ANDIUM
HOMES
Building Communities

Annual Report 2023

Contents

About Us

What we do
Jersey's largest residential developer and landlord, managing more than 4,900 properties and providing homes and landlord services for more than 10,000 Islanders.

Company Secretary
Fiona Halliwell

Legal Form of the Entity
Private company limited by guarantee.

Solicitors
Corporate, employment & residential management
BCR Law LLP
12 Hill Street
St Helier, Jersey, JE2 4UA

Residential Conveyancing
Bedell Cristin
26 New Street
St Helier, Jersey, JE2 3RA

Commercial Property Development
Viberts
Viberts House, Don Street
St Helier, Jersey, JE4 8ZQ

Country of Incorporation
Jersey

Auditor
Baker Tilly Channel Islands Limited
2nd Floor
Lime Grove House
Green Street
St Helier
Jersey
JE2 4UB

Address of the Registered Office
33-35 Don Street
St Helier, Jersey, JE2 4TQ

Banker
HSBC
Halkett Street
St Helier, Jersey, JE4 8NJ

The Board

Richard McCarthy CBE
Chair
Richard is an experienced Chair and Non-Executive Director with a significant track record and senior leadership experience in the affordable housing sector in England. Along with several other key Executive and Non-Executive positions, Richard was the Chief Executive of both The Peabody Trust and The Horizon Housing Group. He was also the Chairman of The National Housing Federation from 2000-2003.

Jason Laity
Senior Independent Director
Jason has spent his business career in Jersey. He was Senior Partner and Chairman of KPMG in the Channel Islands until 30 September 2019. He is a Chartered Accountant and holds a number of other Non-Executive Board positions, consultancy and charitable roles.

Judy Beaumont
Tenant Director
Judy has been resident and worked in Jersey for 32 years, having initially trained as a Nursery Nurse, Judy then worked in Manchester as a traffic warden, returning to childcare in nurseries and school in Jersey.

Joanna Walus-Bochenska
Tenant Director
Joanna has been resident in Jersey for 21 years and has worked across multiple sectors including hospitality and tourism, in which she has a Master's Degree, and sales and administration.

Elaine Bailey
Independent Director
Elaine was previously Chief Executive of Hyde Housing Group, which manages 50,000 homes and develops 1,500 homes a year in the South East of England.

Julian Box
Independent Director
With a career spanning over 35 years, building businesses that help steer organisations across the globe towards operational excellence through innovative technology. His expertise, lies in crafting dynamic and agile data focussed solutions.

Jonathan Day
Independent Director
Jonathan is a Chartered Accountant with over 25 years of experience in providing financial and business advice to Jersey businesses and individuals. He is the founder of a Jersey consultancy practice, which specialises in supporting local start-up and fast growth businesses in the Fintech space.

Ian Gallichan
Chief Executive
A Jerseyman, Ian was educated at Victoria College, beginning his career as an officer in the Royal Hong Kong Police. Ian joined the Housing Department in 1991 and has progressed through the organisation working in every aspect of social housing.

Lindsay Wood
Chief Finance and Operations Director
Lindsay is a Fellow Chartered Accountant; she has been instrumental in leading Andium's finances since joining the team in 2011 to help to develop the business case for the creation of Andium Homes, and now leads delivery and development across all aspects of Andium's service.

Our Vision and Values

Our Vision and Values guide our Strategic Approach

Our Vision
Great homes and services for all who need them

Our core values are the principles we believe in

Client obsessed
We are obsessed with delivering an excellent, consistent and personal client experience - every time.

Results driven
We work hard to deliver tangible, commercial and sustainable benefits to our clients and for our Island, in collaboration with our key stakeholders.

Passionate
We are passionate, dynamic and proud to be part of Andium Homes.

Resilient
We are resilient, positive and self-motivated when working in a demanding, fast paced and ever-changing landscape.

Courageous
We are courageous, pro-active and enjoy pushing the boundaries, in design, innovation and service delivery.

Acting with integrity and respect
We act with integrity and honesty and build mutual trust and respect amongst ourselves, with our clients, our Guarantor and other stakeholders.

Chair's Statement

Richard McCarthy CBE

Reflections of 2023: At a time when new UK housing supply numbers are falling well short of development targets, I am delighted at the significant progress that Andium Homes continues to make with its own delivery programme, albeit under circumstances that made 2023, and indeed the tail end of 2022, more challenging than ever.

There is nowhere to hide from the uncertainty caused by the rising cost of living and rising industry costs, but Andium's business model remains strong, and the Company continues to deliver to high standards. These activities are covered more fully in the Chief Executive's Review so I will do no more than set out the highlights here. I am immensely proud of everything achieved throughout 2023.

Key achievements

- 232 new homes delivered at Cyril Le Marquand Court and Edinburgh House
- 749 new homes in construction and due for delivery over the coming 3 years
- Modern Methods of Construction being used on two large scale new developments at The Limes and Northern Quarter
- 100% Decent Homes Standard maintained
- 43 new home owners created utilising our Andium Homebuy Scheme
- 22,000 visitors to our new client Hub
- 1,855 self service sessions recorded on our new Kiosk and Tablet services

The north of town continues to be a focus for Andium. The newly completed Cyril Le Marquand Court, providing 165 new homes, basement shopper and resident parking, private balconies and landscaped communal gardens and open public realm, is a key regeneration project as well as much needed new homes. Andium's contribution to the transformation of this area of town has been remarkable and is now being rightly noticed.

This will be further complemented with the completion of The Mayfair development in 2025, the Northern Quarter in 2026 and Ann Street Brewery in 2027. These developments will provide an additional 619 homes, secure basement parking for residents, designated cycle and footpaths, and electric car club, large public green open space and new commercial opportunities introducing cafés and offices. Their collective impact will be significant.

The success of our delivery programme is evident from current demand on the Affordable Housing Gateway, which has decreased significantly over the last 12 months. This provides many opportunities for Andium to do more, and assist more islanders with access to good quality homes that they need - both for rent but also home ownership.

232
New homes delivered

749
New homes in contruction

100%
Decent Homes Standard maintained

We, therefore, welcome the action taken and future plans to widen the rental Gateway criteria and the changes made to home ownership criteria, which will need to remain under review. These changes bring real benefit to many Islanders, helping them to access good quality and secure homes, remain on the Island and contribute to its economic impact and its social success.

I look forward to working with our Shareholder, and the Minister for Housing, in defining the next path for Andium Homes which meets their own policy objectives and protects our service delivery and pipeline of future development to continue the transformation and extension of our affordable housing offer to the people of Jersey.

In addition to our successful delivery programme, our support to communities during 2023 reached £1.04m. This support is partly provided through subsidies in rent charged for a number of properties occupied by charities, parking permits for those delivering care to our clients, and the use of our Community rooms.

During 2023 we strengthened our relationship further with Autism Jersey, who now run their Adult Social Club from our Brighton Close Community Room. It would not be possible for them to run this service without our support and the benefit to their clients has been significant, for many of them this is the only social experience they are able to manage. We will also be delivering a new base for the charity at Sans Souci on the Ann Street Brewery development.

We have also handed over the new Community Room at Edinburgh House to Jersey Cheshire Home, who plan to use the space to empower disabled individuals through effective collaboration with other charities, whilst also creating a hub for the wider community.

I referenced at the beginning of my statement that 2023, and the tail end of 2022, had been the most challenging of years for Andium Homes, and indeed the Island as a whole.

The success of our delivery programme is evident from current demand on the Affordable Housing Gateway.

I am incredibly proud of the response of the whole organisation to the tragic events of 10 December 2022 at Haut Du Mont, the devasting flooding at Grands Vaux in January 2023, and the destruction caused by Storm Ciarán in November 2023.

Richard McCarthy CBE, Chair
18 April 2024

Chief Executive's Review

Ian K Gallichan

2023 was without doubt one of the most challenging years for Andium Homes, our clients and our colleagues. Dealing with three major incidents whilst maintaining our business as usual services, and delivery of new homes, with a backdrop of rising industry costs, cost of living increases and rising interest rates, certainly put us to the test. Notwithstanding those challenges, 2023 also brought many significant achievements.

Our delivery programme remains strong. We were delighted to see the successful completion of 232 new homes at Cyril Le Marquand Court and Edinburgh House. These developments offer homes of the highest standards, with secure basement parking, private balconies and landscaped communal gardens. The pedestrianisation of Providence Street by Cyril Le Marquand Court has also created a large new public amenity space, contributing to our wider placemaking.

There are a further 749 homes in construction at The Limes, The Mayfair, Northern Quarter and Ann Street Brewery, which will all complete over the coming 3 years.

Our commitment to exploring more Modern Methods of Construction is being demonstrated at the Northern Quarter and The Limes, where homes are being constructed using Sigmat's Light Gauge Steel Framing (LGSF) and HadleyFrame's LGSF. These Modern Methods of Construction offer an offsite pre-panelised system, reducing on-site time and labour costs. It also reduces onsite waste material and embodied carbon in the building fabric.

With a cost-of-living crisis, interest rates at 15 year highs and affordability on mortgages at historic lows, 2023 was a particularly challenging year for sales – with sales transactions across the market some 44% down on 2022. Earlier in the year we were able to identify that as house prices had increased and interest rates had risen, there was a growing cohort of aspiring buyers who were unable to buy on the market unassisted, despite having incomes above the maximum level specified in the Assisted Purchase criteria.

Working with the Minister for Housing we helped develop new policy proposals which led to increases in maximum household income levels for assisted purchase sales going forwards.

Through our Andium Homebuy Scheme we were able to assist 43 families into home ownership in 2023, those sales representing 10% of all property sales in Jersey during the year. Given the economic climate we were working within, this is an excellent result.

Our homes and the Andium Homebuy Scheme continue to be popular and we were pleased to release additional homes in the second half of the year at Les Maisonettes, First Tower, where 6 homes passed contract before the year-end.

43
Families assisted into home ownership

646
New tenancies signed

Previous concerns around sufficient mortgage capacity was alleviated by the addition of another lender in supporting the Andium Homebuy Scheme – this means we now have all mainstream lenders in the Island supporting our clients in their purchase of an Andium home.

Releasing homes for sale in 2023 was aided by the significant new supply being delivered, providing an incentive for tenants to downsize and release homes for sale. We entered 2024 with a healthy pipeline of 17 properties to sell.

We are delighted to be working with Government of Jersey to develop the new “First Step” scheme, utilising the £10m ring-fenced within the Government of Jersey's Plan to fund a Private Sector Shared Equity Scheme. This was launched by the Minister for Housing in September 2023, and we are now delivering this exciting new scheme on behalf of the Government of Jersey.

With our standard void turnover and the newly built homes, we signed 646 new tenancies during the year. Indeed, we saw a real change in the balance of supply and demand with our successful build programme generating additional 2 bedroom properties.

This provided an opportunity to widen the Gateway criteria to enable more Islanders to access our homes.

There are a further 749 homes in construction at The Limes, The Mayfair, Northern Quarter and Ann Street Brewery.

This was supported by the Minister for Housing with the publication of his “Roadmap for improving access to social housing in Jersey”, which saw the criteria widened from September. It is therefore clear that the new homes we are delivering are having a positive impact on managing demand, and there has been no better time to apply for those in housing need, or those who feel they would benefit from the long-term security that our homes offer.

With a backdrop of the cost of living increases and rising interest rates, the overall performance of the Company has been outstanding.

The new client Hub on the ground floor of our office has been positively welcomed by clients and visitors alike. The service we deliver has been transformed, from that of a traditional desk reception experience, to a more friendly and accessible service. Clients are able to access the entire ground floor of our office and are invited to do so, ensuring that each of the differing meeting spaces are being used as intended. Since opening in February we have welcomed more than 22,000 visitors, and 1,855 self-service sessions have been recorded using our Kiosk and Tablet services.

With a backdrop of rising industry costs, cost of living increases and rising interest rates, the overall performance of the Company has been outstanding. We do though already have plans in place to review and improve areas of the business where the landscape has changed significantly and service development is needed largely in our sales and lettings areas.

Whilst we have had some limited growth over the last 12 months, Andium Homes remains an organisation of less than 70 individuals. To have accomplished things that we set out to achieve in 2023, in addition to successfully managing some of the most devastating and high impact incidents, demonstrates the resilience of those that work for the Company, and the passion for what they do best.

I remain tremendously proud of our Andium colleagues and all they achieved in 2023. I am grateful to my Executive Team for their continued commitment to steering the Company and supporting colleagues in what has been one of Andium's most challenging years to date.

Ian K Gallichan Chief Executive
18 April 2024

22k
Visitors welcomed to the new client Hub

1.8k
Self-service sessions recorded


JERSEY CHESHIRE HOME

Chief Finance and Operations Officer's Review

Lindsay Wood

Overview: 2023 has been a challenging year during which our financial stability has enabled us to remain focused on delivering quality services for clients and progressing our longer-term objectives.

Providing opportunities for people to access good quality rental homes, and creating opportunities for homeownership is our key focus. We have developed a robust and sustainable business model to enable us to deliver against this.

Affordability is a key challenge for Islanders, particularly given the persistent high inflation and increases in interest rates seen in 2023. Increases in the cost of living can be felt in all aspects of our lives, and increases in interest rates are making home ownership ever more challenging. We continue to play our part by offering homes for rental and sale at below market rates, and by supplying more homes so that more people can access our services.

We apply the Government of Jersey's rent policy for social housing which sees us provide new tenancies at 20% below market rent values, with annual increases capped at a maximum of 4%. Affordability is further enhanced through the Government of Jersey's Income Support scheme which provides support up to the full amount of rent we charge, dependent on individual circumstances.

Our average rent charge across our 4,822 socially rented homes is £1,118 per month, which equates to an average of 73% of market rent.

Home ownership opportunities are provided through our Andium Homebuy scheme. This provides for up to 25% of the purchase price to be deferred until the home is next sold. This scheme has made homeownership a reality for 337 families since we incorporated in 2014. Our Limes development will offer 35 new homes for sale early in 2024, with net sales prices from £255k for 1-beds and £334k for 2-beds, both including parking. This compares favourably to the average price of £335k for a 1-bed and £500k for a 2-bed in the private market.

Our capital programme is progressing well, with 232 new homes delivered in 2023 and 749 new homes currently coming out of the ground at the Limes, Mayfair, Northern Quarter and Ann Street Brewery sites. This will take our delivery to 1,748 new homes.

Our business model

Our business model is funded from the rental income we receive from our clients and the sale of properties through our Andium Homebuy scheme. Our capital programme is funded through borrowing, which is then repaid by income generated from the homes created.

Like many businesses, and indeed Islanders more widely, increased costs due to persistent inflation and increased interest rates have increased our outgoings which has not been offset by compensatory increases in income. In fact, over the last four years, clients have been protected from rent increases with two years of rent freezes and modest increases in January 2023 and 2024 in line with the rent policy set by Government of Jersey. In that period, our average rent has increased by 5.5% whilst RPI increased by 24.3%. Over that same period, the Bank of England base rate has increased from 0.1% to 5.25%.

We also continued to make a significant return to the Government of Jersey each year, with £29m delivered in 2023 and a further £29m forecast for 2024. Recent adjustments to the Return we make to Government, in relation to changes to the Government of Jersey's rent policy, have been welcomed.

In addition to those broader economic challenges, the significant events experienced in 2023 and the ongoing consequences of the tragic event at Haut Du Mont at the end of 2022 have inevitably added financial challenges as well as impacting the lives of our clients.

I am extremely proud of the way in which Andium responded to the incidents and whilst I sincerely hope we do not see events like these again, I am confident that we have robust and effective plans in place and the experience to manage them alongside relevant stakeholders.

We continued to make a significant return to the Government of Jersey each year, with £29m delivered in 2023 and £29m forecast for 2024.

In response to the major incidents, we provided all the funding necessary to provide the necessary support to affected clients, with £2.2m invested in response to these incidents in 2023. Because of the significant maintenance contracts and strong partnerships in place, we were able to deliver repairs quickly whilst also providing value for money, and the majority of this is covered through insurance. Our contracting partners and our colleagues at Andium pulled out all the stops to help our clients through the major incidents, showing their compassion and professionalism in the face of such challenging events.

£61.8m
Rental income

£29.1m
Return to Government of Jersey

£18.4m
Net proceeds from existing property sales to reinvest in new developments

We have maintained the Decent Homes Standard, and the higher Modern Facilities Standard, for all our homes in 2023. We invested £14.5m in the maintenance and safety of our homes in 2023 and plan to spend £18.3m in 2024. Maintaining the quality of our homes is one of our fundamental principles and we will continue to invest what is necessary to maintain our standards and increase them further. Indeed, there are areas of our stock of homes that will see further upgrades in the coming years.

In addition to maintaining our existing properties for clients, a key part of our business is developing new homes for Islanders with 232 new homes delivered in 2023.

We are committed to delivering more homes and will continue to progress opportunities for new home delivery.

We are pursuing opportunities to develop further sites, including on Government land and private land such as the fields re-zoned in the Bridging Island Plan.

In addition, we are looking at opportunities to intensify our existing estates where there is scope to do so and where the estate would benefit from modernisation, such as Les Cinq Chenes estate.

Our other source of funding for reinvestment in to new developments comes from the sale of a proportion of our existing properties which provides a great opportunity for eligible First-Time Buyers to own their own home.

43 homes were sold to First Time Buyers in 2023, generating £18.4m of net proceeds for Andium to invest in the delivery of new homes. This was a significant achievement against a backdrop of such a challenging market, and outperformed the wider market which saw a 44% reduction in activity.

£86.1m
Spent on developments during the year

2023 was a challenging year due to the significant events faced, including the aftermath of the tragedy at Haut Du Mont. Increased affordability challenges experienced by our clients due to persistent high inflation and interest rates at a 15 year high have added to the challenges. The Island has been through a lot over the past year or so and continues to face challenges as we move towards a new normal economic environment. We continue to work tirelessly to provide the homes and services needed to improve the lives of Islanders.

Whilst Andium has been affected by costs increasing at a higher rate than our income, our business model remains resilient. Our regular monitoring and long-term planning over a 40-year period enables us to predict the impact of the financial risks currently being experienced to ensure we remain financially strong over the long term.

The Minister for Housing has indicated that he wishes to review the rent policy. We welcome this review, which sits hand in hand with a review of our return to Government of Jersey in order that our business model remains robust. We work closely with the Minister for Treasury & Resources and the Minister for Housing to consider the necessary steps to ensure the consistent delivery of good quality homes and to continue our delivery of new homes.

In 2024, with the delivery of 130 new homes planned at our Limes development there are more opportunities to access our homes than ever before. We look forward to providing our homes and services to more people, bringing good quality rental homes with security of tenure and increased opportunities for home ownership.

Lindsay Wood
Chief Finance and Operations Officer
18 April 2024

Significant Events

2023 was without doubt one of the most challenging of years for Andium Homes, our clients and our colleagues. We started the year still in shock, and dealing with, the tragic consequences of Haut du Mont. Shortly after, on 17th January, we then had to divert our attention to the devastating flooding at Grands Vaux.

Just a month later, we were dealing with the liquidation of one of our main contractors, and of course at the end of the year Storm Ciarán caused damage to many hundreds of our homes, making many uninhabitable.

Our teams have worked tirelessly to ensure that all those affected by the various incidents have been well looked after and either found new homes, or in the case of Grands Vaux, carried out extensive refurbishment works to enable them to return to their homes.

Haut Du Mont
Reaching the first anniversary of the Haut du Mont explosion was a milestone for our Island community, and, of course, particularly for all those directly affected by the tragedy. As we reflected on the previous 12 months, we are proud of the ongoing support that has been offered to our displaced residents and pleased that they are all now in permanent homes.

Haut du Mont was a close community, and we were able to keep much of that community together by utilising our supply of new homes at Cyril Le Marquand Court and Edinburgh House.

We are grateful to Jersey Cheshire Home, who recently took over responsibility for the new Community Centre at Edinburgh House and are holding regular coffee mornings for our displaced Haut du Mont residents. In partnership with the Government of Jersey, we have sensitively dealt with the demolition of the worst affected buildings and are now drawing up plans for the future of the site. We will continue to support and engage with residents in respect of these plans during 2024.

10th December 2023 saw the passing of the first anniversary of the tragedy. We worked closely with the Government of Jersey and the Bailiff's Office to ensure that the wishes of our displaced residents were heard, as appropriate arrangements were made to mark the anniversary.

The group were fully supported during the anniversary period, with attendance at the Vigil on 7th December, and a period of reflection at the temporary memorial on 10th December.

This continues to be a difficult, emotional, and sensitive time for us all. Our thoughts remain with all those affected by this devasting event.

Grands Vaux
On 17 January 2023, 59 residents were evacuated from Grands Vaux due to devastating flooding and found temporary accommodation. 18 households were displaced for a longer period whilst we found them alternative permanent homes, or completed an extensive refurbishment of their homes so they could return. We have improved our flood defences in the area and specifically for these 18 homes, and we now receive much earlier warnings of any flood risks so we can prepare and communicate with our clients far better.

However, we remain concerned about the risks to these homes should we ever again face such a combination of elements as we did in January 2023, all of which were clearly out of our control. We are therefore working on imaginative plans for the redevelopment of these homes to provide increased protection. This needs to be done in conjunction with the Government of Jersey and other agencies and subject to available funding.

Camerons Limited
We became aware in February that one of our Tier 1 contractors, Camerons Limited, had been declared insolvent and liquidation proceedings had commenced. They were at the time completing one of our largest developments at Cyril Le Marquand Court, 165 new homes.

We were able to work with one of our other Tier 1 contractors RoK Ltd to immediately establish a new contract to minimise disruption and any delays to the delivery of these homes.

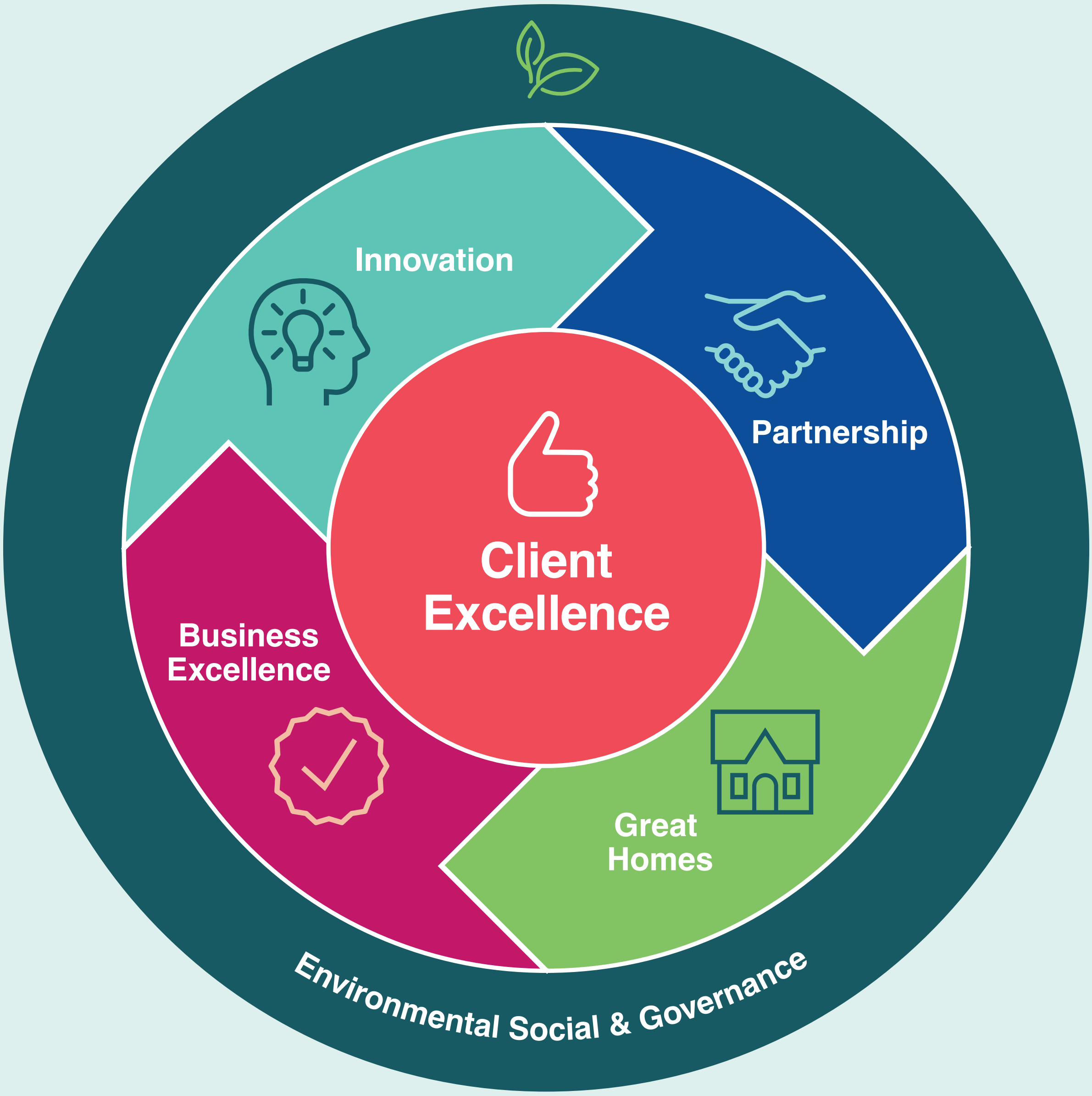
The site was closed for less than one day and the homes were all completed by the end of 2023 as scheduled.

Storm Ciarán
In November, like the rest of the Island, we were hit by Storm Ciarán. This led to 16 of our households needing to be re-housed and over 900 repairs required to our homes across our stock. Securing occupied homes as wind and watertight was our priority which we achieved within one week.
We continue to deal with roofing, fencing, window, and several other repairs at pace, and are undertaking the major refurbishment of 14 homes at Princess Place.

We also assisted Haig Homes with repairs to their damaged homes and re-housed 5 of their clients within our stock. Haig Homes is a Housing Trust which assists eligible ex-Service Personnel in housing need, whether they are transitioning into civilian life or are simply in need of a helping hand.

Strategic Report

Our Strategies



Housing is a long-term endeavour and to ensure we are thinking ahead we have identified a number of key strategic areas with long-term outcomes.

In developing our Strategic Framework we have taken into account that the Government of Jersey worked with Island stakeholders to develop the Jersey Performance Framework setting Key Island Outcomes to work towards.

As Jersey's largest landlord and biggest residential developer we play a major part in the Affordable Living outcome, and will do all that we can to ensure that "Islanders live in secure, quality homes" which is one of the key measures used by Government of Jersey.

Results and Performance at a Glance 2023

		2023	2022
Client Excellence	Properties Let	99%	99%
	Arrears as % of Gross Rent charged	0.96%	0.83%
	Average Re-let Time	29 days	28 days
	Assisted Purchase Pathway Applications	2,548	2,030
Innovation	Clients subscribed to Digital Services	65%	55%
	Repairs logged digitally	25%	11%
Partnership	Investment in Communities	£1m	£1m
	Clients housed through Partnership Pathway	51	53
Great Homes	New Affordable Homes	232	206
	Homes Meeting the Modern Homes Facilities Standard	100%	100%
	Investment in Delivering New Homes	£86m	£75m
	Number of Andium Homebuy Sales	43	58
Business Excellence	Rental Income	£62m	£57m
	Return Paid to Government of Jersey	£29m	£29m
	Interest Paid to Government of Jersey	£10m	£10m
	Gearing	31%	27%

Financial Review of the Year

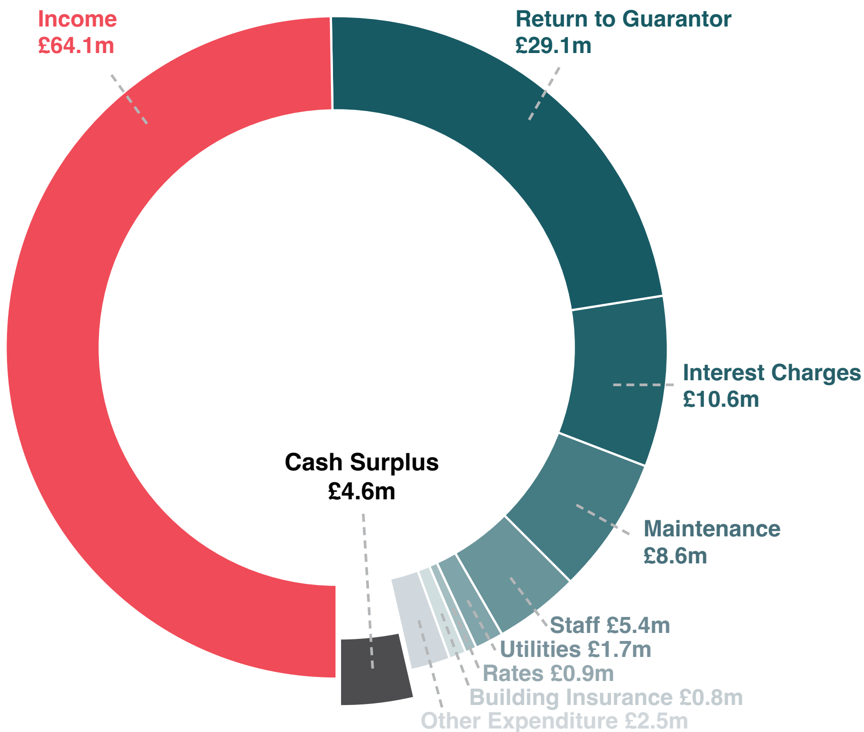
We are pleased to report an operating surplus before depreciation and impairments of £15.1m compared to the budgeted surplus of £14m. This is after returning the agreed £29m to Government. Surpluses are reinvested into the business, primarily to fund interest expense and contribute towards maintenance of a capital nature and, ultimately, to repay borrowing taken out to fund the delivery of the new homes.

Statement of Comprehensive Income Review

The actual versus budget results for 2023 are set out below. The costs and insurance proceeds associated with the major incidents has been net off against other expenses.

	Actual	Budget	Difference
	£'000	£'000	£'000
Rental income	61,848	61,548	300
Other income	2,297	2,131	166
Net maintenance	(8,571)	(8,742)	171
Staff costs	(5,432)	(5,417)	(14)
Other expenses	(5,966)	(6,104)	138
Operating Surplus before the return to the Guarantor, depreciation & impairment	**44,176**	**43,415**	**761**
Return to the Guarantor	(29,061)	(29,277)	216
Operating Surplus before depreciation & impairment	**15,115**	**14,138**	**977**
Interest payable and similar charges	(10,563)	(14,162)	3,599
Cash Surplus before non-cash items	**4,552**	**(24)**	**4,576**

Income vs Expenditure



Rental income

Our primary source of revenue is the rental income we receive from our rental homes, which currently provides a gross return of 5.0%.

Rental income was slightly greater than budgeted at £61.8m with the average rent charged at 73% of market rent.

Our prudent budget was challenged due to lost rent at Haut Du Mont (although we expect to recover this through our insurance policy).

Further, we 'held' vacated properties in January to ensure displaced residents from Haut du Mont had the option to secure a new property in a new community of their choosing, with several residents moving permanently to Cyril Le Marquand Court where all the 1 bed flats delivered in December 2022 were initially ear-marked for Haut du Mont residents.

These challenges were offset by the earlier than forecast completion of homes at Edinburgh House and La Tour Egret and a prudent assumption on the number of properties that would be vacated and re-let during the year.

4,900
Homes rented at the end of 2023

232
New homes delivered in 2023

3.3%
Average rent increase in 2023

£1,118
Average rent per month

73%
Average market rent

Expenditure

Maintenance and other expenses
Maintenance continues to be our most significant operational cost with £8.6m recognised in the income statement this year, with an additional £6.0m spent on maintenance of a capital nature. Inflation has had a marked impact on our major maintenance contracts with an additional cost of £1.1m on the contracts agreed at the start of January 2023, which has predominantly impacted our capitalised maintenance spend.

We achieved 100% compliance with the higher Modern Facilities standard, being kitchens and bathrooms at the latest standard, as well as achieving 100% Decent Homes compliance.

Staff costs represent employment costs for our dedicated team of valued colleagues. We have invested in the number of people directly employed in important areas such as Specialised Services over the last few years to service the increased demand as the number of homes under our management grows and to deliver our substantial capital programme.

£3.4m of other expenses relate to property specific expenditure such as utility costs, rates and buildings insurance some of which is subsequently recharged to clients within 'other income'. The remainder is the cost of delivering the landlord services for our homes, which equates to 4.1% of our rental income.

Return to the Guarantor
We delivered £29.1m to the Government of Jersey in 2023, which reflects the adjustment made to compensate us for the change in Government of Jersey's rent policy.

We will continue to deliver a significant return to the Government of Jersey every year, in line with our Transfer Agreement with Government of Jersey.

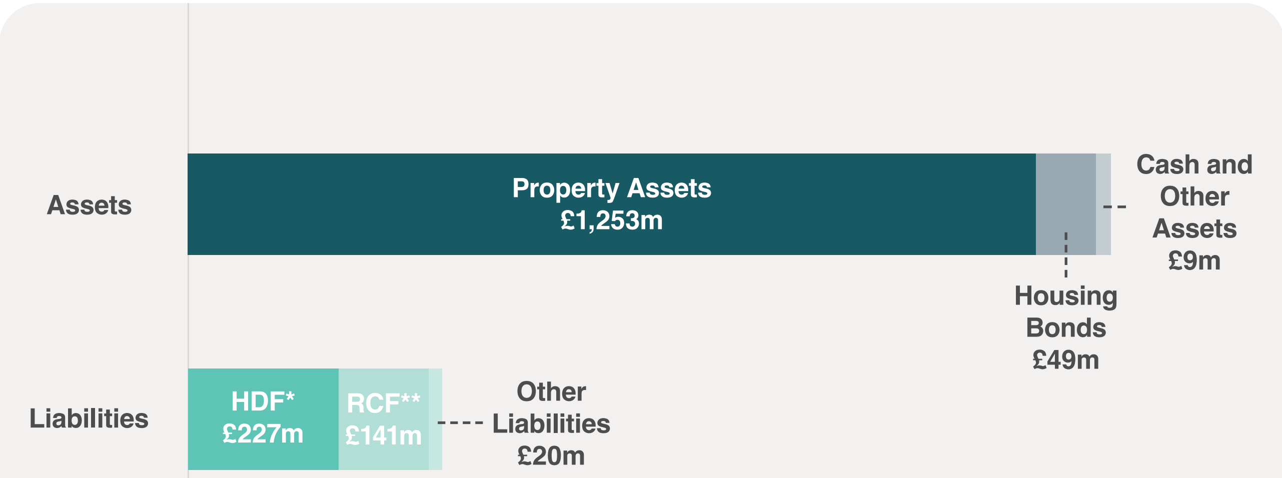
Interest Payable and Similar Charges
Interest is payable on borrowing taken out to fund our Capital programme. Although interest rates increased during 2023, the amount of interest expensed was below that budgeted because the budget prudently assumed we would enter into additional borrowing during 2023, which will now take place at a later time.

Non-Cash Adjustments

Non-cash adjustments include depreciation (£18.3m), impairments (£30.7m), offset by positive revaluation adjustments (net £2.4m), giving an overall deficit of £42.0m (see page 79). The movements are predominantly attributable to reduced social housing property valuations based on the latest rent and economic assumptions, and follows an increase in values in 2022. The non-cash movements predominantly reflect the impact of rising costs following a period of high inflation and interest rates, compared against restricted income due to a rent cap of 4% per annum.

The biggest impact was on our new build stock, valued on completion, where we have not yet had any revaluation surpluses so the reduction in value has been recognised as impairment charges through the Statement of Comprehensive Income.

Statement of Financial Position



*HDF (Housing Development Fund) **RCF (Revolving Credit Facility)

We continue to maintain a strong balance sheet position with overall net assets of £865m (2022: £907m).

The decrease compared to 2022 is primarily due to increased borrowing to fund our capital programme investment with a reduction in the level of cash held to minimise interest costs.

While the total value of housing properties has increased by £16.0m in 2023, that follows investment of £86.1m in new developments offset by net depreciation and impairment charges of £40.9m following revaluation and disposals through the sale of properties of £29.2m.

We continued to progress key projects at The Limes, The Mayfair, Northern Quarter, Cyril Le Marquand Court and Edinburgh House. The latter two projects completed in 2023 providing a further 232 new homes for rental.

Our property sales team sold 43 homes to First Time Buyers through our Andium Homebuy scheme generating net proceeds of £18.4m despite very challenging market conditions.

Property assets
The balance of £1,195m primarily relates to our housing stock of rental homes, sites currently under construction and land purchased for redevelopment.

The homes are valued based on their existing use as social housing which is influenced by the current and projected market rent. During the year, whilst working with our valuation experts JLL and local market agents, we received updated rental valuations for all our housing stock, to ensure the 80% of market rent applied in the valuations is current.The reduction in property valuations in 2023 reflects the market conditions with the Jersey Private Sector Rental Index showing a 5% reduction in advertised private sector rental prices between Q4 2022 and Q4 2023. Additionally, for completed new builds, which are valued on completion, it reflects changes to the Government rent policy over the period of construction. As market conditions and future rental projections move, this will be reflected in subsequent valuations.

Cash and borrowing
We continue to be fully committed to the funds made available through the States Bond (via the Housing Development Fund) and have drawn the full amount available.

Having extended our external Revolving Credit Facility (RCF) and activated the accordion facility with our lenders HSBC, Natwest International and Lloyds Bank Corporate Markets PLC, Jersey Branch we have £250m until 2029. We continued to drawdown to fund investment in new homes with £141m drawn at the year end.

The RCF is on variable interest terms and, in recognition of the volatile interest rate environment and to reduce our exposure to variable rates, we fixed our interest rate exposure on £100m. The swaps have an effective interest rate of 3.5% (plus margin of 0.75%) which retains our interest rate exposure below the current base rate of 5.25%.

We continue to manage the cash position alongside the external facility to ensure we only hold cash that is required in the short-term.

Key Performance Indicators

Measuring business performance allows us to closely monitor activity and stay ahead of emerging trends ensuring we continue to deliver great homes and services.

	2023 Actual	2023 Target
Client Excellence		
Customer satisfaction (%)	81%	81%
Rent collection as a % of rent due	99.5%	≥ 100%
Arrears as a % of rent charged	0.96%	<1.00%
Average re-let time in days (standard re-lets only)	29	<25
% Reactive repairs completed within contract target	100.0%	≥ 96%

Rent collection is marginally below the amount of rent charged. This is impacted by timing differences in income support payment cycles which can lead to variances across periods with a strong performance in January 2024 at 108%. Arrears as a % of rent charged remains within target levels.

Average re-let times are slightly longer than target, influenced by the delivery of a significant number of new homes in the year and re-housing projects.

	2023 Actual	2023 Target
Great Homes		
% Homes meeting the Decent Homes Standard	100%	100%
% Homes meeting the Modern Facilities Standard	100%	100%
New supply	232	263
Major refurbishments completed	56	56
Ratio of response repairs to planned maintenance	39:61	± 40:60

New supply reflects the delivery of all 147 homes at Edinburgh House and a further 85 homes at Cyril Le Marquand Court delivered by the new principal contractor. This was behind target due to the timing of a project that has been reprogrammed.

Our continued significant investment in our homes resulted in us achieving our target for the % of homes meeting the new Modern Facilities Standard, as well as maintaining 100% of homes meeting the Decent Homes Standard

	2023 Actual	2023 Target
Innovation		
% Uptime of IT systems throughout the year	99.98%	≥ 99.5%
% Clients registered to access services online	65.0%	≥ 65%

The % of clients subscribed to digital services has increased in 2023, in line with the target, with new and existing clients signing up to our digital services and as a result of a marketing campaign that was rolled out across all of our social media platforms.

	2023 Actual	2023 Target
Partnership		
Community subsidies	£1,040k	≥ £1,000k
Number of clients housed through the Partnership Pathway	51	± 50
Number of tenancies supported by the Specialised Services Team	295	± 230

The number of clients being supported by our Specialised Services Team has increased over the last few years. The team participate in a variety of multi-agency meetings and activities and support a wide range of clients to safeguard them from harm, assist in sustaining their tenancy and prevent homelessness.

	2023 Actual	2023 Target
Business Excellence		
Financial		
Number of homes vacant and available to let at period end	15	≤ 30
Gearing %	31%	± 32%
Net proceeds from existing property sales	£18.4m	± £21.6m
Headline social housing cost per unit	£5,694	± £6,105

We sold 43 existing properties during the year, predominantly to First-Time Buyers through our Homebuy scheme, generating net proceeds of £18.4m.

With a cost-of-living crisis, interest rates at 15 year highs and affordability on mortgages at historic lows, our sales continued to be achieved, albeit achieving less than planned. In 2023, the private market slowed significantly. The gross value of Andium sales represented around 10% of the overall value of housing market sales, compared to around 4% the year before.

Principal Risks and Uncertainties facing the Company

With the Island's largest property portfolio and a significant construction programme to deliver new homes, we have a broad spectrum of risks to manage. We take a proactive approach to risk management ensuring we understand our business and have appropriate mitigations in place.

We manage risks that could prevent us from achieving our longer-term strategic objectives.

We take risk management extremely seriously, most notably in relation to those risks that can impact our clients' safety and continuity of our service delivery.

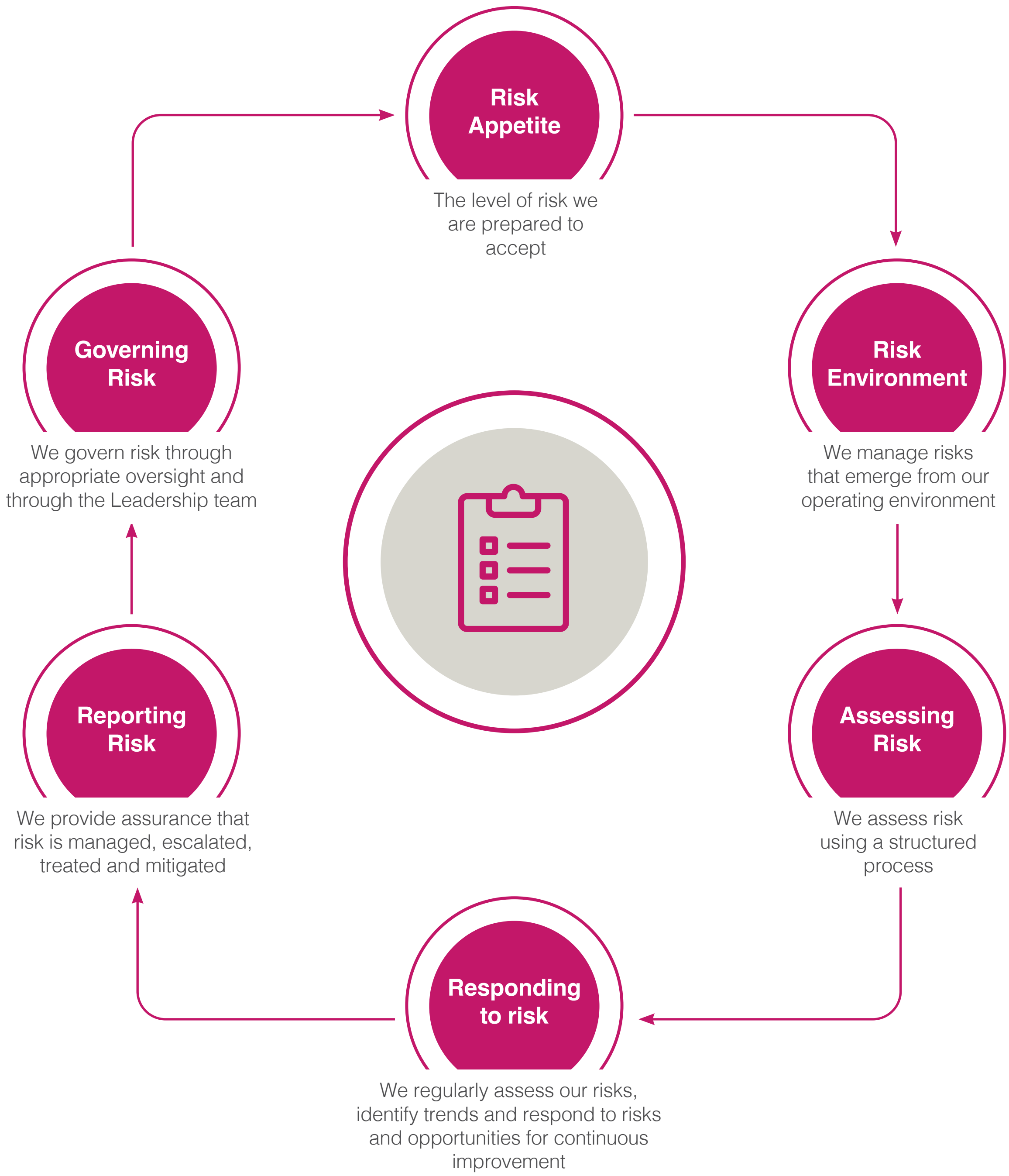
We also manage risks that could prevent us from achieving our longer-term strategic objectives.

Fundamental to the Company's risk management approach and policy is the maintenance of a corporate risk register owned by the Board and regularly reviewed by the Risk & Audit Committee.

Risk Management Model

Principle risks are identified through our broad understanding of the business and the environment in which we work, and through regular risk workshops. Mitigations are put in place through the regular review and analysis of individual risks as well as concentrations of risk.

We also monitor changes in risks through the review of internal business process and performance. This is a continuous process embedded through our standing reporting cycles.



Key: Increase Risk ↑ | Decrease Risk ↓ | Stay the same ↔

The following pages outline the principal risks faced by the Company.

Change In Year	Principal Risk	Mitigations
↔	**Health and Safety** Health and safety standards are our greatest priority for clients, colleagues and contractors alike. We continue to experience inherent levels of risk in fire safety, mechanical and electrical and general Health and Safety. Failure to effectively manage health and safety to support safe employment and delivery of safe services could result in injury, harm or death to the public, employees, contractors or customers.	We have an in-house health and safety team with the required skills and expertise to perform their roles. Recognising the importance of this area and the growing regulatory environment, the team is expanding with additional posts being recruited to in early 2024. In conjunction with our maintenance teams, the team ensures that regular safety inspections are in place including ensuring that required general risk and fire risk assessments take place as legislated. Health and safety requirements are also extended to our contractors who are required to pass competency assessments. We have also safeguarded against fire risks by installing sprinkler systems and completed a programme of replacing fire doors across all of our high rise buildings. This was progressed further in 2023 with the adoption of our High-Rise Safety Strategy, a programme to attain PAS 9980 accreditation for all of our high-rise buildings and formalising the Safety Action Plans for each high-rise. All of this includes pro-active engagement with Jersey Fire and Rescue Service on a regular basis. Progress is also being made on the implementation of compliance software to support the team to work efficiently and effectively. We continue to promote a strong health & safety culture in the business to raise awareness and manage risks.
↔	**Business Continuity & Major Incidents** This risk can be impacted in a number of ways such as the displacement of clients from their homes, a pandemic, collapse of a maintenance contractor or cyber security attacks impacting client facing services, or our systems. Cyber-attacks remain a threat that can impact any business. In addition, while there are opportunities for utilising emerging AI solutions to provide greater automation. There are additional risks associated with these technologies, notably an increase in the complexity and sophistication of fraud and security threats.	We maintain a business continuity plan which evolves with our business. Elements of this plan have been tested in recent years with the loss of a contractor and recent incidents where clients have sadly been displaced from their homes. At such times, we prioritise client well-being and continuity of our services. We manage our ongoing cybersecurity risk using a layered approach. This includes conducting mandatory cybersecurity awareness training for all colleagues and relevant contractors, securing Cyber Essentials certification annually and maintaining the necessary insurance policies. Additionally, we invest in a comprehensive set of technologies that facilitate proactive monitoring of vulnerabilities and threats, supported by a 24/7 monitoring service. This multi-layered approach strengthens our defences against current cybersecurity challenges.

Change In Year	Principal Risk	Mitigations
↔	**Retaining and Developing Talent** Ensuring we have skilled colleagues that can deliver on the growth of the Company whilst providing consistent, caring and compassionate services for our clients is essential. Attracting, retaining, and developing our colleagues, including a number of new colleagues that have joined the team recently, is a key focus area for the business. Succession planning is also a key focus to ensure we can continue to deliver for our clients over the long-term, without interruption or delay.	We have a multi-faceted approach to retaining and developing our colleagues. That includes benchmarking pay and benefits, a learning and development programme and driving talent and succession planning. Our colleagues have demonstrated remarkable dedication and resilience in dealing with several major incidents across 2022 and 2023. In light of those additional challenges, we have emphasised the need for colleagues to support each other while also providing opportunities for wellbeing support. That support included counselling following the Haut Du Mont incident and mandatory training on general wellbeing and mental health during 2023. We have also responded to the potential impacts of the cost of living increases by providing colleagues with access to training on financial wellbeing.
↔	**Change in Government Policy and Stakeholder Alignment** Our business model continues to be underpinned by the relationship between the Government rent policy for social housing and our financial Return to Government of Jersey and our continued ability to sell homes through our Andium Homebuy scheme. As a States Owned Entity, Andium is also impacted by several other Government of Jersey policies in relation to Income Support, Planning, the re-zoning of land, immigration, key role accommodation and Homelessness strategies. In addition, our Memorandum of Understanding with Government of Jersey requires us to agree certain matters with the Government of Jersey in advance of them taking effect. Changes in Government policy can significantly affect the sustainable delivery of Andium's Strategic Business Plan.	Proactive stakeholder engagement and alignment in our strategic planning and key decisions is vital in the achievement of our strategic objectives, including meeting our new homes target. We continue to work closely with Government of Jersey policy makers and our Guarantor so that we can comment and, where appropriate, advise on any policy changes or political decisions that are likely to impact our plans and operations and ensure the implications are understood by the Company and Government of Jersey.

Change In Year	Principal Risk	Mitigations
↑	**Long-Term Financial Stability** This risk includes potential effects of economic uncertainty, and, in particular the impact that market drivers such as inflation, interest rates, house prices and rents have on long term business model viability. We offer our products, both sale and rental, at below market rates and so changes in the economic environment cannot be offset by higher income generation. In this period of high inflation and increased interest rates, the cap of 4% on our annual rent increases adds further stress to our business model. We also deliver a significant financial return to our Guarantor each year. Our focus is to maintain financial stability whilst also progressing our ambitious capital plans. Project viability is increasingly challenging given the period of high inflation and increased interest rates. As a not-for-profit company, changes in the economic environment have a direct impact on our cash flows which we are required to carefully balance to ensure we can continue to meet our financial obligations and maintain our homes to the required standard.	We have a strong balance sheet which provides several options to mitigate this risk, most notably: • Re-profiling the capital programme • Mixed tenure sites to incorporate some open market products • Increased opportunity to build on States' land • Borrow over a longer period • Increase existing property sales • Reduced financial return to our Guarantor We manage this risk through performance of long-term business modelling, and ensuring long-term commitments to our Guarantor and clients are clear, which enables us to assess potential impacts and adjust our plans to ensure the business model remains robust. Our position, and that of our clients is strengthened because income support is available for up to the full amount of rent we charge and is paid directly to us from the Government of Jersey.
↔	**Environmental Sustainability** The opportunities and challenges posed by Environmental Sustainability impact all areas of our business. Ensuring our homes achieve net-zero carbon in line with the Government of Jersey Carbon Neutral Roadmap will require significant planning and investment. This work will align with the Environment Minster's timetable for Energy Performance Certificates, renamed Jersey Energy Performance Assessments, where the expectation is that minimum performance standards will be introduced by 2028. Changes in climate influence the frequency and severity of weather events which can impact our homes, as demonstrated by the recent flooding and storm events. There is a risk of damage and disruption which could impact clients and the capacity to deliver planned objectives.	We are embracing the opportunity to align with the Government of Jersey's sustainability targets. We understand our current operational carbon footprint and the steps and investment required to reduce that to zero. We are working with the Government of Jersey to understand the future minimum performance standards of our homes, which will then drive our refurbishment programme to ensure these targets are met and maintained. Our Strategic Portfolio Review analyses our housing stock on an estate-by-estate basis. It looks at the condition and energy efficiency of our properties in advance of the Jersey Energy Performance Assessments becoming mandatory. It also considers the flood risk areas identified in the Island Plan mapping given the elevated nature of this risk. We are embracing opportunities provided by technology with a successful bid to a Digital Jersey grant scheme. Our bid was to run a proof-of-concept trial to evaluate the feasibility of using sensors to collect data from our properties. With this data we aim to improve resident health and safety, reduce maintenance costs, and help clients reduce their carbon footprint. Multiple sensors will be installed into each home to monitor air quality, water quality, temperature, and humidity. The project is also aiming to place sensors across the drainage system of a development to pre-empt the risk of flood.
↔	**Sustainable Growth and Efficiency** To achieve our ambitious business plan, we have recognised the need to grow the business to ensure we deliver our 3,000 new homes target and provide continually improving services. This includes maintaining good quality data, with appropriate security measures and data protection controls. Unmanaged growth can lead to poor service delivery, inefficient operations and non-compliance to best practice or regulations.	We manage this risk through a continuous cycle of business process reviews centered on efficiency, digitalisation and maintaining a strong internal control environment.


STAFF
ACTIVE

Environmental, Social and Governance (ESG)

Environmental, Social and Governance

The Company has continued its Environmental, Social and Governance journey in 2023. We aim to always demonstrate to our stakeholders how we regenerate sustainably and affordably, act with social responsibility, and observe good governance. These themes run throughout all we do and ensure that we deliver the outcomes which matter to our clients.

If we look at the highlights in 2023 under each section:

Environmental

- 0% Domestic fossil fuels used
- 247 solar panels installed in total
- 36 properties upgraded with triple glazing
- 26 electric car club spaces installed

Social

- 100% decent homes with modern facilities
- Impact Jersey Grant awarded for Healthy Homes Project
- 73% average market rent charged
- 232 new homes delivered at 80% of market rent
- 249 new affordable homes received planning consent
- 43 affordable homes sold

Governance

- Gender pay gap reviewed
- Tenant Director appointed
- Effective procurement to ensure delivery of the Cyril Le Marquand Court project following main contractor liquidation

For examples of our work within the environment see pages 37-44, and our social impact see pages 45-58. Our Governance Report is on page 59 to 68.

During the year, our strategy evolved, with ESG encompassing all that we do. Our strategy recognises the wider island outcomes and the quality-of-life elements which are core to our clients. The client is at the heart of everything we do, which is fundamental in any ESG deliverable.

The Government of Jersey's Carbon Neutral Roadmap

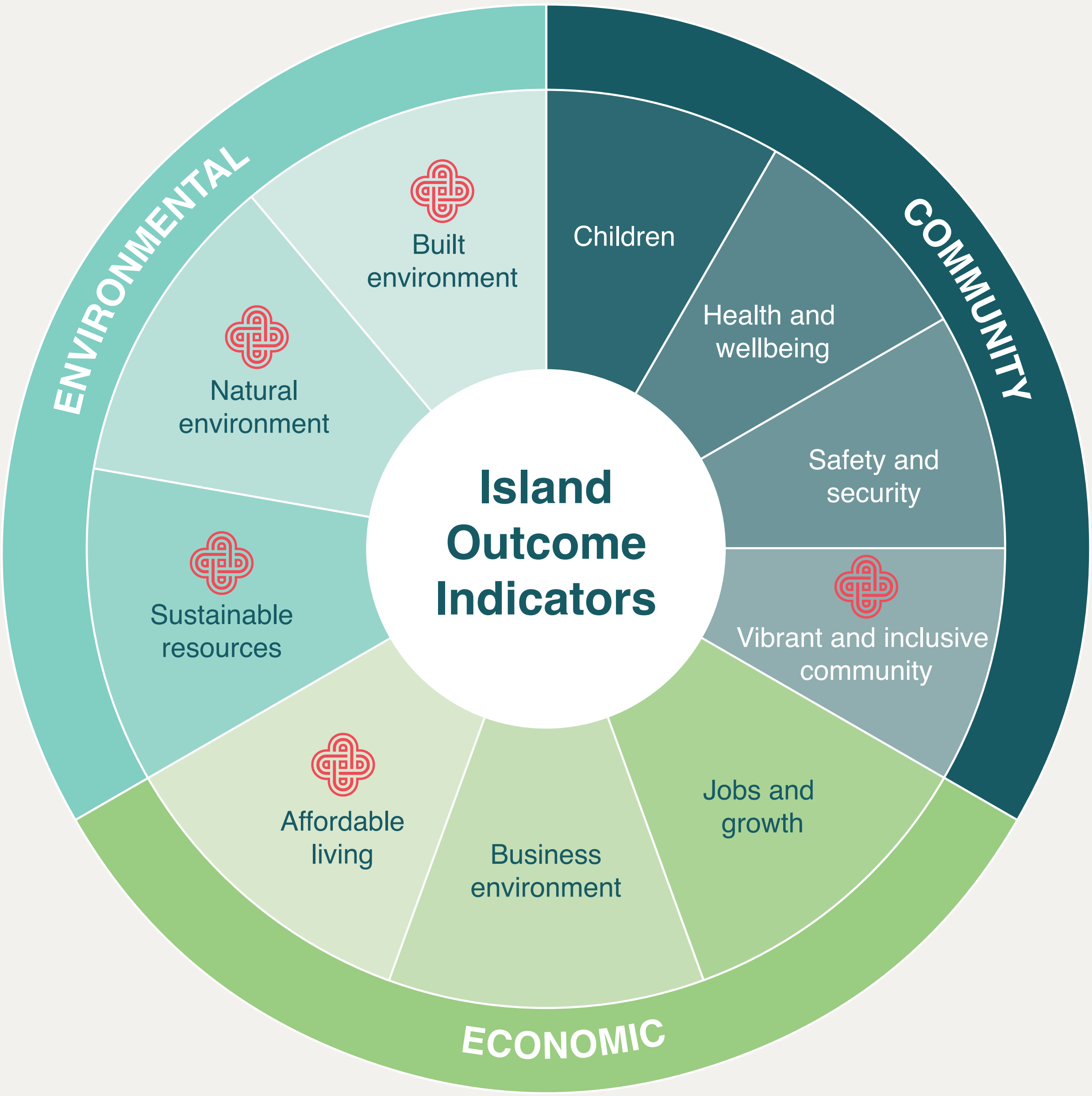
Understanding how the Island will achieve its carbon neutral objectives is critical for us. We have engaged with policy makers at every opportunity to understand how the energy performance of our homes will be assessed and what that will mean for our longer-term maintenance and refurbishment strategy. The newly named Jersey Energy Performance Assessments ("JEPA") will be a key driver in our asset management strategy. In 2023 we worked in partnership with the Government of Jersey to understand how these calculations will work and what the minimum standards are expected to be, we will continue to do this to maximise the thermal efficiency of our homes and ultimately improve the quality of life for our clients.

Our Impact - Sustainable Development

Our Sustainability Strategy addresses the key quality of life and wellbeing issues facing our clients, the Island and stakeholders.

We contribute to the Jersey Performance Framework – the way Jersey measures progress towards the Island's long-term Community, Environmental and Economic outcomes.

Our Sustainability Strategy will be developed in consultation with our clients and embedded in our business to ensure that we continually improve against what our clients value most for their quality of life.

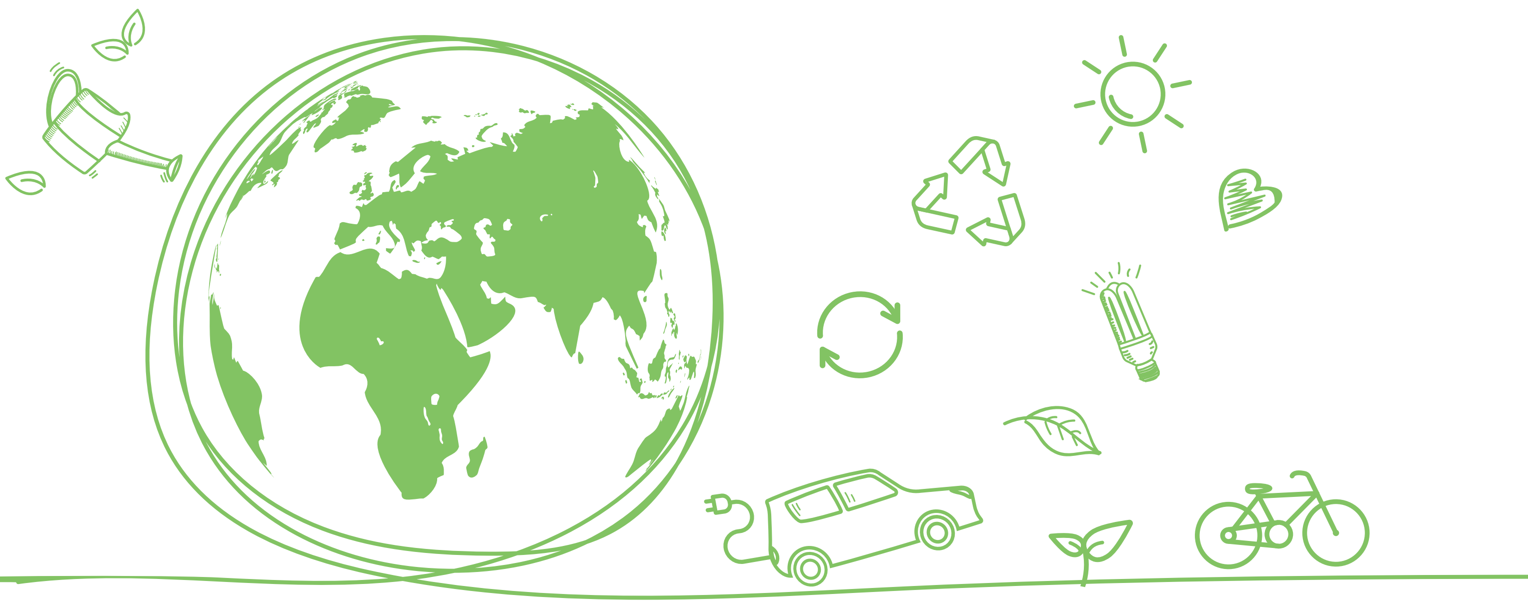


Environmental, Social and Governance (ESG)

Our Commitment to cutting Climate Change

Andium Homes will ensure we fulfil our vital role in supporting the Island's journey to net-zero carbon emissions as our commitment to cutting climate change.

The Sustainability Reporting Standards for Social Housing are underpinned by the United Nations Sustainable Development Goals, with Goals 9, 10, 11, 12, 13 and 15 critical for Andium Homes.



Our Sustainability Strategy sets out how we will do so through setting tough carbon reduction objectives:

Combatting Climate Change

- Working to achieve net zero emissions by 2050
- Continuing to upgrade the thermal efficiency of our homes
- Continuing to develop increasingly efficient new homes
- Undertaking a flood risk assessment for our current estates

Increasing Ecology and Biodiversity

- Introducing more animal habitats to our new and existing estates
- Identifying areas to re-wild our existing homes and places
- Connecting new green corridors through the urban environment
- Enhancing natural open spaces to promote wellbeing

Enhancing Resource Management

- Continuing to generate and store our own energy
- Introducing smart home technology to help clients reduce and understand energy usage in real-time
- Improving responsible water and waste management by encouraging more reuse, recycling and other sustainability initiatives

Developing Sustainable Client Culture

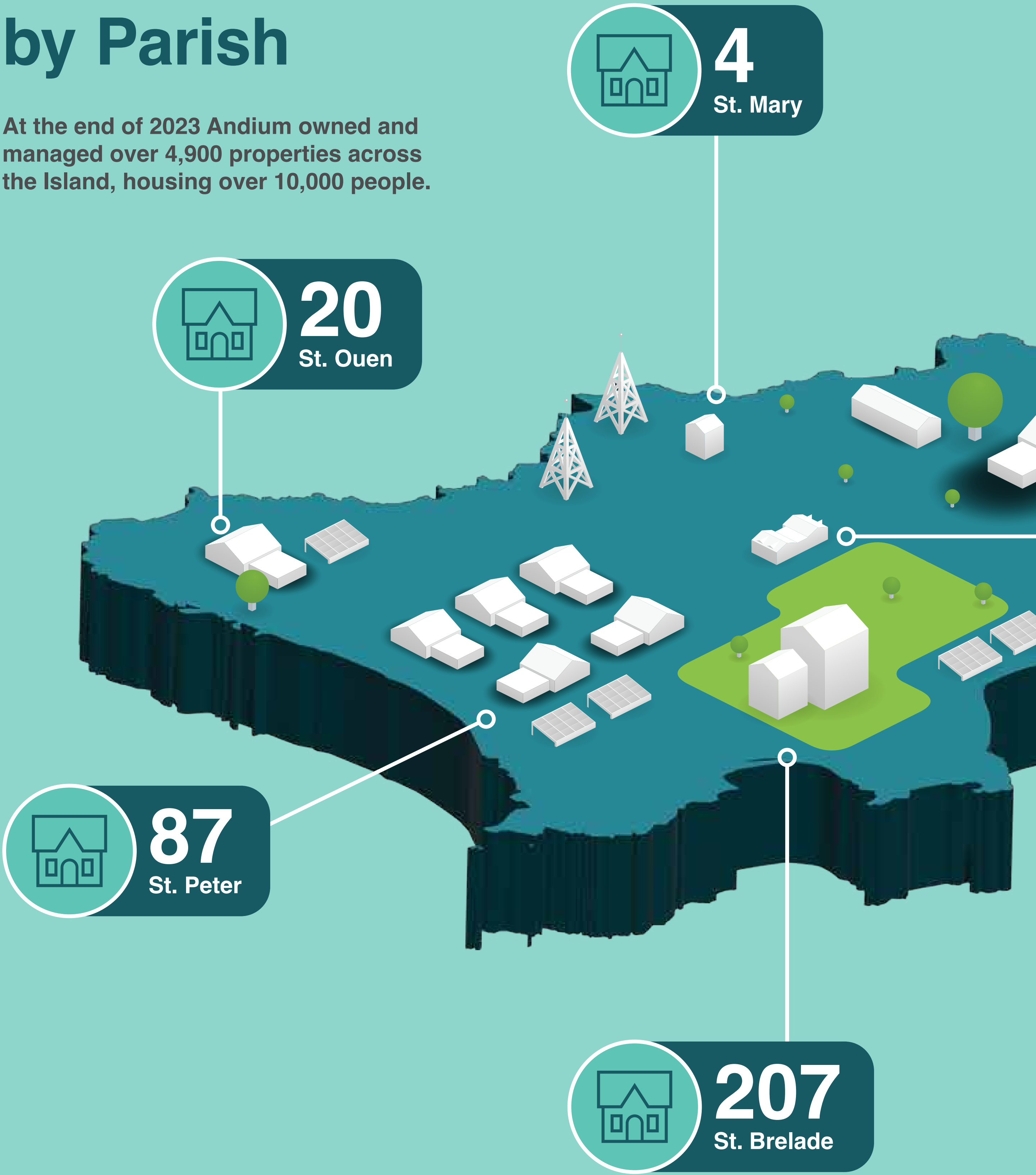
- Engaging our clients in reducing their energy costs whilst limiting their environmental impact
- Encouraging our clients to recycle and reuse more
- Creating sustainable transport options, for example car clubs and safe cycling routes

Improving Carbon Understanding and Reporting

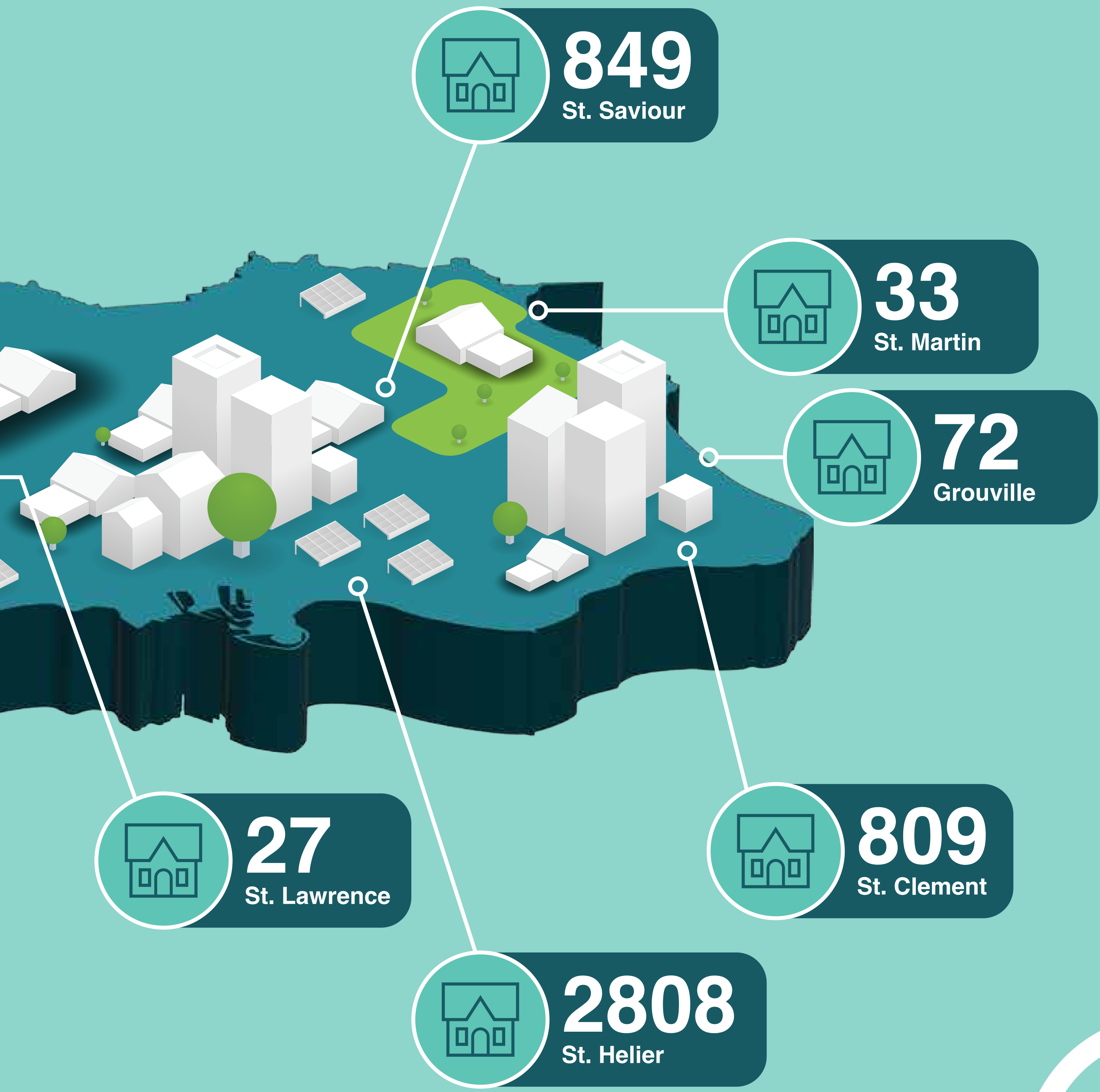
- Measuring the whole life carbon of our new homes
- Reducing the carbon produced in our supply chains
- Continually measuring and cutting our operational carbon
- Requiring all our suppliers to plan towards net zero carbon

Andium Homes by Parish

At the end of 2023 Andium owned and managed over 4,900 properties across the Island, housing over 10,000 people.



There are no Andium owned properties currently in Trinity and St. John.


849
St. Saviour
33
St. Martin
72
Grouville
27
St. Lawrence
809
St. Clement
2808
St. Helier

Delivering Sustainable Regeneration

749 new homes are in contract or under construction and due for completion over the next four years. Many of these employ Modern Methods of Construction (MMC) and intensify the use of existing sites or regenerate brownfield sites.

Cyril Le Marquand Court, St Helier
Completed: 2023

85

The Limes, St Helier
Due for Completion: 2024

MMC

130

147

Edinburgh House, St Helier
Completed: 2023

1,748 homes delivered or on site, contributing towards our overall capital programme. We will continue to deliver the new homes the Island needs.

MMC Modern Methods of Construction


MAKE A SPLASH

Environmental, Social and Governance (ESG)

Our People

A place to call home should be a fundamental right, that's why a career in housing is one of the most worthwhile things you can do.

You really are making a difference to people's lives; improving communities and building homes people are proud to live in. Social housing is an inspirational and diverse sector to work in, bringing together lots of different people, skills, and passions with a wealth of opportunity for career growth. You can move to different roles and across functions, building an abundance of knowledge and expertise along the way.

We are an engaged workforce, passionate about what we do and why we do it; for our clients, who are at the heart of everything we do. All our colleagues personify our values, not only in their day-to-day roles, but also in times of adversity.

Our team is truly like a family who pull together through difficult and unprecedented times.

Jersey Construction Awards

Our colleagues had a fantastic evening at the Jersey Construction Council Awards in September 2023 at the Royal Jersey Agricultural & Horticultural Society, acknowledging and celebrating the brilliant work of the construction industry in Jersey. The evening was hosted by David Morris, Principal Surveyor in our Development Team who is also Chair of the Jersey Construction Council.

We are especially proud of our colleagues Mike Porter who won the Industry Achiever Award and Dean De Mouilpied who won the Project of the Year Over £10million Award in partnership with RoK Group & Independent Project Management.

Name Julia

Job Title Finance Assistant

Department Finance Department

How long have you been at Andium? I have been at Andium for 6 years, first starting on a temporary contract for a year with an agency before being offered a full a time contract with Andium which I gladly accepted.

Have you always worked in Finance?
My background before Andium was in banking and medical recruitment, starting at Andium was an opportunity to try a new role within a different area of corporate Finance.

What does a typical day look like for you?
My day has to be well managed as it can involve working in collaboration with every area of the business. We have a lot to deliver to very specific deadlines; from processing settlement of invoices to suppliers, recording rent payments on clients' accounts, and providing training to support my colleagues in setting up new suppliers and purchase orders.

What do you enjoy most about your job?
I consider my colleagues my Andium family, who I enjoy working with and respect. When I am having one of 'those' days, I always feel supported by my team and colleagues. I enjoy the challenges of my role and personally find working to provide something worthwhile in the community very rewarding. I give 100% so that our clients can have confidence in the service we provide.

Have you done any Continuing Professional Development?
I have been given the opportunity to become a fully qualified first aider and fire marshal, with our periodic fire drills being a particular highlight of my year! For my own development, I have completed courses to support and enhance my training skills so I can offer my colleagues the best support in understanding the mystery of financial processes.

Industry Achiever Award – Mike Porter

Mike retired at the end of last year having been a part of the Andium Homes team for the past 16 years.

He had extensive experience and an acute understanding of the social housing sector. He was also a hugely respected leader and colleague and central to the success and drive for excellence of the business. He implemented many ground-breaking enhancements to our maintenance and capital programme over the years and lived and breathed our vision 'Great homes and services for all who need them'.

Mike also championed our Placemaking Strategy, which clearly demonstrates that we are not just a landlord and developer, but an organisation who genuinely strives to build sustainable communities and create developments that clients really do want to live in and are proud to be associated with.

We wish Mike all the best in his well-earned retirement.

Career Progression at Andium

We actively encourage career progression and succession planning at Andium, enabling colleagues to work across all areas of the business. We recognise and celebrate colleagues' long service. The average length of service at Andium is 7.5 years (25% of our workforce have over 10 years' service & 45% of our colleagues have over 5 years' service).

We embrace diversity within our workforce; with an average age of 45 and 7 nationalities and mix of genders represented amongst our team.

Mike Porter's retirement provided an opportunity for two of our home-grown talents, Jonny Gough and Michael Ruane, to step up into new Executive positions within the Company. Mike's previous role was separated into two new focus areas of Regeneration, Sustainability & ESG and Property & Asset Management.

Michael Ruane,
Chief Property & Asset Management Officer

Michael sits on the Andium Executive Team and heads up the Asset Management Team, Maintenance and Property Teams. Michael is keen to evolve the way Andium delivers its service especially with the use of advanced materials, off-site construction, augmented & virtual reality, robotics and building information modelling. More recently Michael's team have been developing the application of real-time building performance monitoring for Andium Healthy Homes project which he hopes will develop into a leading practice asset management service for Andium Homes' clients.

Jonny Gough,
Chief Regeneration, Sustainability & ESG Officer

Jonny sits on the Andium Executive Team and is responsible for delivering on our ambitious new homes target. He is passionate about creating great places for our clients. He has an experienced team of construction professionals who deliver across all aspects of development, to include design; planning; costing; financing; construction; and commissioning. He also oversees the delivery of our ESG strategy. Andium is a social business to its core and each member of the organisation is delivering on the strategy every day. This is an evolving part of the role as the understanding of our impact on the Island's journey to net-zero develops, and how we will deliver sustainably for future generations.

Case Study

Continuous Professional Development

Dean de Mouilipied, Senior Client Lead

Dean achieved his entry level into the Royal Institute of Chartered Surveyors in 2023.

The Royal Institution of Chartered Surveyors (RICS) is a leading professional body working in the public interest to advance knowledge, uphold standards, and inspire current and future professionals. Its members help to create and protect built and natural environments that are sustainable, resilient, and inclusive for all.

To be accepted as a member Dean wrote a 4,500-word summary of his professional experience, including six technical and eight mandatory competencies, a case study and a record of 48 hours continuing professional development. Dean also passed the RICS Professional Module which was an exam about the rules of conduct and the professional ethics of the Institute.

Jersey Construction Awards 2023 Project of the Year Over £10million Award

The Jersey Construction Awards are an annual event, held to acknowledge and celebrate the brilliant work of the construction industry in Jersey.

We entered several of our projects in 2023 and were delighted to win the Award for the Project of the Year Over £10million.

The project was the refurbishment of our Le Marais high-rise blocks (a total of 224 apartments) over a 3-year period, to exceed Modern Facilities standards and improve overall safety and amenity of the buildings and surroundings.

Amongst several criteria the submission had to primarily meet the following:

- Demonstration of team effort through the whole supply chain, client, contractors etc.
- An overall achievement of excellence in health and safety
- The procurement of local resources on the project
- Demonstration of quality control

This award is considered the biggest of the night, so we are especially proud of our colleague Dean De Mouilpied for leading the project and for winning in this category, in partnership with ROK Group & Independent Project Management.

Case Study

Placemaking

In 2023 we developed our new Placemaking Strategy for Andium Homes.

A key purpose of the Strategy is to embed great placemaking both within our new developments and our existing estate. This requires us to take an agile approach to our homes and places - adopting a new vision, delivering change by working with other agencies and engaging thoroughly with our clients. Our new developments will create attractive, accessible and safe places which our clients will be justly proud to call their home. And our existing estates will be thoughtfully enhanced to improve their character, appearance and the services we offer to clients.

The Placemaking Strategy is already showing results. The new development at Cyril Le Marquand Court delivers not only 165 affordable homes, but also a new public square and 4 commercial units. We have agreed to let one of those units to a local charity – ArtHouse Jersey.

In lieu of rental, we are embarking upon an experimental one-year deal with the charity to provide art workshops for our clients living nearby. We hope this will encourage people out of their homes, thereby tackling loneliness and social isolation as well as providing a vibrant activity to support the new public space.

In our existing estate, we have already made a change to one of our underused town gardens, providing space for an allotment at Maesteg House in Columbus Street. This new facility not only encourages healthy activity for clients, but also makes a useful contribution to the provision of fresh produce at a time when recent price rises have limited access to this for some. With more exciting changes planned for 2024, at Vincent Court and Albert Villas, placemaking has quickly become established as an important part of our Great Homes promise to clients.

Our Quality of Life Highlights

We are passionate about delivering quality of life improvements for our clients. Here are some of our proudest sustainability achievements:

Regenerating Sustainably

- We maintain our commitment to achieving 100% Decent Homes which ensures a good quality of home for all our clients.
- We have achieved 100% fossil-fuel free heating – reducing the cost-of living and carbon impact of keeping our client's homes warm.
- Our Good Practice Guide developed with Nurture Ecology sets out how we are increasing biodiversity in our communities.

Socially Responsible

- Our unique Specialised Service offering safeguards for our clients from harm.
- All of our new homes are Lifetime Homes, meaning they can be adapted to suit our clients needs across their lifetime.
- All our high-rise homes are protected by fire sprinklers to protect and give our clients peace of mind.
- Our two yearly annual survey shows that 81% of clients are satisfied or very satisfied with our Services.

Economically Effective

- Our Homebuy affordable purchase product has helped over 300 Islanders buy their own homes.
- Supporting over 3,000 clients in using our digital service saves them and us time and enables us to invest more in new homes.
- Our business meets tough Corporate Governance requirements ensuring we are held to the highest standards of integrity.

Case Study

The Specialised Services Team

During 2023, the Specialised Services Team has continued to demonstrate their unwavering commitment to supporting clients and families during times of crisis or uncertainly in sustaining their tenancy.

They have also continued to work collaboratively with partner organisations to assist Islanders with complex housing needs or those experiencing homelessness to access a home via the Partnership Pathway.

One of our key focus areas during 2023 was to strengthen our partnership working with other organisations and build new relationships to prevent homelessness within the Island.
Homelessness is a complex issue that cannot be tackled in isolation. Our Partnership Pathway is a mechanism for clients who have complex housing needs, and who require support to help them maintain a successful tenancy, to access one of our homes.

As a member of the Strategic Homelessness Board and Cluster we were proud to participate and promote World Homelessness Day in October 2023, along with other members at West Centre and King Street. Often there is a misconception that homelessness does not exist within Jersey and the opportunity to engage with the public and discuss this issue enabled us to talk about the complexities and challenges of this subject and promote the services that are available should someone find themselves homeless or their tenancy at risk.

"The Partnership Pathway scheme has been a very positive one for me. Throughout the process, I've felt very supported by Jersey Employment Trust and Andium. Communication with Andium has been very good, and all the team have been very friendly and helpful – no request seems too small. So far, the move has been a smooth one, made easier by such accommodating teams."

- Kieran

PARTNERSHIP PATHWAY

The Partnership Pathway is just one of the ways in which we are demonstrating our commitment to our role as a 'Corporate Parent'. We acknowledge that we, along with other departments and organisations have a shared responsibility to ensure that children and young people in care or leaving care are supported to thrive.

Throughout 2023, the team worked extremely closely with the Leave Care Team to support young people who were ready to move into their own independent accommodation and continued to support young people who already lived in one of our homes with any issues or worries they may have in relation to their tenancy.

"It was helpful having support there, this helped me massively with my transition to independent living." - Caitlin

In November 2023, the team joined forces with the Health Safeguarding Team at the General Hospital and the Safeguarding Partnership Board to promote Adult Safeguarding Week. The team, along with colleagues from Environmental Health promoted the subject of self-neglect in the Central Market. This was well received by the public with a wide range of people stopping to discuss the topic and take information leaflets. The team often support clients who may be experiencing self-neglect and will use the principles of 'Making Safeguarding Personal' to create a person-centred plan to support the client in reducing any risks posed and to support them in sustaining their tenancy and overall wellbeing.

"A big thank you for all your support, kindness and empathy towards me when I most needed it. I feel I am in a much better place." - Annette

We were also privileged to attend a training event at the Halliwell Theatre by 'Lads Like Us' who provided a thought-provoking session on trauma informed approaches to supporting children and adults. The opportunity to attend this training has allowed the team to reflect on how we can implement trauma informed approaches into our own practice when supporting clients with complex housing issues, experiencing crisis or trauma.

Corporate Parent

Andium Homes is identified as a Corporate Parent within the new Children and Young People (Jersey) Law 2022.

This means that we have six responsibilities towards looked after children and care leavers:-

1. To be alert to their wellbeing
2. Assess their needs
3. Promote their interests
4. Seek to provide opportunities for participation
5. Help them access services
6. Develop and improve in our role as a Corporate Parent

Data (Q4 2023)

Total number of clients and families being supported by the team	**295**
Total number of clients housed via the Partnership Pathway	**51**

Working with our Clients and Partners

One of our Core Values is 'Client Obsession'. These are strong words, but ones which run to the heart of our culture and something that we strive to demonstrate in everything that we do. The development of 3,000 new homes by 2030 is to ensure we continue to meet the requirements of our existing and new clients.

"Buying our first home through Andium Homebuy has been a dream come true."

Joshua and Amara purchased their first family home through our Andium Homebuy Scheme, having previously rented from us. They are delighted with their new home and looking forward to making lots of memories with their daughter Grace.

"Buying our first home through Andium Homebuy has been a dream come true. It's so difficult for people to get on the property ladder with the economic climate being what it has been for so long but for us, purchasing through Andium has made this possible!

Tina, who supported us throughout was so helpful & supportive. The process was smooth & moved very quickly. Tina & the team were especially helpful once we had secured a property and needed them to communicate directly with our lawyers and our bank.

We have been recommending Andium's Homebuy Scheme and getting on the **Assisted Purchase Pathway** to many of our friends who are looking to move themselves on to the property ladder because we feel like more people need to know about how positively impactful & helpful these schemes are."

Official Opening of Edinburgh House, Community Centre and Pétanque Court

We were delighted to have officially opened our Edinburgh House Development at Havre des Pas.

We are very proud of this project which provides 147 new homes for our clients, as well as the creation of beautiful public spaces for the whole Island community to enjoy.

Our Chief Finance and Operations Officer Lindsay Wood and the Minister for Housing were joined by Jersey Cheshire Home Chief Executive Donna Abel, who will be using the Community Room to make a real difference to people's lives, particularly to some of our most vulnerable Islanders.

The Community Centre opened to the public in January 2024 so please do pop in for a hot drink and snack in a beautiful location. The centre can also be hired for private use for a small donation to Jersey Cheshire Home.

We were also joined at the official opening by members of the Jersey Pétanque Association and we were delighted to receive a tutorial on the rules of the game.

In July 2023, as part of forging a better relationship with the Customer and Local Services benefits teams, in the interest of providing improved and more joined up service delivery for our clients and a more transparent management of rent accounts, the Income Recovery Officers began hosting monthly 'Rent Clinics' jointly with specialist officers from the benefits teams.

This has proved very successful in encouraging clients who are confused by benefits and accommodation component payments to engage, understand their finances better and, in many cases, begin to address their arrears.

The clients can come with any queries about their rent, their income support or other Social Security benefits, along with questions about access to the Affordable Housing Gateway. The clinics have been well attended, growing in popularity and have achieved some positive outcomes for clients.

Andium Homes Partnerships

Working in partnership is a crucial and rewarding part of what we do.

Samarès School Community Room

Clos Mourant used by Samarès School as a temporary classroom whilst repairs were made to their school following Storm Ciaran.

Durrell Tortoise Trail

Mini Durrell Tortoise Trail: Braithwaite Tortoise, designed by Victoria College, inspired by The Spirit of Braithwaite House: Participation, Collaboration & Determination.

Primary Engineering Competition & St Peter's School

Primary Engineering & Skills Jersey Engineering Competition – Judging the Primary Engineer Leaders Award Competition. A national competition for pupils aged 3-19 to identify problems in the world around them & produce creative solutions for them.

Samarès School Year 6

Inspiring the next generation of Quantity Surveyors.

We are landlord to several charity organisations including, The Shelter Trust, Sanctuary Trust, Causeway, Women's Refuge and Les Amis. Please see our many partner organisations below:

Age Concern Jersey | Autism Jersey | Brighter Futures | Jersey Cheshire Home | citizens advice | EYECAN. | Mind Jersey

Impact Jersey IOT Project: Healthy Homes Project

Successful recipient of grant from Impact Jersey.

World Homeless Day

Highlighting the needs of people who experience homelessness.

Embrace our Difference

We part sponsored this event at the Radisson Hotel which showcased inclusivity and diversity in the workplace.

UN Sustainable Development Goals (SDG) Campaign.

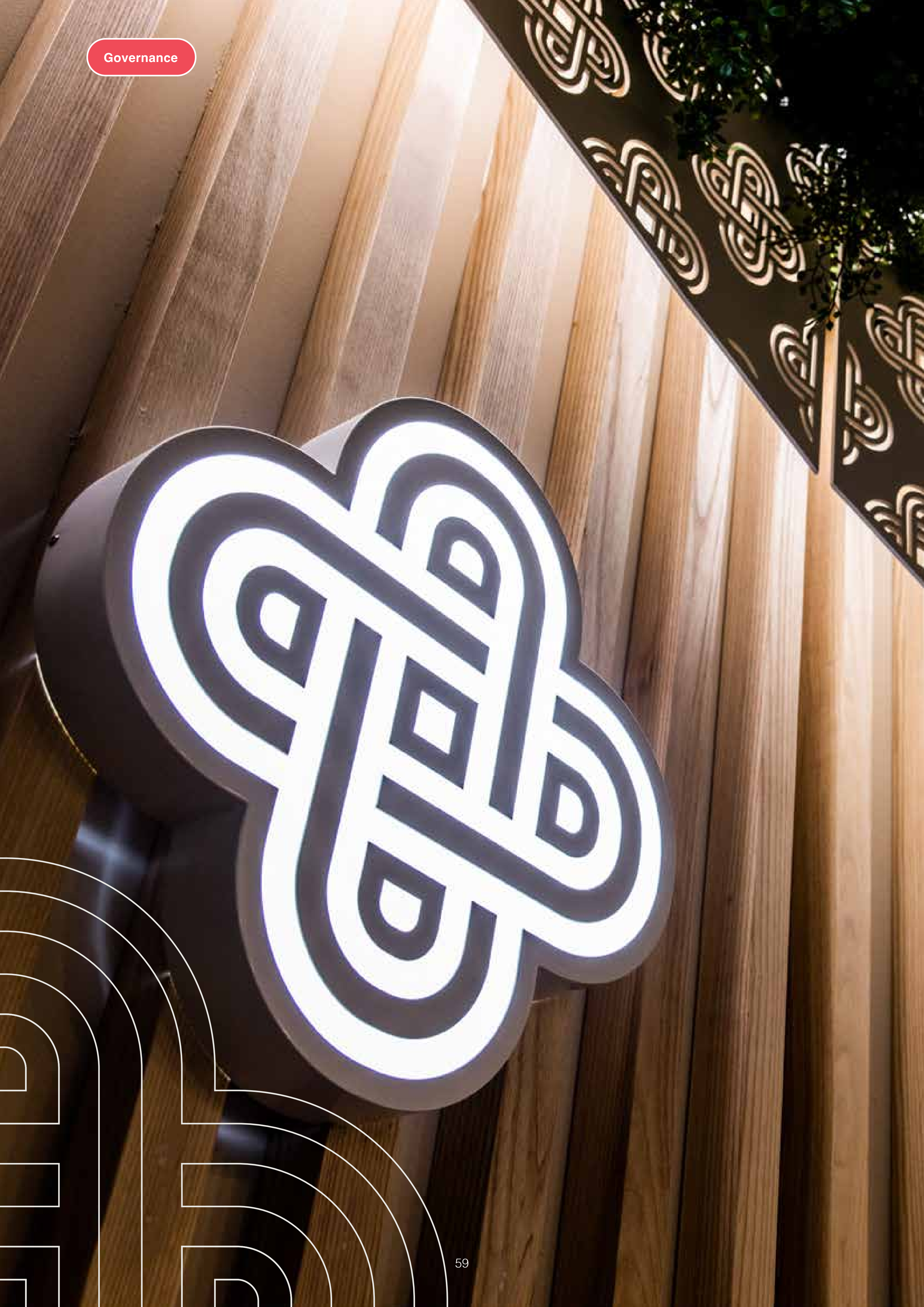
Showing our commitment to the Global Goals to combat major global challenges.

Isle of Man Delegation

Welcoming the Isle of Man Delegation visiting Jersey for the British Irish Council Summit.

"This place is a really nice house to live in; airy and bright, with decent facilities."

A Sanctuary Trust Resident



Environmental, Social and Governance (ESG)

Governance

The Board recognises the crucial role it plays in driving good governance practices.

Andium Homes is a Company limited by guarantee, wholly-owned by the States, represented by the Minister for Treasury and Resources. Our governance arrangements are set out in our Articles of Association, which were included in the legislation establishing the Company. The Articles of Association provide for a Memorandum of Understanding (the "MoU"), which puts in place an accountability framework appropriate to a business wholly owned by the States.

The MoU emphasises an approach based on transparency, openess and trust and specifies those issues on which the agreement of the Guarantor must be sought.

The Board complies with the relevant provisions of the UK Corporate Governance Code issued by the Financial Reporting Council.

The Board

The Board is collectively responsible for the governance of the Company. This role includes –

- Setting the Company's strategic aims.
- Providing the leadership necessary to deliver the aims.
- Establishing the culture, values, and ethics of the Company.
- Supervising the management of the business.
- Ensuring that the Company complies with relevant laws and regulations.
- Being accountable to the Guarantor in accordance with the requirements of the MoU.
- Agreeing an annual update to the Strategic Business Plan and operating budget.

The Board is responsible for the operation of the business and it has a range of important stakeholders, not least the public of Jersey as the ultimate owner of the business. The Company is responsible for housing around 10% of Jersey's population and has been given a major role in meeting future housing needs and in providing housing for people in need of additional support and for key workers.

The Chair is responsible for the leadership of the Board and ensuring its effectiveness in every respect. The Non-Executive Directors constructively challenge and help support the development of the business by bringing strong independent judgement, knowledge, and experience to the Board's discussions.

The Board has established Risk and Audit, Remuneration and People, and Nomination Committees. The Committees are authorised to obtain, at the Company's expense, professional advice on any matter within their Terms of Reference and to have access to sufficient resources to carry out their duties.

The Board has also established a Capital Programme Sub Group, which gives detailed consideration to major capital projects.

Reports on the work of the Committees and the Sub Group are on the following pages. The Terms of Reference and current membership are on the Company's website.

The day-to-day operation of the Company is the responsibility of the Chief Executive and his Executive Team.

Composition of the Board

The Articles of Association stipulate that the Board comprises a maximum of nine Directors (one of whom shall be the Guarantor's Appointee and the Chair).

- A minimum of four and a maximum of five Independent Non-Executive Directors.
- A minimum of one and a maximum of two Tenant Non-Executive Directors.
- The Chief Executive and the Chief Finance and Operations Officer (Finance Director) of the Company.

The Independent and Tenant Directors are appointed in accordance with the requirements of the Jersey Appointments Commission, which provide for an open and transparent process. However, there is provision for the Guarantor to appoint one Director, although with the approval of the Commission.

The Guarantor must approve appointments of Independent and Tenant Directors. The formal arrangement for the appointment of Chair is that the Board makes a recommendation to the Guarantor. Independent and Tenant Directors cannot serve for more than nine years in total. The two Executive Directors are appointed by the Board.

The Board currently comprises

The current composition of the Board can be found in the Directors Report.

No Directors left the Board during 2023.

Jason Laity is the Senior Independent Director appointed by the Board. This position provides a sounding board for the Chair and serves as an intermediary for the other directors.

Richard McCarthy, Jason Laity, Elaine Bailey, Julian Box and Jonathan Day continue to meet the test of independence as defined in the UK Corporate Governance Code. The Articles stipulate that one or two directors are "Tenant Directors" as opposed to "Independent Directors". However, the Board considers that Judy Beaumont and Joanna Walus-Bochenska also meet the test of independence as defined in the Code.

The Board met 7 times during 2023. Attendance at Board meetings where the directors were eligible to attend was as follows:

	Attended / Eligible to attend
Richard McCarthy CBE	7/7
Jason Laity	6/6
Judy Beaumont	6/7
Elaine Bailey	7/7
Julian Box	6/6

	Attended / Eligible to attend
Jonathan Day	6/6
Ian Gallichan	6/7
Lindsay Wood	7/7

Jason Laity, Julian Box, Jonathan Day were unable to attend one of the Board meetings during 2023 where notice was not able to be given and so the quorate Directors waived the notice requirement.

Board Effectiveness Review

The last external review report was delivered in March 2022.

External reviews are carried out every 3 to 4 years with an internal Board evaluation being carried out annually.

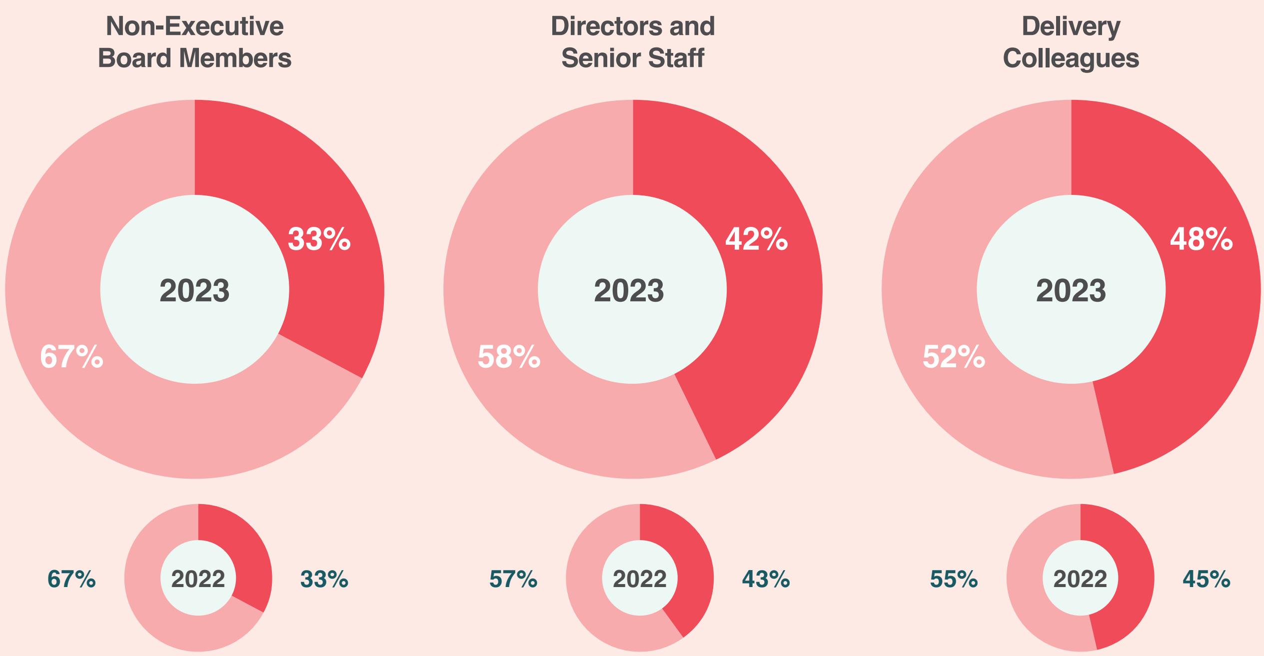
Tenant Director Recruitment Campaign

Joanna, has been resident in Jersey for 21 years and has worked across multiple sectors including hospitality and tourism, in which she has a Master's Degree, and sales and administration.

More recently she was a Residential Childcare Officer at the States of Jersey and supported a client as a personal carer. Joanna was recruited in 2023 and appointed with effect from 1 January 2024.

If any client would like to discuss any tenant related matters with our Tenant Director, please email: **tenantdirector@andiumhomes.je**

The gender balance of employees at all levels of the business at the end of 2023, were: Male Female



Nominations Committee Report

The responsibilities of the Committee cover –

- Reviewing the structure, size and composition of the Board and making recommendations to the Board with regard to any changes.
- Giving consideration to succession planning for both directors and Non-Executive Directors and senior executives.
- Identifying and nominating for the approval of the Board candidates to fill Board vacancies as and when they arise.

The following members served on the Committee during the year –

- Jason Laity (Chair of the Committee)
- Jonathan Day
- Elaine Bailey

The Committee met twice in 2023 to discuss the re-appointment of the Chair, the appointment of the Tenant Non-Executive Director and to review the Committee's terms of Reference. All members of the Committee eligible to attend the meeting were present.

Gender Pay Gap

Our headcount has increased over the last two years to match our business growth and with that so has the diversity of our workforce. The gender pay gap for employees at Andium indicates that on average men earned 26% more than women in 2023, which is a decrease of 4% from the prior year pay gap of 30%.

We are committed to building a more diverse and inclusive workforce and recognise there is more work to be done to reduce the gender pay gap. We have already taken some steps to focus on closing the gender pay gap:

- Continued to encourage that all shortlists contain a mix of male and female candidates and are as diverse as possible.
- Introduced requirements for diverse interview panels including gender neutral panels.
- Performed a review of pay levels across the organisation to ensure fairness across different job roles.

We recognise that there is more work to be done and we aim to reduce the pay gap over time. Action has been taken to ensure that gender pay within grades is appropriate.

Diversity, Equality and Inclusion

Diversity, equality, and inclusion are integral to our Company values and delivering our strategic vision of 'Great homes and services for all who need them'.

At Andium Homes, we are committed to the promotion of equality, and we value the diversity of both our clients and colleagues. We know that diversity, equality and inclusion are fundamental to the effective delivery of our services.

It is important to us that all our clients, colleagues and stakeholders feel included, and we promote a workplace where people understand, respect, and celebrate each other's differences.

Those who work for us, and anyone applying for a job with us, will receive fair and equal treatment. We ensure, where possible, full access for everyone applying for a vacancy. Decisions about transfers and internal promotions are made, so far as possible, using only objective criteria.

Risk and Audit Committee Report

The responsibilities of the Committee cover –

- Oversight of the Company risk policy and processes, including current risk exposures of the Company and making recommendations to the Board.
- Keeping the effectiveness of the Company's internal financial and non-financial controls against best practice under review.
- Monitoring the integrity of the financial statements of the Company, including recommending approval of the Annual Report to the Board.
- Considering and making recommendations to the Board, to be put to the Guarantor for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor.
- Overseeing the external audit of the Annual Report.
- Oversight of the compliance function including monitoring management's responsiveness to findings and recommendations.
- Reviewing the Company's arrangements for whistleblowing, fraud and the prevention of bribery and corruption.

The following members served on the Committee during the year –

- Jason Laity (Chair of the Committee)
- Julian Box
- Jonathan Day

The Committee met four times in 2023. All members of the Committee eligible to attend the meetings were present.

The main activities of the Committee in 2023 were –

- Recommending the approval of the 2022 Annual Report to the Board, which accepted the recommendation and duly approved the report. In forming the recommendation, the Committee worked with the Executive Team to gain comfort over the internal control environment and the key accounting issues.
- Recommending the approval of the Borrowing Business Case, the one-year extension option on the Revolving Credit Facility and the updated Treasury Management Policy to the Board, which accepted the recommendation.
- Meeting with the external auditors at both the planning and final stages of the audit to understand their audit approach, the results of their work and how they determined that the annual report was fit for purpose.
- Reviewing the Company's risk management and internal control systems. The Committee concluded that they represented good practice. When risks to the business emerge, mitigations are put in place to bring the risks within tolerable levels and the Committee considers that these are dealt with proportionately. An internal control schedule for 2023 was developed and delivered in consultation with our internal audit partner, Grant Thornton.

Remuneration and People Committee Report

The responsibilities of the Remuneration and People Committee cover–

- Determining the remuneration policy for the Company.
- Reviewing and making recommendations on the level and structure of the remuneration of the Senior Executives not on the Board.
- Reviewing the on-going appropriateness and relevance of the Remuneration policy for Executive Directors, Senior Management and for the organisation as a whole.
- Determining the policy for, and scope of, pension arrangements and other benefits for Executive Directors, Senior Management and for the organisation as a whole.
- To receive reports from the Chief People & Culture Officer on matters concerning HR policy and practice on a regular basis and take such matters to the Board.

In undertaking its work, the Committee is required to comply with the terms of the MoU, specifically –

- Changes to either the structure or quantum of Renumeration paid to the Executive Directors for their executive responsibilities in the business, including those relating to bonus payments, are to be approved by the Guarantor in advance of them taking effect.
- Any changes to the level of remuneration paid to Non-Executive Directors must be agreed, in advance, by the Guarantor.
- The Company, in designing remuneration schemes for its Executive and Non-Executive Directors, shall have due regard to the remuneration policies published by the Guarantor from time to time.

The following members served on the Committee during the year and up to the date of the publication of this report –

- Jason Laity (Chair of the Committee)
- Richard McCarthy CBE
- Jonathan Day

The Committee met five times in 2023 to recommend pay awards and to receive an overview of the people and wellbeing plan. All members of the Committee eligible to attend the meetings were present.

Fair Pay Disclosure

The following table contains details of pay multiples and illustrates the ratio between the highest-paid director and the median company remuneration level amongst all colleagues. The calculation below is based on the full-time equivalent annual salary for individuals holding contracts (permanent or fixed term) at the end of the relevant year. The table also includes data in respect of the 25th quartile and the 75th quartile, which effectively represents the median of both the upper and lower sections of the Company's remuneration.

	2023 Amount	2023 Ratio	2022 Amount	2022 Ratio
Highest paid director:	214,250	1.0	198,563	1.0
75th quartile:	86,320	2.5	79,000	2.5
Median remuneration:	56,700	3.8	54,300	3.7
25th quartile:	43,160	5.0	40,800	4.9

Remuneration Policy

On an ongoing basis, Executive Director salaries are reviewed annually by the Remuneration and People Committee with recommendations made to the Board, prior to seeking approval from the Guarantor in advance of changes taking effect.

The Remuneration and People Committee endeavours to ensure the value of remuneration packages for these roles matches the Board's policy on market position and sits appropriately against comparable organisation benchmarks. In doing so, the Committee is responsible for ensuring Executive Directors are rewarded fairly and appropriately for the responsibility and accountability associated with the delivery and management of the Company.

Directors remuneration

The total remuneration of the Directors for the year ended 31 December 2023 is set out below:

	Salary £	Bonus £	Benefit* £	Total 2023 £	Total 2022 £
Executive Directors					
Ian Gallichan	214,250	20,000	2,318	236,568	200,692
Lindsay Wood	172,650	12,000	2,318	186,968	153,199
Non-Executive Directors					
Richard McCarthy CBE (appointed 22 January 2021)	41,300			41,300	40,000
Jason Laity	24,884			24,884	22,050
Judy Beaumont	21,786			21,786	20,550
Elaine Bailey	21,786			21,786	20,550
Jonathan Day	21,786			21,786	20,550
Julian Box	21,786			21,786	20,550
Total	**540,228**	**32,000**	**4,636**	**576,864**	**498,141**

All Non-Executive Director pay was increased with effect from 1 July 2023, with the prior approval of the Guarantor. The above figures reflect the change in pay, with an additional increase awarded to Jason Laity in recognition of his role as Senior Independent Director.

*The Company has a healthcare and dental scheme for all employees, of which the Executive Directors also benefit. This was put in place effective 1 July 2021.

Pension contributions

The Company participates in a multi-employer defined benefit pension scheme operated by the States with the Employer pension contributions made in relation to Executive Directors set out below:

	2023 £	2022 £
Executive Directors		
Ian Gallichan	34,280	31,770
Lindsay Wood	27,624	24,171
Total	**61,904**	**55,941**

External appointments for Executive Directors

Ian Gallichan is a director of Headway (Jersey) Limited, in a non-remunerated role. Lindsay Wood held no external directorships in 2023.

Capital Programme Sub Group Report

The responsibilities of the Capital Programme Sub Group cover -

- Reviewing and recommending a strategic portfolio and a Capital Programme to the Board.
- Reviewing and recommending a capital project programme forecast on a quarterly basis.
- Advising the Board of the risks and opportunities presented by the programme.
- Reviewing individual feasibility studies for capital projects.
- Reviewing proposed contractual arrangements for delivery of significant capital projects.
- Delegated approval for specified projects as agreed by the Board.

The following members served on the Sub Group during the year and up to the date of the publication of this report –

- Elaine Bailey (Chair of the Committee)
- Richard McCarthy CBE
- Judy Beaumont
- Ian Gallichan

The Sub Group met eight times in 2023. The Chair attended all of the meetings and the other Committee members attended seven of the eight meetings.

The main activities of the Sub Group in 2023 were:

- Detailed review of capital projects.
- Approval of projects and development agreements.
- Approval of the approach to pipeline procurement.
- Review of the Capital Programme.

Complaints and Appeals Procedure

Andium Homes has a Complaints and Appeals Policy in place and published on the website. All complaints and appeals are overseen by the Lead for Policy & Stakeholder Engagement. There were six formal complaints and one appeal during 2023.

Directors' Report

ANDIUM HOMES LIMITED.
Registration No. 115713

The Directors of the Company present their report and the audited financial statements of the Company for the year ended 31 December 2023.

The Board currently comprises

The following served as Directors of the Company between the beginning of 2023 and the date of signing of this report:

Richard McCarthy CBE	Chair	Appointed 22 January 2021, Re-appointed 1 January 2024
Jason Laity	Senior Independent Director	Appointed 1 November 2019, Re-appointed 17 April 2021
Judy Beaumont	Non-Executive Tenant Director	Appointed 1 January 2017, Re-appointed 1 January 2020, Re-appointed 1 January 2023
Elaine Bailey	Non-Executive Director	Appointed 1 February 2020, Re-appointed 1 February 2023
Julian Box	Non-Executive Director	Appointed 17 February 2020, Re-appointed 17 February 2023
Jonathan Day	Non-Executive Director	Appointed 17 February 2020, Re-appointed 17 February 2023
Joanna Walus-Bochenska	Non-Executive Tenant Director	Appointed 1 January 2024
Ian Gallichan	Chief Executive	Appointed 1 July 2014
Lindsay Wood	Chief Finance and Operations Officer	Appointed 1 January 2020

No other persons have served as Directors during the period.

Future Developments

An analysis of future developments is in the Delivering Growth & Regeneration section earlier in this document.

Post Balance Sheet Date Events

On 6 February 2024, the term of the revolving credit facility was extended by one year to 28 February 2029.

Disclosure of Information to the Auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware.

Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Appointment of the Auditor

The audit services contract was put out to tender in 2019 to enable the Company to compare the quality and effectiveness of the services of the incumbent auditor with those of other audit firms. As a result of this process Baker Tilly Channel Islands Limited were re-appointed for a 5 year period, with a 3 year break clause, commencing year end 31 December 2019.

Statement of Directors' Responsibility

The Statement of Directors' responsibility is presented separately on page 71. The Company implements "best practice" from the UK Corporate Governance Code with a separate governance report included on page 61.

By Order of the Board.

Richard McCarthy CBE,Chair
18 April 2024

Lindsay Wood, Chief Finance and Operations Officer
18 April 2024

Directors' Responsibilities Statement

The Board of Directors is responsible for preparing the Annual Report including the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements under UK Accounting Standards and as a going concern. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period.

In preparing those financial statements, the Board of Directors is required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Make an assessment of the Company's ability to continue as a going concern.

The Board of Directors is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Board Responsibility Statement

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with UK Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.
- The annual report includes a fair and balanced review of the development and performance of the business and the position of the Company with a description of the principal risks and uncertainties that they face.

By order of the Board

Independent auditor's report

To the Guarantor of Andium Homes Limited

Opinion

We have audited the financial statements of Andium Homes Limited (the "Company"), which comprise the Statement of Financial Position as at 31 December 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK GAAP); and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991, as amended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs"). 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Jersey, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period, and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on the overall strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	The Risk	How Our Audit Addressed The Matter
Rental and other income £66,276k (2022: £59,433k) • Accounting Policy 1(e) and 1(f)	There is a risk that income may be materially misstated due to: a) revenue recognition from policy implementation; b) cut-off of revenue as at year end; c) accuracy of rental rate charges and calculation of rental rates based on rent setting policy; or d) inaccurate calculation of disposal of housing bonds.	Our audit procedures with respect to rental and other income included but where not limited to: (i) analytical reviews; (ii) tests of controls on new tenants, ensuring that the general ledger entries appropriately reconciled to the tenant management software and tenancy agreements which confirm the weekly rental and other charge rates; (iii) tests of detail on a selection of period end rental charges ensuring appropriate cut-off; and (iv) tests of detail on a selection of other income items, reconciling to supporting evidence and ensuring appropriateness of all assertions in the accounting records. We have no findings to report.
Social housing stock and assets under construction £1,158,871k (2022: £1,142,879k) • Accounting Policy 1(i) • Note 7	There is a risk that social housing properties held may be materially misstated due to: a) incorrect classification of assets; b) inaccurate calculation of depreciation; c) incorrect classification of depreciation between the various components; d) social housing units not appropriately owned by the Company; e) social housing units not appropriately valued by the Company or valuer; f) assumptions of the valuation not in line with the Statement of Recommended Practice for Registered Housing Providers (SORP); or g) additions and disposals made in the year not appropriately treated in the accounting records.	Our audit procedures with respect to social housing stock and assets under construction included but where not limited to: (i) analytical reviews; (ii) tests of detail on a selection of additions and disposals ensuring the appropriateness of all assertions in the accounting records; (iii) obtaining the valuation of social housing as at 30 November 2023 and 31 December 2023, and reviewing the assumptions and data used for its integrity and appropriateness and attest as to whether they are in line with the SORP; (iv) recalculation of the basis for determining depreciation and ensuring that the amount is reasonable and in line with the relevant SORP; (v) reviewing the classification of components and ensuring all relevant components are aggregated correctly into their sub-categories; (vi) recalculation of the component depreciation and ensuring depreciation is correctly recorded in respect to each component; (vii) reviewing management's estimate of impairment and ensuring that the amount is reasonable and in line with the SORP; (viii) reviewing the classification between social housing and assets under construction and ensuring completeness and presentation and that all assets subject to depreciation are classified appropriately; and

		(ix) reviewing signed contracts to ensure all capital and expenditure commitments are appropriately disclosed in the financial statements. With respect to Haut du Mont, we have also: (i) held discussions with senior leadership on the ongoing treatment of the Haut du Mont site and the investigation; and (ii) held discussions with, and challenged the Company's external valuers (JLL), ensuring that the properties have been subject to appropriate treatment, inputs and assumptions. We have no findings to report.

Our Application of Materiality

Materiality for the financial statements as a whole was set at £12,543k (2022; £12,541k), determined with reference to a benchmark of gross assets, of which it represents 1.0% (2022: 1.0%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 70% (2022: 70.0%) of materiality for the financial statements as a whole, which equates to £8,780k (2022: £8,778k). We applied this percentage in our determination of performance materiality based on entity risk factors which are judgemental.

We reported to the Risk and Audit Committee any uncorrected omissions or misstatements exceeding £627k (2022: £627k), in addition to those that warranted reporting on qualitative grounds.

In addition, we have allocated specific materiality for income, expenses, debtors and creditors. We considered a threshold of £662k (2022: £594k) to be an indicator of materiality for these specific areas based on 1.0% (2022: 1.0%) of income. Specific materiality has been used in these areas due to their lower value and to ensure we have performed adequate audit work in these areas. We have reported, to the Risk and Audit Committee, all corrected and uncorrected misstatements we identified through our audit, in these areas, with a value in excess of £33k (2022: £29k) in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Conclusions relating to Going Concern

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

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

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

Other Information

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

Matters on which we are required to Report by Exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991, as amended, requires us to report to you if, in our opinion:

- proper accounting records have not been kept;
- proper returns adequate for the audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns; or
- we have not obtained all information and explanation that, to the best of our knowledge and belief, was necessary for the audit.

Responsibilities of the Directors

As explained more fully in the Directors' responsibilities statement set out on page 63, the Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with UK GAAP, and for such internal control as the Directors 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 Directors are responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- Enquiry of management to identify any instances of non-compliance with laws and regulations, including actual, suspected or alleged fraud;
- Reading minutes of meetings of the Board of Directors and all related committees listed below;
    - Risk and audit committee;
    - Nomination committee;
    - Capital programme Sub-Group; and
    - Renumeration and people committee;
- Undertaking meetings with the head of each department;
- Review of management's significant estimates and judgements for evidence of bias;
- Review for undisclosed related party transactions;
- Using analytical procedures to identify any unusual or unexpected relationships; and
- Undertaking journal testing, including an analysis of manual journal entries to assess whether there were large and/or unusual entries pointing to irregularities, including fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

Other matters which we are required to address

We were re-appointed by the Directors of the Company, on 1 June 2019. The total period of uninterrupted engagement including previous renewals and reappointments of the firm is 10 years. We rotated our engagement signatory for the audit of the financial statements from the year ended 31 December 2021.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Risk and Audit Committee.

Use of this Report

This report is made solely to the Guarantor of the Company, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991, as amended. Our audit work has been undertaken so that we might state to the Guarantor 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 Company and its Guarantor, as a body, for our audit work, for this report, or for the opinions we have formed.

Sandy Cameron

For and on behalf of Baker Tilly Channel Islands Limited

Chartered Accountants

St Helier, Jersey

18 April 2024


BACCHUS

Financial Statements

Statement of Comprehensive Income

for the year ended 31 December 2023

	Notes	2023	2022
		£'000	**£'000**
Rental income		61,848	57,107
Other income		4,428	2,326
Operating costs (excluding depreciation & impairment)		(22,100)	(18,131)
Operating Surplus before the return to the Guarantor, depreciation & impairment		**44,176**	**41,302**
Return to the Guarantor	3	(29,061)	(28,613)
Operating Surplus before depreciation & impairment		**15,115**	**12,689**
Depreciation & impairment		(49,051)	(17,755)
Operating deficit	2	**(33,936)**	**(5,066)**
Fair value (losses) / gains on financial instruments	10	(1,074)	4,579
Interest receivable and similar income		313	119
Interest payable and similar charges	4	(10,876)	(7,961)
Realised (deficit) / surplus from disposal of financial assets		(9)	197
Deficit for the year		**(45,582)**	**(8,132)**
Other comprehensive income			
Unrealised surplus on revaluation of housing properties	7,11	7,517	71,998
Unrealised surplus on revaluation of other assets	8,9	235	1,060
Unrealised (deficit) / surplus on revaluation of derivative instruments	12	(4,161)	2,915
Total comprehensive (deficit) / income for the period		**(41,991)**	**67,841**

The notes on pages 83 to 103 form part of the financial statements.

Statement of Financial Position
as at 31 December 2023

	Notes	2023	2022
Fixed Assets		**£'000**	**£'000**
Housing Properties	7	1,158,871	1,142,879
Property, Plant and Equipment	8	8,008	8,017
Investment Properties	9	20,788	19,567
Financial Assets	10	49,313	45,904
Derivative Instruments	12	-	2,915
		1,236,980	**1,219,282**
Current Assets			
Housing Properties held for sale	11	7,571	6,120
Debtors	13	6,615	15,182
Cash and cash equivalents	15	3,144	13,554
		17,330	**34,856**
Amounts Falling due within one year:			
Creditors	16	(2,860)	(3,138)
Accrued expenses	17	(17,229)	(15,596)
		(20,089)	**(18,734)**
Net current (liabilities) / assets		**(2,759)**	**16,122**
Total assets less current liabilities		**1,234,221**	**1,235,404**
Amounts falling due after more than one year			
Borrowing	18	(367,532)	(327,970)
Derivative Instruments	12	(1,246)	-
		(368,778)	**(327,970)**
Net Assets		**865,443**	**907,434**
Capital and reserves			
Housing property revaluation reserve		(376,101)	(368,584)
Other assets revaluation reserve		(4,073)	(3,838)
Derivative instruments reserve		1,246	(2,915)
Retained earnings		(486,515)	(532,097)
	27	**(865,443)**	**(907,434)**

The financial statements were approved by the Board of Directors and authorised for issue on 18 April 2024 and were signed on its behalf by:

Richard McCarthy CBE,
Chair

Lindsay Wood,
Chief Finance and Operations Officer

The notes on pages 83 to 103 form part of the financial statements.

Statement of Changes in Equity
for the year ended 31 December 2023

	Housing property revaluation reserves	Other assets revaluation reserves	Derivative instruments revaluation reserves	Retained earnings	Total reserves
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2022	296,586	2,778	-	540,229	839,593
Deficit on ordinary activities	-	-	-	(8,132)	(8,132)
Other comprehensive income for the year	71,998	1,060	2,915	-	75,973
Balance at 31 December 2022	368,584	3,838	2,915	532,097	907,434
Deficit on ordinary activities	-	-	-	(45,582)	(45,582)
Other comprehensive income / (deficit) for the year	7,517	235	(4,161)	-	3,591
Balance at 31 December 2023	**376,101**	**4,073**	**(1,246)**	**486,515**	**865,443**

See note 27 for a description of the reserves.

Cash Flow Statement

for the year ended 31 December 2023

	Notes	2023	2022
		£'000	**£'000**
Net cash inflow from operating activities	25	**25,037**	**14,694**
Returns on investments and servicing of finance			
Interest and similar charges received		313	119
Interest and similar charges paid	4	(15,780)	(11,852)
Net cash outflow from returns on investments and servicing of finance		**(15,467)**	**(11,733)**
Capital expenditure and financial investment			
Additions to Housing Properties	7	(79,754)	(87,825)
Additions to Investment Properties	9	(1,221)	(16,801)
Disposals from Housing Properties	7	3,082	-
Purchase of Property, Plant and Equipment	8	(249)	(808)
		(78,142)	**(105,434)**
Reduced by:			
Redemption of housing bonds	10	413	1,594
Sale of housing properties net of bonds issued	5	18,436	24,540
Net cash outflow from capital expenditure and financial investment		**(59,293)**	**(79,300)**
Financing			
Repayment of borrowing	18	(22,000)	(5,000)
Borrowing drawn down	18	61,313	77,937
Net cash inflow from financing		**39,313**	**72,937**
Decrease in cash in the period		(10,410)	(3,402)
Opening cash and cash equivalents balance		13,554	16,956
Closing cash balance	15	**3,144**	**13,554**

The notes on pages 83 to 103 form part of the financial statements.

Notes to the Financial Statements
for the year ended 31 December 2023

1. Principal Accounting Policies

a) Statutory information

Andium Homes Limited (the "Company") is a Company limited by guarantee and incorporated in Jersey. The registered office is 33-35 Don Street, St Helier, Jersey, JE2 4TQ. The Company is a public benefit entity.

b) Statement of compliance

The financial statements as at 31 December 2023 have been prepared in accordance with FRS 102. Although not a requirement, in the interest of best practice, the financial statements have also been prepared in accordance with the Statement of Recommended Practice ("SORP") for Registered Social Housing Providers 2018. The principal accounting policies have been applied consistently throughout the year and preceding period.

c) Basis of accounting

The financial statements have been prepared under the historical cost accounting convention modified for the revaluation of fixed assets and financial instruments at fair value. The financial statements have been prepared in sterling which is the functional currency of the Company.

d) Going concern

The Board of Directors considers annually the appropriateness of preparing the Company's financial statements on a going concern basis. Matters which are taken into account in this process include:

i. The prevailing economic climate, both internationally and locally and its impact, if any, on the Company's viability;

ii. The financial position of the Company; and

iii. The short, medium and long term financial prospects resulting from financial modelling carried out in support of the Company's business plan.

In the absence of any fundamental shortcomings raised as a result of the above exercise, the Board of Directors considers the going concern assumption underlying the preparation of the Company's financial statements to be appropriate.

e) Rental income

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net any voids.

Rental income represents income from social lettings which include contributions received for properties known as "Cottage Homes". Previous legislation required these properties to be allocated to applicants under a different allocation policy, whereby instead of rental income, the clients would make contributions to the running of these homes. The legislation has been repealed, and any new clients now fall under the same criteria as the remaining social housing properties, with no change to existing clients.

f) Other income

Other income is recognised when it is probable that the economic benefits will flow to the Company. Other income represents rental income from investment properties, land acquired for future development, car park fees, utility charges and insurance reclaims. Tenant service charges are levied on a basis intended to cover appropriate service costs each period.

g) Net assets transferred from the States of Jersey

On 18 October 2013 the Royal Court of Jersey registered the Social Housing (Transfer) (Jersey) Law 2013 (the "Transfer Law") to enable the transfer of the assets from the States to a private company incorporated in Jersey. The Social Housing (Transfer) (Jersey) Regulations 2014 ("Regulations") which came into force immediately after the Transfer Law specified all net assets to be transferred to the Company. On the transfer date, the assets, rights and liabilities of the States that are specified in the Regulations were transferred to the Company. The values assigned to the assets, rights and liabilities were determined with reference to the Regulations.

h) Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments with an original maturity of 3 months or less that are readily convertible to known amounts of cash that are subject to an insignificant risk of changes in value.

i) Housing properties and housing properties held for sale

Housing properties are initially recognised at cost to include: its purchase price; any costs directly attributable to bringing the asset into the condition necessary for it to generate rental income; and any borrowing costs directly attributable to the acquisition, construction and production of the asset.

After initial recognition housing properties (including the land on which it is situated) are valued at Existing Use Value for Social Housing ("EUV-SH") on an annual basis. The aggregate surplus or deficit on revaluation is the difference between the cost of the property less accumulated depreciation and the amount of the valuation. Revaluation surplus is recognised in other comprehensive income and transferred to the housing property revaluation reserve.

Impairments, including the reversal of impairments, are recognised when a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the Statement of Comprehensive Income.

Works to existing housing properties will generally be capitalised under the following circumstances:

i. Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or

ii. Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing housing properties which fail to meet the above criteria are charged to the Statement of Comprehensive Income. The major components are deemed to be land as well as those listed in part l) below.

Assets under construction, including land and buildings acquired for future development, are held at cost less any impairment until they become available for letting.

Housing properties identified for sale are classified as housing properties held for sale at fair value, with changes in fair value being recognised in other comprehensive income and accounted for in equity.

j) Investment properties

The Company carries its investment property at fair value, with changes in fair value being recognised in other comprehensive income and accounted for in equity.

k) Sale of housing properties

Properties are disposed of under the appropriate legislation and guidance. All costs related to the property sold are removed from the financial statements at the date of sale. Any surplus on disposal is recognised in the Statement of Comprehensive Income. Depreciation on these properties ceases at the date they are classified as held for sale.

l) Depreciation – housing properties

Depreciation is charged on a straight line basis over the expected economic useful lives of each major component that makes up the housing property. On initial acquisition of a new housing property the deemed cost of each component is allocated as a percentage of the total cost. The expected useful life of each component is as follows:

	Expected Life (Years)
Structure	**80**
Roof	**30 - 50**
Windows and Doors	**30 - 40**
Kitchen	**30**
Stairs	**60**
Wiring and Electrical Installations	**30**
Plumbing and Installation	**30**
Builders Work in connection with service	**30**
Lifts	**30**
Partitions	**60**
Wall, floor and ceiling finishes	**30 - 60**
Sundry Builders work	**60**
Balconies	**60**
External works including underground Drainage	**40**

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

Periodic reviews are undertaken to establish whether a charge needs to be made for any financial impairment that has arisen to reduce the value of any class of property to an amount less than historical cost and accumulated depreciation. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any impairment would be recognised in the Statement of Comprehensive Income. Refer to note 7 for the value of any impairment losses recognised.

m) Property, plant and equipment

The office premises is carried at fair value less accumulated depreciation.

Other fixed assets (other than housing property, infrastructure assets, and office premises) are stated at cost less accumulated depreciation.

Depreciation is charged on a straight line basis as follows:

Office Premises	**50 years**
Infrastructure assets	**50 years**
IT Systems Development	**10 years**
IT Equipment	**5 years**
Vehicles	**5 years**

Infrastructure assets and office premises are valued at fair value. The aggregate surplus or deficit on revaluation is the difference between the cost of the asset less accumulated depreciation and the amount of the valuation. Revaluation surplus is recognised in other comprehensive income and transferred to the ‘Other Assets Revaluation Reserve’, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit is charged (or credited) to the Statement of Comprehensive Income.

n) Impairment of fixed assets

Where indicators of impairment have been identified, an impairment assessment is carried out and any required charges are recognised in the Statement of Comprehensive Income.

Impairment is calculated as the difference between the carrying value of income generating units and the estimated value in use at the date an impairment loss is recognised. Value in use represents the net present value of expected future cash flows from these units. Impairments of fixed assets are recognised in the Statement of Comprehensive Income.

o) Leases

Determining whether an arrangement is, or contains, a lease shall be based on the substance of the arrangement and requires an assessment of whether:

i. fulfilment of the arrangement is dependent on the use of a specific asset or assets. Although a specific asset may be explicitly identified in an arrangement, it is not the subject of a lease if fulfilment of the arrangement is not dependent on the use of the specified asset; and

ii. the arrangement conveys a right to use the asset. This will be the case where the arrangement conveys to the purchaser the right to control the use of the underlying asset.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

p) 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, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets and financial liabilities are derecognised when the associated contract ceases, at which point the financial asset or financial liability is disposed of with any associated gain or loss recognised in the Statement of Comprehensive Income.

Financial assets

i. Homebuy Deferred Payment Bonds

Housing bonds are issued to eligible purchasers of housing stock initially valued as the difference between the agreed cash price and the fair market value of the property. The bond is repaid to the Company when the property is next conveyed. Subsequently the bond value is measured at fair value which is linked to the fair value of the underlying housing property. Changes in the fair value of the bonds are recognised in statement of comprehensive income. Fair value of the bonds is initially calculated as the proportionate difference between the fair market price of the property and the agreed cash price. Subsequently, fair value is obtained at each year end by applying the latest published Jersey Housing Price Index (HPI) to the bonds initial fair value.

ii. Trade debtors

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the Statement of Comprehensive Income for the excess of the carrying value of the trade debtor over the present value of the future cash flows. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the Statement of Comprehensive Income.

p) Financial instruments (continued)

iii. Derivative instruments

The Company has a floating rate loan which exposes the Company to interest rate risk. To mitigate this risk the Company uses interest rate swaps. These instruments are measured at fair value at each reporting date. The fair value is ascertained by the calculating agent and carried as an asset when the fair value is positive and as a liability when the fair value is negative. Changes in the fair value are recognised in the Statement of Comprehensive Income (see note 12).

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

Financial liabilities

i. Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

ii. Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

q) Pension costs

The Company participates in a multi-employer defined benefit pension scheme operated by the States. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable to the Company. As it is not possible to readily identify the Company's share of the scheme, the scheme is accounted for as a defined contribution scheme (rather than a defined Benefit Scheme in line with FRS 102) and contributions by the Company are charged to the Statement of Comprehensive Income as they fall due. Refer to note 20.

r) Taxation

The Company is not subject to taxation under Jersey Income Tax.

Goods and Services Tax (GST) is accumulated over each quarter where the net balance due or receivable is settled with Revenue Jersey.

s) Provisions and contingencies

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. All material contingent losses are disclosed with an estimate of the financial effect, its legal nature and details of any security.

t) Government of Jersey grants

Government of Jersey grants are recognised in income and expenditure under the performance model once reasonable assurance has been gained that all related conditions have been met and the grant will be received. Grants due from the government or received in advance are included as assets and liabilities.

u) Disclosure exemptions

The Company is a "qualifying entity" in terms of FRS 102 as the Company's results are included in the consolidated financial statements of the States which can be found by searching "Annual Report" on the gov.je website.

The Company has taken advantage of the following exemptions:

i. FRS 102.33.11 – Exemption from related party disclosure requirements 33.9 in relation to a state that has control, joint control or significant influence over the reporting entity.

v) Frequency of reporting and comparative information

The financial statements of the Company are to be issued annually as at 31 December.

w) Key related parties

The Board of Directors of the Company and the States are considered to be the key related parties.

x) Critical accounting judgements

No significant judgements have been made in the preparation of these financial statements.

y) Key sources of estimation uncertainty

The following are the key assumptions and estimates which affect the amounts reported for assets and liabilities at the year-end and the amounts reported for income and expenditure during the year:

i. Useful lives of tangible fixed assets

Tangible fixed assets are depreciated on a systematic basis based on management's best estimate of the assets' useful life. This estimate is based on a variety of factors such as the expected use, any legal, regulatory, or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses (see notes 7 & 8).

ii. Impairment of assets

Where there are indicators of impairment of individual assets, the Company performs impairment tests based on fair value less costs to sell or an Existing Use Value calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices (see notes 7 & 11).

iii. Valuation of housing and investment properties

The Company carries its housing properties on an Existing Use Value. Revaluation deficits or surpluses are recognised in other comprehensive income and accumulated in equity. In determining the value, assumptions are made of the discount rate, future costs to be incurred such as management costs, total repair costs and the amount of bad debts and voids (see note 7).

The Company carries its investment properties at fair value. Revaluation deficits or surpluses are recognised in other comprehensive income and accounted in equity (see note 9).

The Company's housing properties were valued as at 31 December 2023 by independent professionally qualified valuers who hold a recognised professional qualification and have experience in the properties valued. The Company reviews the valuations performed by the independent valuers for financial reporting purposes.

The Company's investment properties were valued as at 31 December 2022 by independent professionals with experience in the properties valued. The Company review the valuation performed by the independent valuer for financial reporting purposes.

iv. Goods received and not invoiced

Amounts for goods received and not yet invoiced have been calculated based on an agreed schedule of rates and an assessment made at year end as to the stage of completion of work provided with reference to either the agreed schedule of rates or quotations obtained before commencement of works (see note 17).

v. Estimates of value of work in progress for housing properties under construction

Housing properties under construction are valued using valuation certificates provided by suppliers or, where such a certificate is not available, management estimates are made with reference to lead professionals, associated contracts, and stage of completion. Estimation uncertainty, by its very nature, carries an inherent risk that there may be a material difference from the fair value disclosed in the financial statements when compared to any final realisable value (see note 7).

vi. Bad debt provisions

Specific bad debt provisions are determined on a systematic basis based on management's best estimate of likelihood of receipt. This estimate is based on a variety of factors including the debtor's personal and financial situation (see note 13).

vii. Capitalised staff costs

Staff costs attributable to ongoing capital projects are capitalised based on a set percentage of time for each relevant role.

2. Operating Deficit

Operating deficit is stated after charging:

	2023 £'000	2022 £'000
Depreciation	18,333	16,820
Impairment	30,718	935
Wages & Salaries	4,293	3,787
Social Security costs	253	202
Other pension costs	744	544
Repairs; cyclical, planned, day to day	8,571	7,701
Auditors remuneration - audit services	65	59
Other expenses	5,788	5,641
Other staff costs	142	191
Major incident expenditure	2,245	7

Major incident expenditure includes exceptional costs of £1,047k (2022: £7k) relating to the Haut du Mont incident, in addition to costs of £602k (2022: £nil) relating to Grands Vaux and £596k (2022: £nil) relating to Storm Ciarán. These costs were offset by associated insurance proceeds of £2,131k (2022: £nil)
An explanation of the impairment is provided in the Financial Review section.

3. Return to the Guarantor

	2023 £'000	2022 £'000
Return to the Guarantor	29,061	28,613

On 22 July 2014 the Company entered into an agreement with the States acting through the Minister for Treasury and Resources, the Guarantor for the Company, to provide a return payable by the Company to the Government to the base amount of £6,737k per quarter, starting from 1 July 2014. The base amount would be subsequently increased annually in quarter three, by the June Jersey Retail Price Index (“RPI”) of the same year.

During 2018, the basis of the return was changed. It was agreed with the Government of Jersey that:

- The increase in the return due in Q3 2018 be deferred to Q1 2019, and thereafter the increase will take effect on 01 January each year; and
- The base amount of the return be increased by the September Jersey RPI, with a minimum increase of 1.75% and a maximum increase of 3.25%.

The change in basis of the return was made in conjunction with a change in the States social housing rent policy which deferred annual uplifts in rent charges to 1 January (previously 1 October). Rent uplifts continue to be inflation linked and now also include a minimum and maximum increase of 2.5% and 4.0% respectively.

During 2020, and as a direct consequence of the Coronavirus pandemic, it was further agreed with the States that we would not apply our annual uplift to rent charges for the year commencing 1 January 2021. To limit the impact of this rent freeze on our business model, a partially compensatory reduction in the return was agreed, which reflected the budgeted savings the States would make through its Income Support payments.

During 2021, it was agreed with the States that we would not apply our annual uplift to rent charges for the year commencing 1 January 2022, with the Company fully compensated by a reduction in the return. The return was further reduced following the agreement to partially compensate the Company for the States Assembly decision to cap social housing rents at 80% of market rate compared to 90% of market rate previously. In 2023, this reduction was included in the Amended & Restated Transfer Agreement to formalise the calculation.

The annual payment of the return continues indefinitely. It is the view of the Board of Directors that the annual return payable should be classified separately from the transfer of net assets at incorporation and recognised as an expense in the Statement of Comprehensive Income.

4. Interest Payable and Similar Charges

Interest is payable on borrowing taken out to fund for our capital programme. Although interest rates increased during 2023, the amount of interest expensed was below that budgeted because the budget prudently assumed we would enter into additional borrowing during 2023, which will now take place at a later time.

Operating deficit is stated after charging:

	2023 £'000	2022 £'000
Interest on loan agreements with States of Jersey	9,786	7,154
Interest and fees on Revolving Credit Facility	840	566
Amortisation of loan arrangement fees	250	241
Total interest costs	**10,876**	**7,961**

The interest charge on loan agreements with the States of £9,786k (2022: £7,154k) of interest and £78k (2022: £83k) of bond set-up fees which are amortised over the lifetime of Loan 1 (note 18).

On 28 February 2020 the Board entered into a sterling revolving credit facility agreement for £150m. This facility enables the Company to progress future capital projects in line with its strategic business plan. On 23 December 2021, the Company entered into an Amended and Restated Facility Agreement to increase the facility up to £225m. On 11 August 2022, the £25m Accordion Facility was entered in to, increasing the facility to £250m. As at 31 December 2023, £141,000k has been drawn from the facility (2022: £101,500k). Commitment fees of £187k (2022: £483k) have been charged in the year and £171k (2022: £158k) of arrangement fees amortised over the life of the facility.

In July 2022, the Company entered into an interest rate swap ("swap") for £50m (note 12). The net interest income on the swap was £989k (2022: charge £83k).

Further finance costs of £5,153k (2022: £4,132k) have been capitalised and are included within additions to assets under construction (note 7). The weighted average interest rate applicable to the Company borrowings is 4.4% (2022: 4.1%). Interest from the two facilities is apportioned to the projects under construction and is added to the cost of the development until it is available for use, at which point subsequent interest on related borrowing is charged to the Statement of Comprehensive Income.

5. Surplus on sale of housing properties

Operating deficit is stated after charging:

	2023 £'000	2022 £'000
Gross Proceeds	23,341	29,334
Net Asset Cost (Cost less accumulated depreciation)	(23,341)	(29,334)
Gain / (loss) on sale	**-**	**-**

Housing properties are revalued at the date of being identified for disposal and sold at that level, hence incurring no gain or loss on disposal. Gross proceeds is the total amount of cash received being £18,436k (2022: £23,485k) plus housing bonds issued during the period £4,905k (2022: £5,637k) which are repayable to the Company on next conveyance of the property (see note 10).

6. Employee Information

	2023	2022
The average full time equivalent number of persons employed in the period was:	67	62
The average number of persons employed in the period was:	67	63

	2023 £'000	2022 £'000
Staff costs (including Directors emoluments):		
Wages and salaries	4,744	3,787
Social security costs	253	202
Pension costs	744	544
Other staff costs	142	191
Capitalised staff costs	(451)	-
Total staff costs	**5,432**	**4,724**

Capitalised staff costs is a change in management estimation and relates to staff costs attributable to capital projects, with the change implemented at the start of the year. This change has been assessed to have no material impact on the prior year.

7. Housing properties

	Held for letting	Land acquired for future development	Under contruction	Total housing properties
Cost	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January 2022	1,082,585	36,561	114,196	1,233,342
Additions (note a)	7,149	-	78,905	86,054
Transfer from under construction to held for letting	94,112	(592)	(93,520)	-
Disposals (note 9, 11 and 13)	(24,949)	-	(4,228)	(29,177)
Revaluation	(2,102)	-	-	(2,102)
At Period end	**1,156,795**	**35,969**	**95,353**	**1,288,117**
Depreciation & impairments				
At 1 January 2022	(79,988)	(10,475)	-	(90,463)
Charged during the period	(17,840)	-	-	(17,840)
Impairments recognised	(32,946)	-	-	(32,946)
Impairments reversed	2,239	-	-	2,239
Revaluation	9,764	-	-	9,764
At Period end	**(118,771)**	**(10,475)**	**-**	**(129,246)**
Net book value as at 31 December 2023	**1,038,024**	**25,494**	**95,353**	**1,158,871**
Net book value as at 31 December 2022	**1,002,597**	**26,086**	**114,196**	**1,142,879**

a) Additions of £86,054k (2022: £91,957k) is reflected as £79,754k (2022: £87,825k) additions to housing properties in the cash flow statement and also includes £5,153k (2022: £4,132) of finance costs capitalised and £1,146k (2022: £nil) disposed to Investment Properties. These finance costs are included as part of 'interest and similar charges paid' within the cash flow statement.

b) Where indicators of impairment have been identified at the asset level, an impairment assessment is carried out and those charges recognised in the Statement of Comprehensive Income. Impairments recognised are net of prior year reversals for ongoing refurbishment work. Valuations have been carried out as at 31 December 2023 by Jones Lang LaSalle IP Incorporated (an independent valuer) using the discounted cash flow method. The valuations have been prepared using the Existing Use Value for Social Housing, as required by the SORP. Valuations have been prepared in accordance with the Royal Institution of Chartered Surveyors' Valuation Professional Standards, 2022, Global and UK Edition (the "Red Book").

c) The table below provides a summary of the assumptions used to calculate the Held for Letting valuations:

2023

Assumption	Core stock	High-rise stock	Newly developed stock	Hostels
Discount rate, voids	5.75%	6.00%	5.75%	5.75%
Management costs	£880	£880	£880	£880
Total repair costs	£2,411	£2,444	£1,828	£1,946
Bad debts, voids	1.5%	1.5%	1.5%	1.5%
Re-let rates	5.0%	5.0%	5.0%	5.0%

2022

Assumption	Core stock	High-rise stock	Newly developed stock	Hostels
Discount rate, voids	5.75%	6.25% - 6.50%	5.75%	5.75%
Management costs	£800	£800	£800	£800
Total repair costs	£2,109	£2,138 - £29,699*	£2,109	£1,752
Bad debts, voids	1.5%	1.5%	1.5%	1.5%
Re-let rates	5.0%	5.0%	5.0%	5.0%

*assumption reflects the refurbishment costs at the four high-rise blocks at Le Marais, for which works were contracted during the year.

Had no revaluation or impairment been performed the carrying value of these properties would be as follows:

	Held for letting	Land acquired for future development	Under contruction	Total housing properties
Historical Cost	**£'000**	**£'000**	**£'000**	**£'000**
Carrying value 31 December 2023	701,778	25,494	95,354	822,626
Carrying value 31 December 2022	643,307	26,086	114,196	783,589

8. Property, Plant and Equipment

Cost	Office premises £'000	IT Systems Development £'000	Infrastructure assets £'000	Vehicles £'000	IT Equipment £'000	Total other fixed assets £'000
At 1 January 2023	4,060	759	5,423	194	79	10,515
Additions	146	103	-	-	-	249
Revaluation	-	-	235	-	-	235
At 31 December 2023	**4,206**	**862**	**5,658**	**194**	**79**	**10,999**
Depreciation						
At 1 January 2023	(887)	(280)	(1,234)	(52)	(45)	(2,498)
Charged during the year	(54)	(72)	(317)	(32)	(18)	(493)
At 31 December 2023	**(941)**	**(352)**	**(1,551)**	**(84)**	**(63)**	**(2,991)**
Net book value as at 31 December 2023	**3,265**	**510**	**4,107**	**110**	**16**	**8,008**
Net book value as at 31 December 2022	**3,173**	**479**	**4,189**	**142**	**34**	**8,017**

Internal valuations have been carried out for Office Premises and IT Systems Development as at 31 December 2023. This resulted in a revaluation of £nil (2022: £nil). Infrastructure Assets form part of the States Asset Valuation as at 31 December 2023. The basis of this asset valuation is depreciated replacement cost based upon useful remaining life. These have been carried out in accordance with 'RICS Valuation - Global Standards 2022', UK Edition, except where agreed departures or assumptions have been made in accordance with the Government of Jersey's instructions. This resulted in a revaluation of £235k (2022: £365k).

9. Investment properties

	2023 £'000	2022 £'000
At 1 January	19,567	2,125
Additions	1,221	17,812
Disposals	-	(1,055)
Revaluation	-	685
At 31 December	**20,788**	**19,567**

Investment properties consist of commercial properties rented at market rates and residential properties rented on the open market. In March 2022, the Company purchased Spencer Close for £16.8m with the properties being sold and rented on the open market.

In 2021, valuations have been prepared in accordance with the Royal Institution of Chartered Surveyors' Valuation Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the "Red Book") for the commercial properties. The Directors have assessed the valuation performed by Queree Property Consultants Limited in 2021 which certain assumptions on tenure, letting, taxation, town planning and the condition and repair of the buildings and sites is still applicable and no further valuation was required.

10. Financial Assets

Homebuy Deferred Payment Bonds	**2023 £'000**	**2022 £'000**
At 1 January	45,904	36,978
Redeemed during the period	(422)	(1,397)
Issued during the period	4,905	5,744
Unrealised surplus in the period	(1,074)	4,579
Valuation at period end	**49,313**	**45,904**

Where a property is sold as an affordable home, purchasers are able to apply for a deferred payment up to a maximum of 25% of the price of the home. The deferred payment is secured as a second charge or 'bond' against the property. The bond does not pay or accrue interest during the life of the purchaser's ownership of the property. However on alienation of the property the amount repaid to the Company will be the percentage equivalent of the market value at the time of repayment. The value of the deferred payment cannot decrease below its initial value. At the end of each financial year the housing bonds are revalued in line with the Jersey House Price Index with any unrealised deficit or surplus recognised in the Statement of Comprehensive Income. All housing bonds are considered to be non-current as the underlying properties are not expected to be sold within one year.

Surplus on disposal of bonds redeemed totals £9k (2022: £197k) from total receipts of £413k (2022: £1,594k).

11. Housing Properties Held for Sale

	2023 £'000	2022 £'000
At 1 January	6,120	3,262
Transferred from Social Housing Assets	24,949	32,195
Disposals	(23,342)	(29,334)
Impairments	(10)	-
Revaluation	(146)	(3)
At 31 December	**7,571**	**6,120**

12. Derivative Instruments

	2023 £'000	2022 £'000
At 1 January	2,915	-
Revaluation	(4,161)	2,915
At 31 December	**(1,246)**	**2,915**

The Company has a Hedging Policy in place to manage and mitigate the interest rate risk exposure that it has on the variable interest of the RCF. This policy enables the Company to enter into hedging transactions to manage the risk. Under FRS 102, there is a choice for the accounting policy for financial instruments, being either Sections 11 and 12 of FRS 102 or applying the recognition, de-recognition and measurement requirements of IFRS 9. The Company elected to apply FRS 102 sections 11 and 12.

Hedge accounting

The Company entered into an interest rate swap in July 2022 and July / August 2023 to mitigate the interest rate risk on the RCF. The swap is measured at fair value on initial recognition and at each reporting date and carried as an asset when the fair value is positive and as a liability when the fair value is negative.

To the extent the swap is effective, movements in fair value adjustments are recognised in other comprehensive income and presented in a separate Derivative instruments reserve. Any movements in fair value relating to ineffectiveness are recognised in income and expenditure. The effectiveness of relationship between the RCF and the swap were tested at designation and deemed to be effective. The Company has elected to apply hedge accounting as the qualifying conditions are met.

Cash flow hedge

The relationship between the RCF and the swap is classified as a cash flow hedge due to the variability in cash flows that is attributable to the interest rate risk associated with the RCF that could affect the profit or loss. The July 2022 swap has a notional value of £50m as at 31 December 2023 with interest rate of 2.58% and maturity of 27 February 2027, in line with the RCF. The three swaps entered into in July / August have a notional value of £50m as at 31 December 2023 with weighted average rate of 4.43% and maturity of 27 February 2029, in line with the RCF.

The swap represents a liability payable to the counterparty if it was to be closed out at its fair value. The fair value of this liability as at 31 December 2023 was £1,246 (2022: Asset £2,915k). Any future change in the SONIA forward swap curves will result in a change to the fair value of the swap. All curves and market data used in the valuations are provided by the counterparty.

13. Debtors

	2023 £'000	2022 £'000
Amounts falling due within one year:		
Rental debtors - current	809	754
Rental debtors - other	4,970	1,252
GST Receivable	330	562
Less		
Provision for former tenant rental debts	(432)	(591)
Provision for non-tenant debts	(153)	(180)
	5,524	**1,797**
Other debtors	1,091	13,385
	6,615	**15,182**

Provisions relate only to rental debtors that are not current and have been identified specifically after individual assessments have been made for each debtor. There are no general provisions for debtors. The total of current rental debtors past due but not impaired amounts to £787k (2022: £737k).

In 2022, other debtors includes a sum in relation to the transfer of land which took place in 2023, recovering full costs incurred at the date of transfer.

14. Leases

	2023 £'000	2022 £'000
Minimum lease payments receivable:		
Within one year	23,400	19,578
Within one to five years	39,576	32,474
More than five years	74	84
	63,050	**52,136**

Leases, being generally tenancy agreements for residential properties entered into:

i. prior to 1 January 2010 have a one week notice of cancellation,

ii. between 1 January 2010 and 1 May 2013 when the Residential Tenancy (Jersey) Law 2011 came into force, carry a one month notice of termination,

iii. between 1 May 2013 and 31 December 2016, 3 months' notice of termination; and

iv. post 1 January 2017 tenancies have fixed terms ranging from 1 to 5 years. Tenants have the right to give early notice on these tenancies, however the majority of tenancies are expected to run the full course and so are disclosed as such.

There are also a number of leases.

15. Cash at bank and cash equivalents

	2023 £'000	2022 £'000
Short term cash investments	3,144	13,554
	3,144	**13,554**

16. Creditors

	2023 £'000	2022 £'000
Deferred income	2,185	2,443
Government of Jersey Grants	675	695
	2,860	**3,138**

In December 2021, the Company received a grant for the refurbishment of Eden House. The total grant awarded was £695k and works are progressing, with £63k costs released from the grant.

In November 2023, the Company received a grant for £43k from Impact Jersey for an IT project. The works on the project have not yet commenced, therefore the conditions for the grant have not been met and the grant is a liability at year end.

17. Accrued Expenses

	2023 £'000	2022 £'000
Return to the Guarantor	6,949	7,001
Goods and services received but not yet invoiced	10,280	8,595
	17,229	**15,596**

18. Borrowing

	2023 £'000	2022 £'000
Loan instalments are due as follows:		
Within one year	-	-
After one year:		
Between two and five years	-	-
In over five years	367,532	327,970
	367,532	**327,970**

On 17 November 2014, the Company entered into 3 separate loan agreements with the States. The first loan agreement was put in place to repay advances totaling £38,429k. The advances were made to the States of Jersey Housing Department, prior to the incorporation of the Company, by the States Treasury & Exchequer in order to fund capital projects. This includes projects noted in P.40/2012 Social Housing Schemes: Funding. The liability to repay the advances was transferred to the Company on incorporation along with the other assets and liabilities of the Housing Department.

Further loan agreements have subsequently been entered into with the States of Jersey. All loans are set out in the table below:

	Total Loan Amount/ Commitment	Brought forward at 01/01/2023	Amount Drawn 2023	Amount Repaid 2023	Amount Outstanding at 31/12/2023	End Date of Loan
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Loan - 1	38,429	31,733	-	-	31,733	31/12/2033
Loan - 2	4,741	4,239	-	-	4,239	31/12/2032
Loan - 3	9,675	8,902	-	-	8,902	31/12/2032
Loan - 5	2,659	2,532	-	-	2,532	31/12/2033
Loan - 6	2,149	2,081	-	-	2,081	31/12/2038
Loan - 7	7,119	7,036	-	-	7,036	31/12/2042
Loan - 9	4,991	4,791	-	-	4,791	31/12/2039
Loan - 10	10,037	9,902	-	-	9,902	31/12/2043
Loan - 12	47,183	40,802	-	-	40,802	31/12/2041
Loan - 14	52,278	52,278	-	-	52,278	31/12/2048
Loan - 17	37,800	26,855	-	-	26,855	31/03/2046
Loan - 18	21,332	21,332	-	-	21,332	31/12/2047
Loan - 19	15,133	15,133	-	-	15,133	31/12/2039
Loan - 20		-	-	-	-	31/03/2021
Total loans	**253,526**	**227,616**	**-**	**-**	**227,616**	
Set up costs	**-**	**(449)**	**-**	**78**	**(371)**	
Total liability	**253,526**	**227,167**	**-**	**78**	**227,245**	
Revolving Facility	**250,000**	**101,500**	**61,500**	**(22,000)**	**141,000**	28/02/2029
Arrangement Fee		**(697)**	**(187)**	**171**	**(713)**	
Total Combined Liability	**503,526**	**327,970**			**367,532**	

Loan repayments of £22,000k were made during the year (2022: £12,050k).

Interest on all loans with the States is paid quarterly at a fixed interest rate of either 4.3% per annum (Loans 1 to 8 and Loan 10) or 5% (Loans 11 to 20 and Loan 9). The effective rate of interest charged on the first loan (after consideration of the loan setup costs) is 4.7% per annum. Effective 1 January 2022 to 31 December 2025, all loans from States of Jersey are charged at 4.3% interest, following an amendment to the loan agreements. Loan repayments are due on the end date of the loan.

Loan setup costs of £1,190k incurred on initiation of the first loan agreement have been set off from the balance of the loan due and are realised over the term of this loan agreement. The total value of loan setup costs yet to be released is £371k (2022: £449k).

On 28 February 2020 the Company entered into a sterling revolving credit facility for £150m with HSBC Bank Plc and NatWest International. On the same date it was agreed that all loans entered into with the States would be varied halting repayments until the end of each loan period, with the fund maintained at capacity.

Interest on the revolving facility is floating and was charged at a margin plus LIBOR, where a LIBOR interest period of 1, 2, 3 or 6 months is agreed as appropriate.

On 23 December 2021, the Company entered into an Amended and Restated Agreement to increase the available facility to £225m with Lloyds Bank Corporate Markets Plc, Jersey Branch providing the additional £75m. Interest on the facility transitioned to margin plus SONIA, where a SONIA interest period of 1, 3 or 6 months is agreed as appropriate.

On 11 August 2022, the £25m Accordion Facility was entered in to, increasing the revolving credit facility from £225m to £250m.

There are two covenants in place on the revolving facility:

- Asset Cover – the ratio of total fixed assets to total gross debt, which should be no less than 150% on the last day of the financial year; and
- Interest Cover – the ratio of an agreed mechanism for EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) plus the proceeds of the sale of homes from our existing portfolio of stock, to net finance charges, which should be no less than 120% on the last day of any half year.

Both covenants were complied with during the year (2022: complied).

Borrowing drawn down per the cash flow statement is £31,313k (2022: £77,937k). This comprises amounts drawn of £61,500k (2022: £78,000k) less the arrangement fee paid on the 1-year extension Facility Agreement of £187k (2022: £25m Accordion £63k). This arrangement fee has been set off from the balance of the loan due and is realised over the term of the facility. The total value of loan setup costs yet to be released is £713k (2022: £697k).

19. Capital Commitments

Development expenditure contracted less certified or accrued as at 31 December 2023 amounted to £136,406k (2022: £91,114k).

20. Pension Costs

The Company participates in the Public Employees' Pension Fund ("PEPF") which covers the Public Employees Contributory Retirement Scheme ("PECRS") and the Public Employees Pension Scheme ("PEPS") operated by the States, which whilst a final salary scheme (PECRS) and an average revalued earnings scheme (PEPS), are not conventional multi-employer defined benefit schemes as the Company is not responsible for meeting any ongoing deficits in the schemes. The assets of the schemes are held separately from those of the Company.

Contribution rates are determined by an independent actuary so as to spread the costs of providing benefits over the members' expected service lives.

Pension contributions for the Company's staff to this scheme during the year amounted to £744k (2022: £544k).

Because the Company is unable to readily identify its share of the underlying assets and liabilities of PEPF under FRS17 "Retirement Benefits", contributions to the scheme have been accounted for as if they are contributions to a defined contribution scheme.

Actuarial valuations are performed on a triennial basis, the most recent published valuation being as at 31 December 2021. The main purposes of the valuation are to review the operation of the scheme, to report on its financial condition and to confirm the adequacy of the contributoins to support the scheme benefits.

The conclusion of the latest published valuation is that there is a deficit in the PECRS scheme assets at the valuation date of £1.1m, and a surplus in the PEPS scheme assets of £3.26m. Because the schemes are accounted for as if they are defined contribution scheme, no account has been taken of the Company's potential share of these deficits / surpluses.

A new cycle of triennial actuarial valuations will be performed for the PEPS defined contributions scheme commencing December 2024, with the release of the report expected in 2026.

Copies of the latest Annual Accounts of the scheme, and of the States, may be obtained online or from the States Treasury and Exchequer, 19-21 Broad Street, St Helier, JE1 3PB.

21. Ultimate Parent Undertaking

The Board of Directors consider the Guarantor to be the Ultimate Parent Undertaking. The role of the Guarantor and the Andium Homes' Board is established in the Andium Homes Memorandum and Articles of Association adopted by the States on 5 June 2014. This is further clarified in the Memorandum of Understanding between the Minister for Treasury and Resources and the Company entered in to in July 2014 and updated in May 2022.

The Company is contractually bound to pay a quarterly return to the Guarantor. The amount of this return is £29.1m (2022: £28.6m) for the year and incurs an inflation linked increased annually on 1 January. As a consequence of the change to the rent policy in 2022, a further adjustment is made as a result of any income support savings made by Government of Jersey.

22. Related Party Transactions

Member of the Board of Directors, Judy Beaumont and Joanna Walus-Bochenska, held tenancy with the Company during the period. This tenancy was granted under the Company's allocations policy, with rent under normal terms.

Borrowing and interest expense as presented on the face of the Statement of Comprehensive Income and Balance Sheet are due to the States. Terms and conditions of the loans are described in note 18.

All assets and liabilities acquired on incorporation of the Company have been transferred from the States. The Company also participates in the defined pension plan operated by the States. Refer to note 20.

Directors' remuneration is illustrated on page 66 of the Annual Report.

23. Risks and Uncertainties

Financial risk management

Overview

The Company holds the following financial instruments: financial assets (deferred payment bonds); trade debtors (rent receivable); cash and cash equivalents; trade creditors (invoices payable); and borrowing (States loans and Revolving Credit Facility) (note 18). The Company has exposure to the following risks from its use of these financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Company's exposure to each of the above risks. Quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to determine risk appetite, implement controls to mitigate risks and to monitor this on an ongoing basis. Risks and mitigating controls are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's bank deposits and receivables from clients.

Cash

The creditworthiness of the Company's main bankers, HSBC Bank plc is under periodic review. HSBC Bank plc holds a current short-term credit rating of P-1 (2022: P-1), as issued by Moody's.

Before placing cash with any bank, the Company has due consideration to both investment return and credit risk.

Receivables

The Company's exposure to credit risk is reduced by the risk being spread across 4,900 tenancies, with approximately 60% of tenants in receipt of Income Support which is received directly from Government of Jersey.

Early engagement with clients experiencing rent arrears, together with their ability to claim Income Support, results in low rental debtors compared to comparable UK Housing Associations.

The Board does not consider credit risk to be a significant risk due to the credit rating of the bank cash is held at and there have been no recent significant debt write-offs.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Per the Company's Treasury Management Policy, Andium monitor actual versus forecast cash flow on a monthly basis to ensure short term cash flow is maintained and there is available liquidity to fund contracted capital expenditure for a minimum of 18 months. The Company's 40-year business model also provides long term assurance.

The current cash position of £3,144k, when combined with the undrawn RCF of £109,000k satisfies the Treasury Management Policy.

Due to the controls in place, the Board does not consider liquidity risk to be a significant risk.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company has no foreign currency risk as all transactions and balances are in Pound Sterling (GBP).

Interest rate risk

The risk that interest payable on borrowing is higher than expected and interest achieved on cash surpluses is lower than anticipated.

Interest on borrowing are both fixed (States Bond) and floating (Revolving Credit Facility). The floating rate exposure to movements in SONIA is mitigated through the Company's interest rate hedging policy which includes entering into relevant hedging instruments if certain trigger points are reached.

In July 2022, the Company entered into an interest rate swap for £50m to mitigate the floating rate exposure and fix a portion of the interest. In July / August 2023, the Company entered into a further threes interest rate swaps for an aggregate of £50m to mitigate the floating rate exposure. The Company will continue to monitor the floating rate exposure in line with the hedging policy.

Cash flow forecasts assume immaterial interest income, mitigating the risk of reliance on interest income.

Inflation risk

The risk that inflation causes expenditure to increase at a rate higher than anticipated.

If construction expenditure were to increase at a rate in excess of the Retail Price Index ("RPI") the Company is potentially exposed to this risk for future projects. Our rental income is linked to RPI, with an annual uplift of RPI+ 0.75%, however this is capped at 4%, therefore any increase in construction price inflation in excess of 3.25% will require other forms of mitigation. Currently this risk is mitigated through the design and procurement process which ensure projects represent value for money, with the inclusion of appropriate risk sums. The Company also works closely with the construction industry to provide a predictable pipeline of work. In 2023, the construction price inflation was in excess of the annual rent uplift cap. This was mitigated through the management of the capital projects program and our funding strategy.

During 2022, the rental income did not increase by RPI + 0.75% following the agreement with the Guarantor to forgo this increase in the wake of the Coronavirus pandemic. This impacts our business model as we continue to expect inflation on construction and other costs. We have mitigated this exposure through an agreed reduction in our financial return to the Guarantor effective 1 January 2022. The Government of Jersey adopted an 80% rent policy effective 1 January 2022. This policy restricts annual increases for existing tenancies and reduces the rent levels from new tenancies. The impact of this is explained in the Performance Review.

Market risk, specifically inflation risk, is considered to pose the Company a significant risk in relation to the progression of future capital projects. The ultimate mitigation is to not enter into new contracts if viable schemes could not be achieved.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes and infrastructure, and from external factors other than credit, markets and liquidity issues such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

A detailed review of key risks can be found within the risk section of this report ("Principle risks and uncertainties"). This summarises the most significant risks included on our risk register and encapsulates operational risk as well as credit, liquidity and market risk.

24. Contingent Liabilities

As at 31 December 2023, the Board of Directors noted there were no contingent liabilities (2022: £nil).

25. Net Cash Inflow from Operating Activities

	2023 £'000	2022 £'000
Operating deficit	(33,936)	(5,066)
Depreciation and impairment	49,051	17,755
Decrease in debtors	8,567	503
Increase in creditors	1,355	1,502
Net cash inflow from operating activities	**25,037**	**14,694**

26. Analysis of changes in net debt

	At 1 Jan 2023 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 Dec 2023 £'000
Cash and cash equivalents				
Cash	10,953	(10,654)	-	299
Cash equivalents	2,601	244	-	2,845
	13,554	(10,410)	-	3,144
Borrowings				
Debt due within one year	-	-	-	-
Debt due after one year	(327,970)	(61,313)	21,751	(367,532)
Derivative instruments	2,915	-	(4,161)	(1,246)
	(325,055)	(61,313)	17,590	(368,778)
Total	**(311,501)**	**(71,723)**	**17,590**	**(365,634)**

27. Reserves

The Company's reserves are as follows:

The retained earnings reserve represents cumulative profits or losses, including fair value gains on financial instruments and realised surplus from disposal of financial assets. It also includes the net assets transferred from the States on incorporation. This was a non-cash transaction of £678,000k in July 2014. Net assets transferred from the States were treated as a non-exchange transaction with no related performance conditions and were realised in full in the Statement of Comprehensive Income in the year it occurred.

The revaluation reserves represent the cumulative effect of revaluations of housing properties and other assets which are revalued to fair value at each reporting date.

There are no restricted or ear-marked reserves.

28. Post Balance Sheet Events

On 6 February 2024, the term of the revolving credit facility was extended by one year to 28 February 2029.

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