>	<u>155,712</u>

7 Loans

	2019 £	2018 £
Bank and States of Jersey loans		
Repayable in less than 1 year	-	-
Repayable in 1 to 2 years	673	-
Repayable in 2 to 5 years	731,477	1,222,476
Repayable in 5 years or more	21,617,850	19,327,524
	<u>22,350,000</u>	<u>20,550,000</u>

Bank loans

The Trust had a number of bank loans which were secured by way of registered bonds in respect of the following properties: John Le Fondré Court, David Moon House, Clos Lempriere, La Mabonnerie, Clos de la Ville, Jardin de Haut, Maurant Lodge and La Ville Vautier. These loans were all 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 Bank"). 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 £21,100,000 as at 31 December 2019, is secured by way of a Judicial Hypothec over all the Trust's properties other than Dun Na Ri Apartments.

Subsequent to the year end the Trust has entered into negotiations with the Bank to extend the loan facility from £28.1m to £38m to fund Phase 2 of the redevelopment project. The ageing of the loan repayments as presented above are in line with the expected repayments of the new proposed agreement with the Bank.

States of Jersey loan

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 2019, is secured by a simple conventional hypothec over the property known as Dun Na Ri Apartments, St Helier, Jersey.

LES VAUX HOUSING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

8 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Long term bank loans	7	21,100,000	19,300,000
Long term States of Jersey loans	7	1,250,000	1,250,000
		<u>22,350,000</u>	<u>20,550,000</u>

9 Tenants' deposits

Tenants' deposits totalling £84,824 are held by the Trust's managing agent, Voisin-Hunter Limited and Tenants' deposits totalling £38,439 are held by myDeposits Jersey under the Residential Tenancy (Deposit Scheme) (Jersey) Regulations 2014. These amounts are not reflected in these accounts.

10 Capital commitments

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 2019.

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 £21,100,000 as at 31 December 2019.

Troy Court redevelopment - Phase 2

The Trust is due to enter into two contracts with ROK Construct (2017) Limited during 2020 in respect of Phase 2 of the re-development of Troy Court. These contracts will be in the sums of £546,768 (demolitions) and £17,253,064 (new build). Phase 2 of the re-development is expected to be completed by mid-2022. The development costs and associated expenses are to be financed by the undrawn balance of the existing £28,100,000 bank loan facility together with an increase of £9,900,000 in the facility to £38,000,000.

LES VAUX HOUSING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

11 Events after the reporting date

Subsequent to the balance sheet date the global COVID-19 pandemic has had a material economic impact on many businesses within the Island. Many of our tenants were concerned about potential job losses, redundancies and reductions in income which could have an impact on their ability to meet their rental obligations. Our managing agents assisted and supported tenants affected by the situation in obtaining Income Support and re-assuring them their homes were not at risk. As a result of the financial support received by tenants from the States of Jersey, the Trust has not experienced any material change in rental income receipts since the outbreak of the pandemic.

The Trustees have agreed to defer any rental increases on its residential property portfolio that were due to be implemented on 1 November 2020 in order to further assist all of its tenants.

The redevelopment of Phase 2 of Troy Court was delayed slightly as a result of the pandemic, and completion of the project is now expected to be in May 2022.

12 Related party transactions

Accountancy and administration services were provided during the year at a cost of £41,950 (2018: £38,850) 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 £12,800 (2018: £13,400).

Quantity Surveying services were provided during the year at a cost of £30,000 (2018: £34,034) 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 (2018: £nil).

Legal and professional services were provided during the year at a cost of £6,253 (2018: £36,803) 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 (2018: £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

DETAILED PROPERTY REVENUE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Berry House	Clos De La Ville (No. 12)	Clos Lempriere (Nos. 16-25)	David Moon House	Dun Na Ri Apartments	Grands Vaux Court (MLH & MDLM)	Grands Vaux Court (MB)	Jardin de Haut (Nos. 3-16)	John Le Fondré Court	Landscape Grove
	£	£	£	£	£	£	£	£	£	£
Income										
Rent receivable	51,798	39,305	153,058	249,575	60,000	598,895	165,595	189,348	174,127	333,013
Management expenses										
Management fees	2,279	1,729	6,433	10,785	2,640	27,249	6,583	8,212	7,697	14,528
Professional fees	-	-	-	-	1,200	2,843	1,500	-	1,787	-
Sundry	-	-	-	-	-	570	112	-	-	-
	(2,279)	(1,729)	(6,433)	(10,785)	(3,840)	(30,662)	(8,195)	(8,212)	(9,484)	(14,528)
Repairs and maintenance	7,662	1,159	7,902	18,297	1,905	38,137	11,862	8,323	223,136	26,153
Service costs										
Rates	657	487	1,892	2,977	548	17,440	5,127	2,883	2,176	3,943
Insurance	1,871	1,478	4,323	6,410	1,228	12,225	2,910	3,844	4,944	6,342
Heat, light and water	620	-	27	4,350	(179)	22,617	(20)	-	4,666	6,070
Cleaning	2,699	-	-	9,990	-	1,160	365	-	7,665	10,245
Service charges	-	-	3,631	-	-	-	-	3,203	-	-
Tenant re-location grants	-	-	-	-	-	9,349	-	-	-	-
TV and cable services	84	-	-	-	-	1,132	-	-	-	-
Amortisation	-	-	829	-	-	5,670	-	1,007	-	-
	(5,931)	(1,965)	(10,702)	(23,727)	(1,597)	(69,593)	(8,382)	(10,937)	(19,451)	(26,600)
Total property expenses	(15,872)	(4,853)	(25,037)	(52,809)	(7,342)	(138,392)	(28,439)	(27,472)	(252,071)	(67,281)
Depreciation	(4,180)	(6,104)	(29,012)	(73,628)	(42,997)	(140,882)	(91,372)	(32,068)	(41,124)	-
Net income	31,746	28,348	99,009	123,138	9,661	319,621	45,784	129,808	(119,068)	265,732

LES VAUX HOUSING TRUST

DETAILED PROPERTY REVENUE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

	La Mabonnerie	La Ville Vautier (Nos. 1-13 & Westview)	Leonard Norman Close	Mourant Lodge	Perquage Court Crescent (Nos. 6 & 7)	Vale Court	Total
	£	£	£	£	£	£	£
Income							
Rent receivable	34,604	267,802	132,997	30,617	665,481	113,880	3,452,970
Management expenses							
Management fees	1,531	11,599	5,895	1,347	28,957	4,814	150,667
Professional fees	-	7,039	-	-	(127)	(275)	15,113
Sundry	-	-	-	-	-	-	682
	(1,531)	(18,638)	(5,895)	(1,347)	(28,830)	(4,539)	(166,462)
Repairs and maintenance	3,358	16,200	21,023	551	163,158	16,747	590,837
Service costs							
Rates	233	3,471	1,363	279	7,495	1,360	54,448
Insurance	1,035	4,919	3,836	1,059	11,305	2,709	75,386
Heat, light and water	-	234	365	-	16,819	2,318	59,741
Cleaning	-	1,581	4,790	-	5,516	4,582	55,532
Service charges	-	2,912	-	-	-	-	9,746
Tenant re-location grants	-	-	-	-	-	-	9,642
TV and cable services	-	-	171	-	-	260	1,647
Amortisation	-	-	-	-	-	-	7,506
	(1,268)	(13,117)	(10,525)	(1,338)	(41,135)	(11,229)	(273,648)
Total property expenses	(6,157)	(47,955)	(37,443)	(3,236)	(233,123)	(32,515)	(1,030,947)
Depreciation	(11,948)	(48,308)	(11,200)	(8,888)	-	-	(557,147)
Net income	16,499	171,539	84,354	18,493	432,358	81,365	1,864,876

LES VAUX HOUSING TRUST

FREEHOLD PROPERTIES AND BUILDINGS DEFECT INSURANCE

FOR THE YEAR ENDED 31 DECEMBER 2019

Properties	Freehold property £	Refurbishment £	Accumulated depreciation £	Total £	Defects insurance £	Amortisation £	Total £
Berry House	483,941	-	(104,488)	379,453	-	-	-
Clos De La Ville (No. 12)	305,212	-	(68,586)	236,626	-	-	-
Clos Lempriere (Nos. 16-25)	1,809,460	80,764	(316,795)	1,573,429	8,290	(4,559)	3,731
David Moon House	3,681,303	-	(813,916)	2,867,387	-	-	-
Dun Na Ri Apartments	1,261,161	-	(85,785)	1,175,376	-	-	-
Grands Vaux Court (MC, MLH & MDLM)	17,224,833	-	(140,882)	17,083,951	113,396	(5,670)	107,726
Grands Vaux Court (MB)	2,677,475	-	(228,430)	2,449,045	-	-	-
Jardin de Haut (Nos. 3-16)	2,389,098	-	(256,212)	2,132,886	10,073	(8,058)	2,015
John Le Fondré Court	2,496,227	-	(574,245)	1,921,982	-	-	-
Landscape Grove	2,189,157	372,303	(961,460)	1,600,000	-	-	-
La Mabonnerie	597,461	-	(124,765)	472,696	-	-	-
La Ville Vautier (Nos. 1-13 & Westview flats)	3,565,457	-	(386,465)	3,178,992	-	-	-
Leonard Norman Close	1,012,707	18,184	(276,607)	754,284	-	-	-
Mourant Lodge	444,388	-	(51,106)	393,282	-	-	-
Perquage Court	4,606,887	245,604	(2,707,643)	2,144,848	-	-	-
St Saviour's Crescent (Nos. 6 & 7)	1,477,656	9,414	(385,291)	1,101,779	-	-	-
Vale Court	459,189	257,839	(365,028)	352,000	-	-	-
At 31 December 2019	46,681,612	984,108	(7,847,704)	39,818,016	131,759	(18,287)	113,472
At 31 December 2018	46,622,988	2,211,050	(11,553,350)	37,280,688	56,381	(10,781)	45,600