

CTJ HOUSING TRUST
FINANCIAL STATEMENTS
AT 30 JUNE 2014

CTJ HOUSING TRUST

TRUSTEES

Diarmuid Lynes (Chairman)
Charles Day (Treasurer)
Edward Le Quesne (Secretary)
Andrew Jelley
Angela Le Sueur
Charles Thacker
John Scally
Mike LARBALESTIER

AUDIT COMMITTEE

Diarmuid Lynes
Charles Day
Edward Le Quesne
Mike LARBALESTIER

MANAGING AGENT

Voisin Hunter Limited
One The Esplanade
St Helier
Jersey JE2 3QA

ACCOUNTANTS

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

AUDITORS

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

BANKERS

HSBC
PO Box 14
St Helier
Jersey JE4 8NU

RBS International
PO Box 64
St Helier
Jersey JE4 8PJ

CTJ HOUSING TRUST
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FOR THE YEAR ENDED 30 JUNE 2014

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CTJ HOUSING TRUST

STRUCTURE, GOVERNANCE AND MANAGEMENT

Incorporation and Objectives

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

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

The registered office of the trust is:

c/o Voisin Hunter Limited
One The Esplanade
St Helier
Jersey
JE2 3QA

The Trust also maintains a website whose address is:

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

Trustees

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

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

Trustees who have served during the year were:

Diarmuid Lynes (Chairman) succeeded our first Chairman, Reg Jeune CBE who retired in October 2007. Diarmuid Lynes has been a trustee since 1995. He was formerly Managing Director of AIB in Jersey and is now retired.

Charles Day (Treasurer) is a Chartered Accountant, a former Group Finance Director of the Channel Television Group and Financial Director of P&O Ferries. He was appointed in April 2009.

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

Edward Le Quesne (Secretary) who retired as Head of Science at Victoria College in 2001. Ed is a Methodist local preacher and an active member of several charities in the island. He was appointed a trustee in 1995.

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

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

Charles Thacker is an Advocate and provides us with a legal view on matters that come up for discussion between trustees. His firm, Viberts, have handled the acquisitions of our properties. He was appointed a trustee in 1995.

Mike Larbalestier

Mike Larbalestier is a Chartered Fellow of the Chartered Institute for Securities and Investment. He has been an investment manager/director locally since 1984, working for Rossborough Financial, Abacus, Morgan Grenfell, and Quilter Goodison. He was appointed in February 2013.

CTJ HOUSING TRUST

STRUCTURE, GOVERNANCE AND MANAGEMENT

Property and Tenant Administration

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

Accountancy Services

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

Audit Committee

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

The audit committee comprises the Chairman, Treasurer and two further trustees with a partner from the Trust's auditors in attendance. Members of the audit committee are:

Diarmuid Lynes
Charles Day
Edward Le Quesne
Andrew Jelley (resigned 12 September 2013)
Mike Larbalestier (appointed 12 September 2013)

Property Portfolio – 143 units

Lempriere Street, St Helier

1 One bedroom flat
2 Four bedroom houses

Bas du Mont, St Helier

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

Le Benefice, St Clements

64 Three bedroom houses
9 Four bedroom houses

Clos des Charmes, St Peter

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

Les Freres, Grouville

20 Two bedroom bungalows

CTJ HOUSING TRUST

TRUSTEES' REPORT

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

So far as the Trustees are aware, there is no relevant audit information of which the Trust's auditors are unaware, and each Trustee has taken all steps that he or she ought to have taken as a Trustee in order to make himself or herself aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

CTJ HOUSING TRUST

TRUSTEES' REPORT (continued)

BUSINESS OBJECTIVES AND STRATEGIES

The objective of the trust is to provide social rented housing to the residents of Jersey.

As mentioned in our Chairman's Statement we have acquired a further 20 units. Our objectives are to manage the assets of the Trust on a prudent and controlled basis. We have the capability of taking on more units with the resultant borrowing and will be looking at opportunities in the coming months. We have refined our objectives to look at providing accommodation for the more marginalised. We would like also to provide Shared Equity Housing particularly for young people and look forward to working with the Government to achieve these aims.

The trust has signed up to participate in Gateway a joint waiting list for all the Housing Trusts. Whilst we are supportive for the criteria for inclusion on this list, but being an independent charity the trustees have reserved the right, in exceptional circumstances, to determine if a potential tenant should be housed by the trust notwithstanding that they do not meet the strict criteria of Gateway.

The States of Jersey are in the process of transforming the provision of social housing. This includes the appointment of a regulator for social housing trusts. Whilst we are generally supportive of the proposals we are concerned that regulation must be "light touch and proportional to size". We understand that the appointment of a regulator is not currently a priority.

The trust has entered into an agreement with the States of Jersey not to set rents at a level in excess of fair rents as defined by them; in return the States of Jersey have guaranteed that should fair rents not be increased by as much as the increases in the funding model developed by them, they will make available funds to make loan repayments as they fall due or notify the trust that it should increase rents above the fair rent levels set by them. Currently fair rents are more than 10% below the rents anticipated in the funding model. All loans have capping arrangements reducing the trust's exposure to interest rate rises.

We meet with the trustees of other housing trusts to discuss items of mutual interest. We now have arranged meeting on a quarterly basis 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.

At the year end the trust owned 143 housing units; all of which were tenanted. The trust has been generating significant cash flow surpluses; these will be needed to meet future loan repayment commitments. The long term projection for the trust shows that is financially viable. The management agents frequently attend our developments, making themselves available to our tenants. They have encouraged the creation of tenants associations. The trustees visit our sites at least once a year to be approachable for tenants to let them know of any concerns they may have in person.

The trustees believe they are meeting the objective of the trust and are responsible landlords.

**CHAIRMAN'S REPORT TO THE TRUSTEES OF
CTJ HOUSING TRUST
FOR THE YEAR ENDED 30 JUNE 2014**

The CTJ Housing Trust exists to provide social rented housing to the residents of Jersey. I believe that we are succeeding in that objective and the Trust now finds itself in a position of wanting to expand the number of units it owns and contribute in some way to help meet the need for more social housing in Jersey.

I am pleased to report that we have had a very satisfactory year and all our estates are running smoothly. Our income account shows a surplus of £ 1,121,677 for the year compared to £1,078,174 for the previous year. The trustees are of the opinion that the surplus needs to be retained to meet future liabilities of the trust.

At the start of the financial year we completed the purchase of the Les Frères, a development of lifelong homes for those over fifty five, consisting of twenty bungalows each with two bedrooms. An opening ceremony was held in September attended by nearly all the new tenants. David Kirsh, who was the inspiration for the development, opened the estate and attended by Andrew Green, housing minister.

As a result of the changes in regulation of social housing in Jersey the trust decided to recruit a part time secretary to assist with the administration; costs being shared with another housing trust and our managing agents.

We have started to evaluate two potential sites for development; but no decision has been made as to whether we should take one of them forward. The trustees feel that being one of the smaller housing trusts that we should additionally consider niche projects, which would provide social housing for those not currently, catered for by the larger trusts. In fact we have met representatives of Strategic Housing Unit very recently to discuss our Plans.

I would like to thank our management agents Voisin-Hunter Limited for the professional manner in which they have managed our properties; as well as providing considerable assistance with the purchase of Les Frères. Our relationship has worked extremely well and I am pleased to report again that our rent arrears have reduced from this time last year. I would also like to thank Alex Picot who provides accountancy services to the trust including the production of the quarterly management accounts.

Our treasurer, Charles Day, has expressed a wish to resign from the trust for family reasons. I want to personally thank Charles for all his excellent work in his time as Treasurer and wish him well in his return to the UK to be near his Family. I am pleased to say that subsequent to our year-end Hugh Lawton has been appointed a trustee and will shortly be taking on the role of treasurer. I would like to express my thanks to my fellow trustees; without whose continued help it would not have been possible to run this trust in an efficient manner.

Diarmuid Lynes
Chairman
2 October 2014

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

We have audited the financial statements of CTJ Housing Trust for the year ended 30 June 2014 on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards.

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Trustees Responsibilities on page 3 in respect to the financial statements the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit opinion

An audit includes obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the entity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. We read the financial and non-financial information in the Trustees' and Chairman's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the entity's affairs as at 30 June 2014 and of its net income for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Accounting Standards; and
- the information given in the Trustees' and Chairman's Report is consistent with the financial statements.

4 November 2014

Donald Raymond Connolly
For and on behalf of
Alex Picot Chartered Accountants

CTJ HOUSING TRUST

BALANCE SHEET AT 30 JUNE 2014

	Note	2014		2013	
		£	£	£	£
TANGIBLE FIXED ASSETS	5, 6		28,099,983		24,001,600
CURRENT ASSETS					
Debtors and prepayments	7	82,661		74,294	
Cash and cash equivalents	1	3,664,147		4,333,582	
		<u>3,746,808</u>		<u>4,407,876</u>	
CREDITORS: Amounts falling due within one year					
Loans payable	10	408,506		281,720	
Sundry creditors and accruals	8	66,920		15,427	
Tenants' deposits	9	61,100		52,800	
		<u>536,526</u>		<u>349,947</u>	
NET CURRENT ASSETS			<u>3,210,282</u>		<u>4,057,929</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			31,310,265		28,059,529
CREDITORS: Amounts falling due after more than one year					
Loans Payable	10		22,623,620		20,494,561
			<u>£8,686,645</u>		<u>£7,564,968</u>
CAPITAL AND RESERVES					
Income account	11		6,149,333		5,027,656
Capital account	12		2,537,312		2,537,312
			<u>£8,686,645</u>		<u>£7,564,968</u>

The financial statements were approved by the Trustees on 2 October 2014 and signed on their behalf by:

DIARMUID LYNES

.....
Chairman

CHARLES DAY

.....
Treasurer

CTJ HOUSING TRUST
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 £	2013 £
Income from property rentals	1	1,818,271	1,581,372
Property expenses	2	(214,745)	(146,356)
Recovery of provision for doubtful debts		(1,161)	10,055
NET PROPERTY INCOME		<u>1,602,365</u>	<u>1,445,071</u>
Operating expenses	3	(106,843)	(82,322)
NET OPERATING INCOME		<u>1,495,522</u>	<u>1,362,749</u>
Interest receivable		18,972	25,084
Interest payable and similar charges		(392,817)	(309,659)
RETAINED INCOME FOR THE YEAR		<u><u>£1,121,677</u></u>	<u><u>£1,078,174</u></u>

All operations of the Trust are classified as continuing.

There is no difference between the retained income for the year and its historical cost equivalent.
The Trust has no gains and losses other than the income and expenditure for the year.

CTJ HOUSING TRUST
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	2014		2013	
	£	£	£	£
NET CASH FLOW FROM OPERATING ACTIVITIES (Note 1)		1,546,948		1,332,108
Returns on investing and servicing of finance				
Interest paid	(372,782)		(309,659)	
Interest received	18,973		25,084	
		(353,809)		(284,575)
NET CASH OUTFLOW FROM RETURNS ON INVESTING AND SERVICING OF FINANCE		(353,809)		(284,575)
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(4,098,383)		(3,600)	
		(4,098,383)		(3,600)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(4,098,383)		(3,600)
Financing:				
Loan principal repayments	(346,819)		(220,276)	
Loan drawdown	3,000,000		-	
Loan arrangement and cap fees	(417,372)		-	
		2,235,809		(220,276)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING		2,235,809		(220,276)
(DECREASE)/INCREASE IN CASH IN THE YEAR (Notes 2 and 3)		<u>£(669,435)</u>		<u>£823,657</u>

CTJ HOUSING TRUST
NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

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

	2014	2013
	£	£
Operating income	1,495,552	1,362,749
Increase in debtors and prepayments	(8,367)	(31,514)
Increase in sundry creditors and accruals	59,793	873
	<u>£1,546,948</u>	<u>£1,332,108</u>

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

	2014	2013
	£	£
(Decrease)/increase in cash in the year	(669,435)	823,657
Loan principal payments	346,819	220,276
	<u>(322,616)</u>	<u>1,043,933</u>
Movement in net debt in the year	(322,616)	1,043,933
Opening net debt	(16,442,699)	(17,486,632)
	<u>£(16,765,315)</u>	<u>£(16,442,699)</u>
Closing net debt	<u>£(16,765,315)</u>	<u>£(16,442,699)</u>

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

	1 July 2013	Cash flows	30 June 2014
	£	£	£
Cash and cash equivalents	4,333,582	(669,435)	3,664,147
	<u>(281,720)</u>	<u>(126,786)</u>	<u>(408,506)</u>
Debt due within one year	(281,720)	(126,786)	(408,506)
Debt due after one year	(20,494,561)	(2,129,059)	(22,623,620)
	<u>(20,776,281)</u>	<u>(2,255,845)</u>	<u>(23,032,126)</u>
	<u>£(16,442,699)</u>	<u>£(2,925,280)</u>	<u>£(19,367,979)</u>

CTJ HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES

1.1 Principal accounting policies

The financial statements have been prepared in accordance with generally accepted accounting standards in the United Kingdom, as adopted/deemed appropriate in accordance with the constitution, and have been prepared, where appropriate, in accordance with the Statement of Recommended Practice – Accounting by Registered Social Landlords ('the SORP') given that the SORP has been prepared for social landlords registered as housing associations within the United Kingdom.

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

1.2 Basis of preparation

The financial statements have been prepared under the historical cost convention and under the presumption that the Trust is carrying on business as a going concern.

1.3 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise of deemed deposits and short term deposits with maturities of 12 months or less. As at 30 June 2014, all cash and cash equivalents were held in bank accounts at HSBC Bank plc and Royal Bank of Scotland International Ltd.

1.4 Income and expenditure

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

Rental income is not arranged on an arm's length basis since residential rentals must not exceed the maximum rentals set by the States of Jersey Housing Department's own fair rent structure.

1.5 Loan interest

Loan interest is accounted for on the date it is charged. Interest charged during refurbishment of investment properties is capitalised until the development is completed and thereafter it is charged to the Income and Expenditure Account.

1.6 Deposit interest

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

1.8 Tangible fixed assets

Freehold properties held are stated in the financial statements at valuation.

1.7 Taxation

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

CTJ HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2014

2. PROPERTY EXPENSES	2014	2013
	£	£
Maintenance and gardening	154,798	99,163
Insurance	16,716	10,448
Rates	19,749	19,711
Heat, light and water	5,470	4,173
Cleaning and caretaking	6,953	7,589
Other	276	242
Service charges	5,392	5,030
Legal and professional fees	5,391	-
	<u>£214,745</u>	<u>£146,356</u>
 3. OPERATING EXPENSES	 2014	 2013
	£	£
Property management fees	80,121	69,910
Audit fee	2,070	2,250
Trustees insurance	4,000	4,000
Legal and professional	6,623	6,000
Administration and secretarial fee	13,875	-
Travel and other expenses	154	162
	<u>£106,843</u>	<u>£82,322</u>
 4. LOAN INTEREST	 2014	 2013
	£	£
Gross interest on loans due to lenders	392,758	309,552
Subsidy from the States of Jersey	-	-
	<u>£392,758</u>	<u>£309,552</u>
 5. HOUSING PROPERTIES AT VALUATION	 2014	 2013
	£	£
8, 12 and 12a Lempriere Street, St Helier, Jersey	581,000	581,000
Bas du Mont, St Helier, Jersey	2,487,000	2,487,000
Le Bénéfice, St Clement, Jersey	15,510,000	15,510,000
Clos des Charmes, St Peter, Jersey	5,420,000	5,420,000
Le Freres, Grouville, Jersey	4,101,983	3,600
	<u>£28,099,983</u>	<u>£24,001,600</u>

CTJ HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2014

6. TANGIBLE FIXED ASSETS

	8, 12 & 12a Lempriere Street (i) £	Bas du Mont (ii) £	Le Bénéfice (ii) £	Clos des Charmes (ii) £	Les Freres (iii) £	Total £
At cost at 1 July 2013	581,000	2,487,000	15,510,000	5,420,000	3,600	24,001,600
Additions	-	-	-	-	4,098,383	4,098,383
At valuation and subsequent cost at 30 June 2014	<u>581,000</u>	<u>2,487,000</u>	<u>15,510,000</u>	<u>5,420,000</u>	<u>4,101,983</u>	<u>28,099,983</u>

(i) The property has a legal charge secured against it with The Royal Bank of Scotland International.

(ii) These properties have a legal charge secured against them with HSBC Bank.

(iii) On 5 July 2013 the trust acquired Les Freres for a total cost of £4,098,383. During the previous year the trust spent £3,600 in connection with the eventual purchase and these costs have been capitalised above.

(iv) The properties were re-valued on an existing use basis by Buckley & Co Limited in June 2011. Subsequent to this valuation additions are shown at cost.

CTJ HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2014

7. DEBTORS

	2014	2013
	£	£
Rent receivable	62,996	59,287
Bad debt provision	(25,108)	(23,947)
	<u>37,888</u>	<u>35,340</u>
Other debtors	44,773	38,954
	<u><u>£82,661</u></u>	<u><u>£74,294</u></u>

8. SUNDRY CREDITORS AND ACCRUALS

	2014	2013
	£	£
Rates	9,827	9,731
Audit fees	2,320	2,250
Accountancy fees	4,500	3,250
Retention	50,250	-
Other	23	196
	<u><u>£66,920</u></u>	<u><u>£15,427</u></u>

9. TENANTS' DEPOSITS

£61,100 (2013: £52,800) represents deposits received from tenants. All deposits shall be repaid to the tenants at the expiry or earlier determination of the tenancy subject only to the deduction therefrom of any arrears of rent and a reasonable amount in respect of any damage to the premises by the tenant.

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

	2014	2013
	£	£
The Royal Bank of Scotland International (a)	326,149	326,149
HSBC Bank (b)	2,552,584	2,552,584
HSBC Bank (c)	12,855,243	12,855,243
HSBC Bank (d)	4,760,585	4,760,585
HSBC Bank (e)	2,934,900	-
Arrangement fee (over 5 years)	(30,625)	-
3% Base rate cap (over 20 years)	(366,710)	-
	<u><u>£23,032,126</u></u>	<u><u>£20,494,561</u></u>

Loan payment analysis

	£	£
Due within one year	408,506	281,720
Due in more than one year but not more than two years	480,834	348,422
Due in more than two years but not more than five years	4,224,409	1,523,884
Due in more than five years	<u>17,918,377</u>	<u>18,622,255</u>
	<u><u>£23,032,126</u></u>	<u><u>£20,776,281</u></u>

CTJ HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2014

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

Loan payment analysis (continued)

The loan from The Royal Bank of Scotland International is at the Bank's Base Rate plus 1% per annum, repayable over 26 years and is secured by a first ranking Registered Promissory Note in the sum of £414,500 over the Trust's property at Lempriere Street and a Security Interest Agreement in respect of monies held with the bank in the Rent Account. Repayment of the loan is in accordance with a schedule of repayments.

The rate of interest paid on this loan is limited to 4% per annum; a sum equal to the difference between interest at the rate of 4% on the amount outstanding, and, if greater than 4%, the actual interest rate payable in accordance with the terms of the borrowing, will be paid by the States of Jersey Housing Committee. The level of interest subsidy paid will be reviewed every fifth year; the last review being due in 2013.

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

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

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

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

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

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

- (e) The loan bears interest at the Bank's Base Rate plus 2% and is repayable in July 2018, being 5 years after the drawdown date. However the loan is being repaid over a 25 year repayment plan on the basis that it will be renewed on similar terms in July 2018. The loan is secured by a Registered Promissory Note in the sum of £3,000,000 attaching to Land and Property at Field 148, Rue des Maltières, Grouville (now Les Freres).

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

An arrangement fee of £36,250 was paid on drawdown, and was capitalised against the outstanding balance of the loan. It is being amortised over the life of the loan.

CTJ HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2014

11. INCOME ACCOUNT

	2014	2013
	£	£
At beginning of the year	5,027,656	3,949,482
Net income retained for the year	<u>1,121,677</u>	<u>1,078,174</u>
At end of the year	<u>£6,149,333</u>	<u>£5,027,656</u>

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

12. CAPITAL ACCOUNT

	2014	2013
At beginning and end of the year	<u>£2,537,312</u>	<u>£2,537,312</u>

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

13. RELATED PARTIES

The following are related parties as defined by Financial Reporting Standards No 8 "Related Party Disclosures" (FRS 8):

- (a) The Trustees
No fees or expenses were paid to the Trustees for the year ended 30 June 2014.
- (b) There are no entities transacted by the Trust during the year where the Trustees have a relationship with.

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

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

The controlling parties of the Trust as defined by FRS 8 are the Trustees of the Trust, whose only benefits are outlined above.

14. ULTIMATE CONTROLLING PARTY

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