Annual Report 2015

ANDIUM
HOMES

Contents

About Us

Legal form of the entity

Private company limited by guarantee.

Country of incorporation

Jersey

Address of the registered office

The Company's registered office is 33-35 Don Street, St Helier, Jersey, JE2 4TQ.

What we do

Jersey's largest provider of affordable housing, managing more than 4,500 properties and providing homes for more than 10,000 Islanders.

Directors

Michael Jones	Non-executive Chair	Appointed 1 July 2014	
Jane Martin	Non-executive Vice Chair	Appointed 1 July 2014	
Heather Bestwick	Non-executive Director	Appointed 1 July 2014	Re-appointed 30 June 2015
Frank Walker OBE	Non-executive Director	Appointed 1 July 2014	
Colin Russell	Non-executive Tenant Director	Appointed 1 July 2014	
Ian Gallichan	Chief Executive	Appointed 1 July 2014	
John Hamon	Chief Operating Officer / Finance Director	Appointed 1 July 2014	

Company Secretary

Fiona Halliwell

Auditors

Baker Tilly Channel Islands Ltd
PO Box 437
1st Floor
Kensington Chambers
46/50 Kensington Place
St Helier
Jersey
JE4 0ZE

Bankers

HSBC
Halkett Street
St. Helier
Jersey
JE4 8NJ

Solicitors

Collas Crill
40 Don Street
St Helier
Jersey
JE1 4XD

Chairman's Statement

Welcome to our second Annual Report, which highlights our performance and progress during our first full year as Andium Homes.

In July 2014, the States entrusted us with significant responsibilities. Not only are we responsible for providing homes to over 4,500 families in Jersey, but also for making an annual financial contribution to the States' budget, which amounted to £27.4m in 2015.

The first six months of operation in 2014 provided us with the opportunity to establish the Board and supporting Committees to develop a 5 year Strategic Business Plan. In 2015, we have wasted no time in meeting the ambitious challenges we set ourselves within that Plan. This Annual Report sets out how we have tackled these responsibilities and demonstrates what we have achieved in 2015. The Board is confident that we have established a firm base for future success.

Ensuring "best practice" governance and strong operational and financial performance whilst achieving value for money is something the Board continues to focus on in order to maintain our high standards. We continue to maintain a robust business model which underpins our long term strategic decisions, including our capital programme.

As this report demonstrates, our progress in bringing our homes up to the Decent Homes Standard is ahead of target with some excellent refurbishments being carried out, along with a comprehensive programme of planned and cyclical maintenance works. Our revised Strategic Business Plan details how we will achieve 100% Decent Homes by 2020, some 4 years early.

We have also delivered nearly 100 new homes across the Island over the past year and have an extensive capital programme underway, with many more schemes planned over the coming years. A major achievement in 2015 has been the signing of new contracts with a number of contractors who deliver maintenance services on our behalf. This involved a market development exercise and a robust tendering process. Efficiencies with these new contracts and customer satisfaction are already being realised.

We continue to keep an interested eye on new policy initiatives coming from the Housing Minister and Strategic Housing Unit and we welcome the new Housing Strategy. We believe we are in an ideal position to deliver solutions which meet the objectives set within that document. In response, we have already reviewed our Strategic Business Plan to ensure that we are prepared to meet these challenges. In particular, we look forward to developing our Andium Extra Care Strategy, looking at better meeting the needs of an ageing population. We will also be working with the Parishes to deliver more opportunities for Islanders to purchase an affordable home.

We are also investing in improving our services to our clients and in the efficiency of our operations. Andium Homes aims to offer the highest quality of services and ensure a positive experience for our clients. We acknowledged the challenges in our IT infrastructure and, following a full tender process, have now appointed a supplier and commenced implementation of a new Integrated Housing Management and Finance system, which will not only enable us to be more efficient in delivering our services, but will also open up new opportunities for our clients to access more services on line.

I believe we have made excellent progress during our first full year of operation and I would like to thank my fellow Board members, our staff and stakeholders for their tireless work and commitment. Andium Homes is already developing a reputation for delivering efficient and effective services and future-focused housing solutions. The Company is in a strong position to take advantage of the opportunities that the future holds.

Michael Jones
Chair
20th April 2016

Chief Executive's Review

I am pleased to present this report which covers activity and performance during 2015. Our 2014-2019 Strategic Business Plan made a number of commitments and this report demonstrates our achievements against our ambitious plan, and the significant progress we have made on delivering on those promises.

Great homes and places

Our extensive planned maintenance programme and major capital refurbishments has led to the number of homes meeting the Decent Homes Standard increasing to 88%, bringing this to above the ambitious target of 84% set in the 2014-2019 Strategic Business Plan.

We have completed the major refurbishment of 32 two bedroom apartments at De Quetteville Court, which are now all occupied, and 39 apartments at Hampshire Gardens where we used a phased approach. This enabled the majority of residents to move directly into a new home. We are nearing completion of the refurbishment of 20 homes at Nicolle Close and have commenced works on the 52 apartments at Caesarea Court. The regeneration of Le Squez has also reached a milestone, where we have now demolished the final phase in preparation for the delivery of a further 154 new homes. This will be the final phase of this major project.

We have a significant planned maintenance programme which saw investment of £11.5m last year. Planned works include roofing, external decorations, new doors and windows, thermal upgrades, a focused kitchen and bathroom replacement programme and electrical and mechanical improvements.

An initiative which sits alongside the important work we are doing to our buildings, is the Andium Homes' Estate Standard, where each Andium Homes colleague has responsibility for around 100 homes and the community there. We visit those neighbourhoods on a quarterly basis to engage with residents and ensure the open and communal areas reach the Andium Standard.

We have continued to sell homes through our unique deferred payment scheme, helping 155 families to own their own home since its inception. We now look forward to extending this to other sites around the Island, including a strategic partnership with the Parishes.

Providing happy, safe neighbourhoods

In delivering our commitment to provide happy safe neighbourhoods, we have continued our efforts in developing mutual trusting partnerships with our clients. We have worked closely with our many residents groups and associations to deliver community centred events. This brings our services to people's doorsteps, increasing engagement with those neighbourhoods in order to understand what needs to be done to make them feel safe and secure in their homes.

It is also important to ensure that clients understand their responsibilities within their tenancy agreement and how their behaviour can impact on the wider community. We act swiftly and firmly to resolve issues of anti-social behaviour, working closely with colleagues from the Community Policing Team.

In July, we held a "Client Engagement" event, inviting clients to come and meet with colleagues from across the Company to understand what we do and why we do it, and importantly how everything is funded. Such events provide invaluable feedback allowing us to adjust our services to ensure that they meet client expectations. The event was very well attended.

We continue to provide financial assistance to support our community groups and associations and are proud of the new communal facilities provided at De Quetteville Court, Pomme D'Or Farm and La Collette High-rise. We have supported new and existing groups in 2015, and were also able to work more generally with residents to deliver specific projects to improve their community through our Community Grant Scheme.

We acknowledge that people in Jersey are living longer. We are proud of our medical adaptation scheme, enabling us to adapt our homes to better meet the needs of those with poor mobility or disabilities. This helps our clients to live safely and independently in their home for longer, and to this end we carried out 232 adaptations in 2015.

Safeguarding is everyone's responsibility and we take those responsibilities very seriously when it comes to children and vulnerable adults. We have made great efforts to raise awareness amongst clients and our contractors, holding a learning event for contractors in November which included a presentation on safeguarding, advising them what to do if they have any concerns. We are committed to the Memorandum of Understanding in place with the Safeguarding Partnership Board and play a key role on that Board and in a number of sub groups. These groups work to develop appropriate policies and procedures to enable professionals and the wider public to act quickly in cases of concern.

A renowned client experience

A milestone for us in improving the experience clients have when they visit us has been our move to 33-35 Don Street. This meant that we could improve our services to our clients and offer more appropriate facilities for their needs. Private interview rooms are available along with a bright and comfortable reception area, with easy access for pushchairs and mobility aids. We are now open on Saturday mornings, extending the hours we are available.

Client Engagement remains a high priority for us. It is only by building trusting relationships with our clients that we can work to improve the services we provide, and understand what new services might be required. To help achieve this, we developed and launched our Andium Academy at the end of the year. This will see us take a group of clients through a programme of 12 sessions throughout 2016 covering each of our service areas. The aim of the Academy is to inform clients about the services we provide, generate feedback on those services, promote the importance of two-way communication and build mutually respectful relationships. We hope to see those people acting as ambassadors for the Company when back within their own communities.

I have already mentioned how regularly we visit our communities to engage in various ways face to face, but we have also increased the number of ways that clients can communicate with us electronically. We boast an impressive following on our social media pages and have also introduced an "online forum" enabling those who prefer to communicate electronically to be regularly updated on what we are doing.

We have implemented "Choice Based Lettings", which enables clients to make more informed decisions about the type and location of properties available, resulting in improved choice. We now list all properties available through the scheme on our website and hold open viewings. We continue to allocate in order of priority, clients are now able to bid for their preferred new home, which brings about more choice.

We have also carried out a review which challenged the way we provide essential maintenance services. Achieving value for money and close monitoring of contractor performance is key. Having repairs done quickly, at a convenient time for the client and to a high standard are cornerstones of the repair service. New contracts were developed and, together with client representatives, we opened our plans and ideas to the wider market to attract as much interest from local contractors as possible. Key benefits for the client under the new contracts, include availability of appointments up to 8pm, satisfaction surveys for each repair undertaken, direct handling of calls by the contractors and clearer performance measures for them. The new contracts will also allow us to introduce a "Handyperson Service" to assist elderly and vulnerable clients with everyday home maintenance tasks which they find difficult.

Delivering more homes & services

Achieving Decent Homes across our stock is important, and equally so is the delivery of new, additional homes. 2015 saw the delivery of 96 new homes across the Island, with several other projects underway, as follows:

	No. of homes	Status
Major refurbishment projects		
De Quetteville Court high rise	32	Delivered in 2015
Nicolle Close	20	8 delivered in 2015, 12 due for completion in 2016
1-39 Hampshire Gardens	39	Delivered in 2015
Caesarea Court high rise	52	On site, due for completion in 2017
Convent Court high rise	73	Due to start on site in 2016
163-170 Clos des Sables	8	Due to start on site 2016
Hue Court high rise	90	Due to start on site in 2018
	314	
New build projects		
Andium Court (phase 2)	30	Delivered in 2015
Brooklyn Court (formerly Le Coin)	23	Delivered in 2015
Ernest Briard Crescent (previously known as Lesquende phase 1)	35	Delivered in 2015
Le Squez phase 3	21	8 delivered in 2015, 13 delivered early 2016
Lesquende phase 2	44	On site, due for completion in 2016
Le Squez phase 4	154	Site demolished, subject to a third party planning appeal
La Collette low rise	147	Subject to a third party planning appeal
Ann Court	152	Due to start on site in 2017
	606	

I am now pleased with the progress at Le Squez. The demolition of the final phase has taken place and will make way for a further 154 new homes. This will see the completion of one of the most significant regeneration projects undertaken to date.

Such projects bring many challenges for us. We acknowledge the impact on our residents that redevelopments can have, requiring a move to alternative accommodation whilst the work is undertaken. We support clients through this process and are grateful for their patience.

Ann Court will be the next major regeneration project. The site was acquired by Andium Homes in September and represents the final step in the assembly of the entire site which is surrounded by Providence Street, Charles Street and Ann Place. In 2015, Andium Homes purchased Toddy's Bar from Randalls and we have now started the process of preparing outline designs for the new development, which could deliver up to 140 new homes (net of units disposed) as well as a new 137 space short stay shopper car park. This is a key area of St Helier for us and we have already invested in both new and refurbished homes.

This development also provides an opportunity to look at wider initiatives which will help to further enhance the North of Town regeneration programme. With the relocation of the Police Station, further opportunities for regeneration will come about on the Summerland and Rouge Bouillon sites. Engaging with the local Deputies and Constables is key in establishing appropriate levels of regeneration and whilst this will initially focus on St Helier, our discussions with the wider Parishes are also providing some exciting opportunities.

Given our experience in maintaining homes and delivering additional specialist services, we have been pleased to provide our management services to the Parish of St Saviour. We now look after 32 bungalows at Maison Connétable Ozouf belonging to them, along with delivering additional services to their residents.

Financial strength and stability

Maintaining financial strength and stability is crucial in order for us to achieve our objectives. I am pleased to report that we continue to maintain a strong and stable balance sheet and cash position. In 2015 we outperformed our budget and delivered an operating surplus (before depreciation and impairments).

We have committed to bring all stock up to Decent Homes Standard by 2020, 4 years earlier than anticipated in our 2014-2019 Strategic Business Plan. This is particularly impressive as rental income will be relatively low during this period, as the States approved rent policy of charging 90% of market rent will only be applied to new tenancies.

We have utilised States of Jersey borrowing to fund our capital projects with drawdowns at the end of 2015 amounting to £70m. These will be repaid by rental income generated from the homes we develop.

More information on our business model and our financial performance can be found in the Financial Review.

Provider, employer, investment…of choice

Provider of choice

Andium Homes is a well-recognised affordable housing provider in Jersey, valued for our integrity and trusted to deliver. We have a robust client focused culture and the progress we have made in delivering on our Strategic Business Plan objectives, in particular the expeditious delivery of Decent Homes, has been welcomed by our clients. We know from the feedback we have received that our clients have noticed significant improvement since the incorporation of Andium Homes.

Employer of choice

Our reputation as an employer is also important in order for us to retain and attract talented individuals. In 2015 we focused on investing in appropriate training identified during our Performance Development Reviews.

With the Appointments and Remuneration Committee, we have been reviewing and monitoring the level and structure of remuneration for employees. We have developed a more modern set of employment terms and conditions and reviewed all related policies, which will assist us in delivering future objectives. We will consult with colleagues and be working to implement these changes.

We continue to see Health & Safety as an important subject and developed a new "Health & Safety Matters" Group which provides for a centralised and coordinated approach to health & safety awareness and risk management.

We have been pleased with the success of our Bursary Scheme, now in its second year, and we are confident that this is attracting new talent to a career in housing, which is possibly one of the best kept secrets.

Investment of choice

The States of Jersey has given Andium Homes the responsibility for the direction, strategy and management of the some 4,500 properties transferred to us in 2014. We have fulfilled all elements of the agreements in place between us and the States of Jersey ensuring a "no surprises" approach to all interactions.

In 2015 we paid £27.4m to the States of Jersey in line with our transfer agreement. We will pay the same amount plus inflation in 2016 and each year thereafter. In 2015, we also made our first loan repayment to the States of Jersey as well as £2.4m in loan interest.

The future for Andium Homes

I am delighted with the progress made in 2015 and, in recognition of the ever changing environment, we have reviewed and updated our Strategic Business Plan. Reassuringly, a year and a half on, the commitments made in our last plan remain firmly in place.

We have also considered the objectives set out by the Housing Minister, within the recently published Housing Strategy. Our current and new business objectives align well with this.

Our new 2016-2020 Strategic Business Plan, which can be found on our website, contains numerous and tangible deliverables, but some of the highlights are:-

- 100% Decent Homes by 2020 – four years earlier than originally planned;
- Over 1,000 new home completions – on existing and new sites;
- Greater emphasis on home ownership – over 300 new home owners over the 5 years;
- Working with the Parishes – to develop new sites and services;
- I.T. Strategy implementation – modern, mobile, managed systems and services;
- Development of "Extra Care" provision – assisting people to live independently for longer;
- Annual return of £27.5 million to the Treasury – maintained in line with the Transfer Agreement; and
- Modern employment practices – motivated employees living our values in a commercial culture.

Ian K Gallichan
Chief Executive
20th April 2016

Financial Review

The financial statements have been prepared in accordance with the Statement of Recommended Practice for Registered Social Housing Providers 2014 (“SORP”) and Financial Reporting Standard 102 (“FRS 102”) as issued by the Financial Reporting Council (collectively “UK Accounting standards”). Andium Homes’ principal accounting policies are set out in note 1 of the financial statements.

The Andium Homes’ business model

Financial strength and stability continues to be essential to the success of Andium Homes and the delivery of social housing in Jersey. Housing is a long term business and hence decisions must be taken in the long term and performance monitored over that period. To achieve this, a 30 year business model is maintained to manage short and long term cash requirements. The business model and associated risk assessments are used to facilitate strategic decision making.

We have maintained our strong and stable balance sheet and cash position through our close monitoring of our business model, strong financial controls and efficient management of our properties and capital programme.

From 2016 onwards, we plan to spend £12m per annum on maintenance expenditure (including replacement components) in order to bring all stock up to the Decent Homes Standard by 2020, some 4 years ahead of the target contained in our 2014-2019 Strategic Business Plan.

In 2015, we delivered 96 new homes and 79 refurbishments. Our recently published 2016-2020 Strategic Business Plan includes an ambitious capital programme to develop a thousand new homes over the next 5 years, as well as complete major refurbishments to over 200 of our existing homes. The capital programme will, to the extent possible, be funded by borrowing from the States of Jersey. Private borrowing options will be explored where States of Jersey borrowing is not available. All loans will be repaid from net rents generated.

We will continue to deliver the agreed annual return to the Guarantor which will be adjusted annually by Jersey RPI, currently forecast at £27.6m, for 2016.

We will generate rental income through the continued implementation of the rent policy adopted by the States of Jersey. We charge rent at 90% of market equivalent rents for new tenancies and apply an annual adjustment to all tenancies at Jersey RPI plus 0.75%, except where such an adjustment would cause rent to be charged at more than 90% of market rent.

In 2015, we outperformed our budget and delivered an operating surplus (before depreciation and impairments) and project similar surpluses for all future years. Capitalised maintenance will, to the extent necessary, be funded by property sales.

The level of maintenance and building activity has a further benefit of providing improved growth and stability in the construction industry. Andium Homes remains committed to supporting the local construction industry, not only through the continued membership of the Jersey Construction Council, but also the hosting of two separate Market Development Days in the past 12 months. This has allowed Andium Homes to provide and also gain valuable insight into available capacity on the Island, and also helps us inform the industry regarding upcoming future projects and contracts.

Further information in relation to our business model and our future plans is included in our 2016-2020 Strategic Business Plan which is available on our website.

Financial review of the year

We are pleased to report an operating surplus before depreciation & impairment of £2,795k (compared to the budgeted surplus of £1,665k). This is after returning the agreed £27.4m to the Guarantor.

One of the key benefits of creating the Company was to enable all retained surpluses to be reinvested within the Company for social housing purposes providing a strong incentive to make best use of efficiency gains to accelerate the achievement of the Decent Homes Standard.

Statement of Comprehensive Income review

The actual versus budget results are set out below.

For the year ended 31 December 2015

	Actual	Budget*	Difference
	£'000	**£'000**	**£'000**
Rental income	43,323	43,781	(458)
Other income	2,385	1,992	393
Maintenance	(8,342)	(8,698)	356
Staff costs	(3,226)	(3,566)	340
Other expenses	(3,906)	(4,314)	408
Operating surplus before the return to the Guarantor, depreciation & impairment	**30,234**	**29,195**	**1,039**
Return to the Guarantor	(27,439)	(27,530)	91
Operating surplus before depreciation & impairment	**2,795**	**1,665**	**1,130**
Other:			
Interest Receivable and Investment Income	97	45	52
Interest payable and similar charges	(1,746)	(1,746)	-

*This is the budget authorised by the Board of Directors at the start of the year, not the financial projections indicated in the 2014-2019 Strategic Business Plan.

Rental income

Rental income achieved in 2015 is £43,323k. This is lower than that budgeted due to:

- Jersey RPI being lower than expected which had a consequential impact on the annual rent adjustment;
- A higher than anticipated number of void units leading to increased relet times; and
- The accelerated decant of the remaining units at Le Squez Phase 4 following our commitment to move residents before the winter months.

The shortfall in rental income is offset by savings made in other areas. The increased number of void properties was driven largely by the timing of our refurbishment programme, requiring clients to move to alternative properties in our stock during the period of refurbishment, and by a high refusal rate which was experienced throughout 2015.

In response to the high refusal rate, and following UK best practice, we have recently introduced a new way of letting properties called Choice Based Lettings. Under this scheme we advertise our available properties on our website enabling clients to bid for the properties, providing more choice to clients. We are working collaboratively with the Strategic Housing Unit and the Affordable Housing Gateway to address the high refusal rate including by sharing the useful data we gain from the Choice Based Letting scheme in relation to demand from the Affordable Housing Gateway.

The increased number of void properties results in more new tenancies being created than expected. Therefore, more properties are charged at 90% of market rent than expected, which will have a positive effect on rental income in future periods. This is evidenced by average rent charges as a percentage of market rent at 31 December 2015 being 77%, ahead of target of 73%.

We have built on our success in rent collection with arrears amounting to less than 0.9% of annual rental income, which places us in the top 10% of UK housing associations.

The company also owns 6 properties which are occupied by charitable organisations including the Shelter Trust and Women's Refuge. The rental received is below the market rent achievable and as a result the company is affording the occupiers a subsidy equivalent to £258k per annum.

Other income

Other income has exceeded that budgeted predominantly due to higher than expected car parking fees, maintenance recharges to clients and insurance claims.

Maintenance expenditure

At 31 December 2015 88% of properties met the decent homes standard which is ahead of the 84% target for the year set in the 2014-2019 Strategic Business Plan.

Maintenance work is planned to systematically bring all stock up to decent homes standard by 2020 whilst also responding to repairs of an emergency nature. The target to achieve Decent Homes Standard across our stock by 2020 is 4 years ahead of the target contained in our 2014-2019 Strategic Business Plan. The accelerated maintenance programme is being delivered in line with existing budgets due to the programme of works being carried out more efficiently and through enhanced property data.

Maintenance expenditure reported in the Statement of Comprehensive Income for 2015 amounts to £8,342k. A further £3,198k of maintenance work has been undertaken and capitalised during the period. The £356k which remains unspent relates to either work which was not required to be carried out in 2015 or works which will be completed in 2016.

Staff costs

Staff costs are lower than budgeted predominantly due to staff vacancies experienced for parts of the year.

Other expenses

Other expenses are £407k lower than budgeted predominantly due to lower than expected costs of site investigation and assessment in relation to future development of homes and certain other costs being less than expected.

Return to the Guarantor

The Company has delivered the agreed return to the States of Jersey of £27.4m for the year. In accordance with the Transfer Agreement entered in to between Andium Homes and the States of Jersey, the Company will continue to deliver a quarterly return to the States of Jersey of £6.9m which will continue to be adjusted annually in October by Jersey RPI.

The payment made was lower than budgeted due to Jersey RPI being lower than anticipated.

Interest receivable and Investment income

Interest income is higher than budgeted due to short term cash investments providing a better return than originally forecast.

Interest payable and similar charges

The Company has incurred finance costs in relation to loan agreements entered into with the States of Jersey to fund capital projects.

Balance sheet review

The Company presents a strong balance sheet position with overall net assets of £723m.

Property assets

On 1 July 2014, the States of Jersey transferred the assets and liabilities of the States of Jersey Housing Department to the Company amounting to a net position of £678,171k. Social housing and other property assets amounted to £683,784k of the £678,171k net assets transferred.

During the year ended 31 December 2015, £24,120k has been invested in capital projects and £3,198k has been invested in the replacement of housing components (such as kitchens and bathrooms).

Seventeen properties were sold during the period with a gross sales value of £5,809k. £1,206k bonds were issued under the deferred payment scheme, which enables qualifying purchasers to defer up to 25% of the sales price. Net sales proceeds achieved were therefore £4,603k (against a target of £4,083k).

The value of property assets, determined by independent valuations, has increased by £46,922k, of which £412k relates to the office premises. This is driven by the increase in rentals as the Company moves towards charging 90% of market rates and the improved condition of the properties in relation to the Decent Homes Standard.

Cash

The Company's Treasury Management policy ensures there are sufficient cash resources available to meet both long and short term liabilities, and to otherwise minimise cash surpluses by progressing and completing projects as soon after funding is received as is reasonably possible.

Cash held is invested in low risk cash and cash equivalents. The Company takes advantage of the knowledge and expertise of professional investment advisers, Royal London Asset Management, in establishing the most suitable investments to comply with the Company's strategy.

Cash at 31 December 2015 amounted to £26,076k which represents a strong and stable cash position for the Company. Of the cash balance £6,906k is held to pay the Return to the Guarantor in January 2016, £2,658k to cover two months revenue expenditure and the balance is ring-fenced for capital projects.

Borrowing

The Company has entered into loan agreements with the States of Jersey with total drawdowns amounting to £70,645k as at 31 December 2015. The first repayment of borrowing was made in December 2015 of £927k leaving a balance of £69,718k. Borrowing is taken out to fund capital projects and repaid from net income generated. Interest on loans taken out to date is paid quarterly at a fixed interest rate of 4.3% - 5.0% per annum.

Key Performance Indicators

A summary of actual results against targets for the Company's key performance indicators is given below. Further explanation of the actual results is given in the preceding sections.

	2015 Actual	**2015 Target***
Great homes and places		
% of homes meeting the Decent Homes Standard	88%	84%
Major refurbishment of existing properties	79	91
Deliver net new homes on existing sites	96	41
Net proceeds from property sales	£4.6m	£4.5m
Delivering more homes and services		
Deliver further growth (completions)	-	-
Financial strength and stability		
Rent charged as a % of market rent	77%	73%
Rent arrears as a % of rental income and charges	0.9%	1%
Average rent days lost due to properties being void (excluding capital projects)**	39	25
Provider, employer, investment…..of choice		
Agreed financial returns delivered to the States of Jersey (subject to actual RPI levels)	£27.4m	£27.5m
Level of colleague turnover	6%	7%
Bursary Scheme Graduates employed	1	1
Colleague sickness levels (maximum days average over 12 month period)	4.4	5

*This is the target authorised by the Board of Directors at the start of the year, which differs in some cases to the targets indicated in the 2014-2019 Strategic Business Plan.

**See Rental Income section in this Financial Review for further information.

The Company has issued an updated Strategic Business Plan for 2016-2020 which includes new objectives and new Key Performance Indicators. The new Strategic Business Plan is available on andiumhomes.je.

Principal Risks and Uncertainties facing the Company

Like all businesses, the Company faces a wide variety of business related risks. The Board recognises that it is essential for the Company to effectively manage risk in order to achieve its objectives. The Company has a Risk Management Policy in place which outlines how Andium Homes intends to identify and actively manage all such risks and confirms the risk appetite of the Company continues to be low.

Fundamental to the Company risk management, is the maintenance of a risk register and the implementation of a compliance function. Risks are identified and scored with involvement at all levels of the business. Key risks are identified and mitigations put in place through the review, development and testing of related policies and procedures.

The Company continues to operate within a dynamic and fast-changing environment creating many challenges. The results of the activities of the risk function are used to inform and focus the decision-making processes within the organisation.

Principal risks

The following risks have been identified as the most significant risks facing the Company.

Financial risk

As with all businesses, the Company is required to closely manage its financial risk to ensure that the business is financially strong and stable, ensuring there are resources in place to meet both long term and short term liabilities as they fall due and that adequate financial planning is performed to facilitate strategic decisions.

The potential future financial risks that could impact the liquidity of the Company are as follows:

- Sufficient funding for capital projects is not achieved;
- Funding is available on less preferable terms than projected;
- Capital projects become unaffordable due to price inflation in the construction industry, resulting from additional activity;
- Rental income is lower than projected due to a change in the rent policy;
- Rental income is lower than projected due to insufficient demand from the Affordable Housing Gateway;
- Rental income derived from capital projects is lower than projected due to RPI being lower than expected;
- Basis of financial return delivered to the States of Jersey is changed resulting in higher returns than projected;
- Capital proceeds from sales of existing social housing stock is lower than projected; and
- States of Jersey Social Security Department implement changes in the housing component of Income Support.

The Company closely monitors the impact of the above risks including the financial modelling of sensitivity analysis for a number of scenarios. This provides an early warning mechanism enabling informed decisions to be made by the Board.

The Company is responsible for managing the risks to the business. However, where there is a fundamental change in States of Jersey policy, it is appropriate for the Company to discuss the implications of such changes with the States of Jersey and how that may impact upon the business model and risk profile of the Company.

Other risks

Other risks to the Company's ability to meet its objectives include:

- Housing policy change that the Company is not able to react to sufficiently;
- Legislative changes including the introduction of sector specific legislation;
- Growth not achieved due to unavailability of appropriately priced land driven by;
    - Limited amount of Category A[1] rezoned land and a limited appetite for more;
    - Renewed confidence in the development sector boosting the value of Category B[2] land;
    - Additional supply impacting on market rents generally; and
    - An increase in new development activity by other existing providers;
- Inability to retain or recruit sufficient high quality staff;
- Inability of the construction industry to supply to the Company's demand due to capacity constraints; and
- New IT system implementation interrupts continuity of services and operational records

These risks are mitigated by ongoing monitoring of the Company's operations and communications with stakeholders, principally the Strategic Housing Unit and the Planning and Environmental Department.

The Risk and Audit Committee monitor financial and non-financial risks. The work of the committee is described in the Governance Section of this report.

[1] Revised Island Plan 2011 Section 6.13 – Definition of Affordable Housing
[2] Revised Island Plan 2011 Section 6.14 – Definition of Market Housing

Governance

The Board

The term “corporate governance” generally refers to the supervision of how an organisation is run and how it manages the risks to its business. It includes regulation, corporate structure and the function of the Board.

The Board’s role is to provide oversight and strategic direction that is free from actual or potential conflicts of interest. The Board has implemented “best practice” corporate governance as this is essential to ensure sound financial practice and the delivery of an appropriate social housing function.

The Company is led by a Board of Directors that includes a number of Independent Non-Executive Directors as noted below. The Board met 8 times in 2015, with attendance at these meetings indicated below:

Member		Board	Risk and Audit Committee	Appointments and Remuneration Committee
Number of meetings held		8	4	6
Michael Jones	Non-Executive Chair	8	n/a	n/a
Jane Martin	Non-Executive Vice Chair	8	n/a	6
Frank Walker OBE	Non-Executive Director	7	4	n/a
Heather Bestwick	Non-Executive Director	8	4	n/a
Colin Russell	Non-Executive Tenant Director	7	n/a	6
Ian Gallichan	Chief Executive	8	n/a	4*
John Hamon	Chief Operating Officer / Finance Director	7	3*	6*

*Attendance by invitation

Delegation

In accordance with best practice, specific responsibilities have been delegated to Board committees which have their own terms of reference. Day to day performance is delegated to the Chief Executive who in turn delegates specific activities to the Andium Homes’ team.

The committees that supported the Board and governance arrangements during the period were:

- Appointments and Remuneration Committee – responsible for overseeing and advising the Board on Board and Committee appointments and the remuneration of the Board members and Company staff.
- Risk and Audit Committee – responsible for recommending this Annual Report for Board approval, overseeing and advising the Board on external audit, the effectiveness of internal controls and the risk management framework.

Appointments and Remuneration Committee

The Appointments and Remuneration Committee performed duties in line with written terms of reference. The Committee members are Jane Martin (Chair) and Colin Russell. The Committee's responsibilities include:

- Recommending to the Board the remuneration policy for Board Executive Directors;
- Reviewing and monitoring the level and structure of remuneration for all other employees; and
- Regularly reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations with regard to any changes.

Remuneration Policy

The Committee is responsible for recommending to the Board the remuneration policy and levels of pay for executive directors to ensure that they are rewarded fairly and appropriately for the responsibility and accountabilities associated with the delivery and management of the Company's Strategic Business Plan.

The salary and benefits of the executive directors are reviewed annually by the Committee with recommendations made to the Andium Homes' Board, with material changes being subject to the prior agreement of the Guarantor. The Committee endeavours to ensure that the value of remuneration packages of the two executive directors matches the Board's policy on market position and sits appropriately against comparator organisation benchmarks.

The Memorandum of Understanding with the Treasury and Resources Minister ("the Guarantor") requires that any changes made to the salary and benefits of non-executive directors must be agreed in advance by the Guarantor.

The total remuneration of the Directors for the year ended 31 December 2015 is set out below:

	Salary/Fees £
Michael Jones	40,000
Jane Martin	15,000
Frank Walker OBE	15,000
Heather Bestwick	15,000
Colin Russell	15,000
Ian Gallichan	135,000
John Hamon	100,000
Total	335,000

During the year the Company made pension contributions of £18,360 in respect of Mr Gallichan and £13,600 in respect of Mr Hamon.

Risk and Audit Committee

The Committee members are Frank Walker OBE (Chair) and Heather Bestwick.

The Risk and Audit Committee recommended the approval of this annual report to the Board, who accepted the recommendation and duly approved the report. In forming the recommendation, the Committee worked with the Company's management to gain comfort over the internal control environment and the key accounting issues.

Following a competitive tendering process, external auditors were appointed in 2014 for a period of 3 years. The Committee are satisfied that the auditors are able to express their opinion independently.

The Committee met 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. This included meeting with the auditors without the presence of the Company's staff.

On the recommendation of the Risk and Audit Committee, the Board has implemented the Company's Risk Management policy which includes the creation and maintenance of a Company risk register and the development of an internal compliance function. The Risk and Audit Committee pays particular attention to the mitigation of key risks facing the Company, including the procurement and implementation of the new IT system.

The Risk and Audit Committee considers the Company's risk management and internal controls systems to represent Best Practice. This opinion has been shared with the Board who are in agreement with the Committee.

The Guarantor

The States of Jersey, acting through the Treasury and Resources Minister, is the sole member and guarantor of the Company.

The role of the Guarantor and the Company's Board is established in the Company's Memorandum and Articles of Association adopted by the States of Jersey in June 2014. This is further clarified in the Memorandum of Understanding between the Guarantor and Andium Homes Limited entered into in July 2014 (the "Memorandum of Understanding").

The Company has the responsibility for the direction, strategy and management of the social housing assets transferred to it in July 2014. The Guarantor recognises the independence of the Company's Board in managing the business.

A "no surprises" approach to communications with the Guarantor has been adopted in relation to key issues, in accordance with the Memorandum of Understanding, as they emerge.

Strategic Housing Unit

The Housing Minister is charged with the responsibility for housing policy.

Social housing policy and the long term housing strategy for the island is set by the States of Jersey Strategic Housing Unit (the "Strategic Housing Unit"), led by the Housing Minister. The Housing Minister has recently published her Housing Strategy R.29/2016

The Strategic Housing Unit is also responsible for the Affordable Housing Gateway, a consolidated waiting list used by all social housing providers with common eligibility criteria.

Directors' Report

ANDIUM HOMES LIMITED.
Registration No. 115713

Introduction

The Directors of the Company present their report and the audited financial statements of the Company for the year ended 31 December 2015.

Directors of the Company

The Directors of the Company are Michael Jones (Chair), Jane Martin (Vice Chair), Heather Bestwick (re-appointed 30 June 2015), Colin Russell, Frank Walker OBE., Ian Gallichan (Chief Executive) and John Hamon (Finance Director) who were all appointed on 1 July 2014. No other persons have served as Directors during the period.

Future developments

An analysis of future developments are described in the Financial Review on pages 9 to 13.

Post balance sheet date events

The Board of Directors is not aware of any significant events affecting the Company after the 2015 year end.

Disclosure of information to the auditors

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.

Re-appointment of auditors

The auditors, Baker Tilly Channel Islands Limited have indicated their willingness to continue in office.

A resolution is to be proposed at the Annual General Meeting for their reappointment as auditor of the Company.

Statement of Directors' Responsibility

The Statement of Directors' responsibility is presented separately on page 21.

By Order of the board

Michael Jones
Chair
20 April 2016

John Hamon
Finance Director
20 April 2016

Directors' Responsibilities Statement

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

Company law requires the Board of Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements as described on page 10. Under company law the Board of 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; and
- 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; and
- the annual report includes a fair 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

We have audited the financial statements of Andium Homes Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, Balance sheet, Statement of changes in equity, Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable Jersey law, Statement of Recommended Practice for Registered Social Housing Providers (“SORP”) and Financial Reporting Standard 102 (“FRS 102”) as issued by the Financial Reporting Council (collectively “applicable UK accounting standards”).

This report is made solely to the Company's Guarantor, 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 Company's 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 the Company's Guarantor as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement on page 21, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable UK accounting standards and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s (APB’s) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view in accordance with applicable UK accounting standards in the United Kingdom of the state of the Company's affairs as at 31 December 2015 and of its surplus for the year then ended; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law, 1991 as amended.

Opinion on other matters:

- the information given in the Chairman’s report, the Chief Executive’s review and the Financial Review is consistent with the financial statements.

Matters on which we are required to report by exception

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

- proper accounting records have not been kept; or
- proper returns adequate for our audit have not been received from branches not visited by us; or
- we have not received all the information and explanations which to the best of our knowledge and belief are necessary for the purposes of our audit.

Ewan John Spraggon
For and on behalf of Baker Tilly Channel Islands Limited
Chartered Accountants
St Helier, Jersey

21 April 2016

Statement of Comprehensive Income

For the Year ended 31 December 2015

	Notes	For the Year ended 31 December 2015	For the 6 months ended 31 December 2014
		£'000	**£'000**
Rental income		43,323	21,052
Other income		2,385	1,139
Operating costs (excluding depreciation & impairment)		(15,474)	(6,990)
Operating Surplus before the return to the Guarantor, depreciation & impairment	**2**	**30,234**	**15,201**
Return to the Guarantor	**3**	(27,439)	(13,581)
Operating Surplus before depreciation & impairment		**2,795**	**1,620**
Depreciation & impairment		(16,659)	(7,852)
Operating deficit		**(13,864)**	**(6,232)**
Fair value gains on financial instruments	**10**	1,196	545
Interest receivable and similar income		97	33
Interest payable and similar charges	**4**	(1,746)	(215)
Realised surplus from disposal of financial assets		156	30
Deficit for the year, before extraordinary items		**(14,161)**	**(5,839)**
Net assets transferred from the States of Jersey		-	678,171
Surplus / (Deficit) for the period*		**(14,161)**	**672,332**
Other comprehensive income			
Unrealised surplus on revaluation of housing properties	**7,11**	46,510	18,048
Unrealised surplus on revaluation of office premises	**8**	412	-
Total comprehensive income for the period		**32,761**	**690,380**

*The surplus for the 6 month period ended 31 December 2014 of £672m includes £678m net assets transferred from the States of Jersey which was a non-cash transaction.

The notes on pages 28 - 45 form part of the financial statements

Balance Sheet

As at 31 December 2015	Notes	2015	2014
Fixed Assets		**£'000**	**£'000**
Housing Properties	**7**	748,742	696,962
Property, Plant and Equipment	**8**	6,481	4,761
Investment Properties	**9**	345	352
Financial Assets	**10**	18,742	16,618
		774,310	**718,693**
Current Assets			
Housing Properties held for sale	**11**	1,007	1,386
Debtors	**12**	2,481	2,537
Cash and cash equivalents	**14**	26,076	19,012
		29,564	**22,935**
Amounts Falling due within one year :			
Creditors	**15**	(1,858)	(2,528)
Accrued expenses	**16**	(10,243)	(9,347)
Borrowing	**17**	(3,339)	(833)
		(15,440)	**(12,708)**
Net Current Assets (liabilities)		**14,124**	**10,227**
Total assets less current liabilities		**788,434**	**728,920**
Amounts falling due after more than one year			
Borrowing	**17**	(65,293)	(38,540)
Net Assets		**723,141**	**690,380**
Capital and reserves			
Housing property revaluation reserve		64,558	18,048
Office premises revaluation reserve		412	-
Retained earnings		658,171	672,332
		723,141	**690,380**

The financial statements were approved by the Board of Directors and authorised for issue on 20th April 2015 and were signed on its behalf by:

Michael Jones
Chairman

John Hamon
Finance Director

The notes on pages 28 - 45 form part of the financial statements.

Statement of Changes in Equity

	Property revaluation reserves		Retained earnings	Total reserves
	Housing property revaluation reserves	Office premises revaluation reserves		
	£'000	£'000	£'000	£'000
Balance at July 2014	-	-	-	-
Surplus on ordinary activities*	-	-	672,332	672,332
Other Comprehensive Income for the year	18,048	-	-	18,048
Balance at 31 December 2014	18,048	-	672,332	690,380
Deficit on ordinary activities	-	-	(14,161)	(14,161)
Other comprehensive income for the year	46,510	412	-	46,922
Balance at 31st December 2015	64,558	412	658,171	723,141

*The surplus for the period of £672m includes £678m net assets transferred from the States of Jersey which was a non-cash transaction.

The notes on pages 28 - 45 form part of the financial statements.

Cash Flow Statement

For the year ended 31 December 2015

	Notes	2015	2014
		£'000	£'000
Net cash inflow from operating activities	**24**	**3,077**	**7,428**
Returns on investments and servicing of finance:			
Interest and similar charges received		97	33
Interest and similar charges paid	**4**	(2,298)	(226)
Net cash outflow from returns on investments and servicing of finance		**(2,201)**	**(193)**
Capital expenditure and financial investment			
Additions to Housing Properties	**7**	(26,673)	(11,022)
Purchase of Property, Plant and Equipment	**8**	(1,342)	(1,631)
		(28,015)	**(12,653)**
Reduced by:			
Redemption of housing bonds	**10**	434	228
Sale of housing properties net of bonds issued	**5**	4,603	2,653
Net cash outflow from capital expenditure and financial investment		**(22,978)**	**(9,772)**
Financing			
Repayment of previous advances from the States of Jersey	**17**	-	(38,489)
Repayment of borrowing	**17**	(927)	-
Borrowing drawn down	**17**	30,093	39,373
Capital budgets transferred from the States of Jersey		-	20,665
Net cash outflow from financing		**29,166**	**21,549**
Increase in cash in the period		**7,064**	**19,012**
Opening cash and cash equivalents balance		19,012	-
Closing cash balance	**14**	**26,076**	**19,012**

The notes on pages 28 - 45 form part of the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2015

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 in 2015. The Company is a public benefit entity.

b) Statement of compliance

The financial statements as at 31 December 2015 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 2014.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 represents income from social lettings which includes 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 represents rental income from investment properties, 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

Net assets transferred from the States of Jersey are treated as a non-exchange transaction as there are no related performance conditions and are realised in full in the Statement of Comprehensive Income. The net assets consisted of properties, financial assets (bonds), cash and cash equivalents, debtors and creditors. 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 of Jersey 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 of Jersey that are specified in the Regulations were transferred to the Company. The values assigned to the assets, rights and liabilities have been determined with reference to the Regulations.

h) Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments 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 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 isrecognised in other comprehensive income and transferred to the housing property 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.

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 are held at cost until they become available for letting.

Housing properties identified for sale are classified as housing properties held for sale.

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 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 of each component is as follows:

	Expected life (years)
Structure	80
Roof	30 – 50
Windows & Doors	30 - 40
Kitchens	30
Stairs	60
Wiring and Electrical Installations	30
Plumbing and Installations	30
Builders Work in connection with services	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

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

The office premises is carried at fair value 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

Expenditure less than £1,000 is charged to the Statement of Comprehensive Income as incurred. Land that forms part of Property, Plant and Equipment is not depreciated.

Office premises were valued at fair value. The aggregate surplus or deficit on revaluation is the difference between the cost of the property less accumulated depreciation and the amount of the valuation. Revaluation surplus are recognised in other comprehensive income and transferred to the Office Premises 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. Impairment 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. ***Housing 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 profit and loss. 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.

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 of Jersey. 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 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.

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 the Jersey Taxes Office.

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) Disclosure exemptions

The Company qualifies as a "qualifying entity" in terms of FRS 102 as the Company is included in the consolidated financial statements of the States of Jersey.

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.

u) Frequency of reporting and comparative information

The financial statements of the Company are to be issued annually as at 31 December. As the Company was incorporated on 1 July 2014, the comparative information disclosed for the period ended 31 December 2014 is for a six month period only.

v) Key Related parties

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

w) Critical accounting estimates and assumptions

The following are the key assumptions and estimates affecting the company:

i. ***Useful lives of tangible fixed assets***
Tangible fixed assets are depreciated on a systematic basis based on management's best estimate of the asset's useful life. This estimate is based on a variety of factors such as the expected use, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

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.

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, and future costs to be incurred such as management costs, total repair costs and the amount of bad debts and voids.

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

The Company's housing and investment properties were valued as at 31 December 2015 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.

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 quotations obtained before commencement of works.

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.

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 debtors' personal and financial situation.

2. Operating Deficit

Operating deficit is stated after charging:

	2015	2014
	£'000	£'000
Depreciation	10,623	5,226
Impairment*	6,035	2,626
Wages & Salaries	2,658	1,344
Social Security costs	146	73
Other Pension costs	337	163
Repairs; cyclical, planned, day to day	8,260	3,245
Auditors remuneration - audit services	43	50
Auditors remuneration – non audit services	-	11

*Impairments are principally attributable to completed refurbishment projects. Project costs are capitalised and may be subsequently impaired when the estate is revalued.

3. Return to the Guarantor

	2015	2014
	£'000	£'000
Return to the Guarantor	27,349	13,581

On 22 July 2014 the Company entered into an agreement with the States of Jersey acting through the Minister for Treasury and Resources, the Guarantor for the Company, to provide a Return payable by the Company to the Guarantor to the base amount of £6,737k per quarter, starting from the 1 July 2014. The base amount would be subsequently increased annually in quarter 3, by the June Jersey Retail Price Index ("RPI") of the same year.

These payments would continue indefinitely. It is the view of the Board of Directors that the Annual Return payable to the Guarantor should be classified separately from the transfer of net assets at incorporation and recognised as an expense in the Statement of Comprehensive Income.

Notes to the Financial Statements (continued)

For the year ended 31 December 2015

4. Interest payable and similar charges

	2015	2014
	£'000	£'000
Interest on loan agreements with States of Jersey	1,746	215

The interest charge of £1,746k (2014: £215k) comprises £1,653k (2014: £215k) of interest and £93k (2014: £nil) of bond set-up fees which are amortised over the lifetime of the Loan 1. Further finance costs of £645k (2014: £11k) have been capitalised and are included within additions to housing properties (note7). Interest 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

	2015	2014
	£'000	£'000
Gross Proceeds	5,809	3,185
Net Asset Cost (Cost less accumulated depreciation)	(5,809)	(3,185)
Gain / (loss) on sale	**-**	**-**

Housing properties are revalued at the date of being identified for disposal. Gross proceeds is the total amount of cash received being £4,603k (2014: £2,653k) plus housing bonds issued during the period £1,206k (2014: £532k) (refer to note 10).

6. Employee Information

	2015	2014
The average full time equivalent number of persons employed in the period was:	48	47
The average number of persons employed in the period was:	50	49

	£'000	£'000
Staff costs (including Directors emoluments):		
Wages and salaries	2,658	1,344
Social security costs	146	73
Pension costs	337	163
Other staff costs	85	30
Total staff costs	**3,226**	**1,610**

Directors emoluments included within total staff costs are salaries/fees of £335k (2014: £155k), pension contributions of £32k (2014: £14k) and social security payments of £9k (2014: £4k).

7. Housing properties

	Held for letting	Under construction	Total housing properties
Cost	**£'000**	**£'000**	**£'000**
At 1 January 2015	688,468	12,557	701,025
Transfer from States of Jersey	-	-	-
Additions (note a)	3,198	24,120	27,318
Transfer from under construction to held for letting	24,308	(24,308)	-
Disposals (note 11)	(5,444)	-	(5,444)
Revaluation	35,664	-	35,664
At 31 December 2015	**746,194**	**12,369**	**758,563**
Depreciation & impairments			
At 1 January 2015	(4,063)	-	(4,063)
Charged during the period	(10,529)	-	(10,529)
Impairments recognised	(6,542)	-	(6,542)
Impairments reversed	507	-	507
Disposals (note 11)	24	-	24
Revaluation	10,782	-	10,782
At 31 December 2015	**(9,821)**	**-**	**(9,821)**
Net book value as at 31 December 2015	**736,373**	**12,369**	**748,742**
Net book value as at 31 December 2014	**684,405**	**12,557**	**696,962**

Where indicators of impairment have been identified an impairment assessment is carried out and those charges recognised in the Statement of Comprehensive Income. Valuations have been carried out as at 31st December 2015 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, January 2014, Global and UK Edition (the "Red Book").

(a) The amount of £27,318k (2014: £11,033k) is reflected as £26,673k (2014: £11,022k) in the cash flow statement as the above amount includes £645k (2014: £11k) of finance costs capitalised. These finance costs are included as part of 'interest and similar charges paid' within the cash flow statement.

7. Housing Properties (continued)

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

	Held for letting	Under construction	Total housing properties
Historical Cost	**£'000**	**£'000**	**£'000**
Carrying value 31 December 2015	671,345	12,369	683,714
Carrying Value 31 December 2014	666,357	12,557	678,914

8. Property, Plant and Equipment

	Office premises	IT Systems Development	Infrastructure assets	Total other fixed assets
Cost	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January 2015	1,631	-	3,133	4,764
Additions	1,311	31	-	1,342
Revaluation	406	-	53	459
At 31 December 2015	**3,348**	**31**	**3,186**	**6,565**
Depreciation				
At 1 January 2015	(2)	-	(1)	(3)
Charged during the period	(88)	-	-	(88)
Revaluation	6	-	1	7
At 31 December 2015	**(84)**		**-**	**(84)**
Net book value as at 31 December 2015	**3,264**	**31**	**3,186**	**6,481**
Net book value as at 31 December 2014	**1,629**	**-**	**3,132**	**4,761**

9. Investment properties

	2015	2014
	£'000	£'000
At 1 January	352	-
Transferred from the States of Jersey	-	352
Depreciation Charge	(7)	-
At 31 December	**345**	**352**

Investment properties consist of commercial properties rented at market rates.

10. Financial Assets

Housing bonds	2015	2014
	£'000	£'000
At 1 January	16,618	
Valuation at transfer from States of Jersey		5,739
Redeemed during the period	(278)	(198)
Issued during the period	1,206	532
Unrealised surplus in the period	1,196	545
Valuation at period end	**18,742**	**16,618**

All housing bonds are considered to be non-current as the underlying properties are not expected to be sold within one year. Profit on disposal of bonds redeemed totals £156k (2014: £30k) from total receipts of £434k (2014: £228k).

11. Housing Properties held for sale

Cost	2015	2014
	£'000	£'000
At 1 January 2015 / 1 July 2014	1,386	-
Transferred from Social Housing (2015) / States Of Jersey (2014)	5,420	4,571
Disposals	(5,809)	(3,185)
Revaluation	10	-
At 31 December 2015	**1,007**	**1,386**

12. Debtors

	2015	2014
	£'000	£'000
Amounts falling due within one year:		
Rental debtors – current	1,160	1,204
Rental debtors – Other	927	618
GST Receivable	456	622
Related party settlement account States of Jersey*	3	-
Less** - Provisions for former tenant rental debts	(127)	(78)
Provision for non-tenant debts	(91)	(95)
	2,328	**2,271**
Prepayments and accrued income	6	39
Other debtors	147	227
	2,481	**2,537**

*The Company has an arrangement with the States of Jersey's Treasury and Resources Department whereby rental income is collected by the cashiers. The Department also makes payments to suppliers on behalf of the Company, and at the end of each month the balance of receipts and payments is settled. See note 15 for comparable balance.

** Provisions relate only to rental debtors that are not current, 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 £398k (2014: £447k).

13. Leases

	2015	2014
	£'000	£'000
Minimum lease payments receivable:		
Within one year	2,293	2,068
Within one to five years	114	129
More than five years	26	43
	2,433	**2,240**

Leases, being generally tenancy agreements for residential properties entered into after 1 January 2010, carry a one month notice of cancellation period. Leases entered into before this date have a one week notice of cancellation period. There are 3 leases for commercial premises; one for 21 years ending in 2020 and two for 9 years ending in 2022.

14. Cash at bank and cash equivalents

	2015	2014
	£'000	£'000
Cash and cash equivalents	-	182
Short term cash investments	26,076	18,830
	26,076	**19,012**

Cash balances as at 31 December 2015 include the early drawdown of loans on the 31 December 2015 amounting to £11.2million.

15. Creditors

	2015	2014
	£'000	**£'000**
Trade Creditors	375	905
Deferred income	1,483	1,563
Related party settlement account States of Jersey*	-	60
	1,858	**2,528**

* (See note: 12).

16. Accrued Expenses

	2015	2014
	£'000	**£'000**
Return to the Guarantor	6,906	6,844
Goods and services received but not yet invoiced	3,337	2,503
	10,243	**9,347**

17. Borrowing

	2015	2014
	£'000	**£'000**
Loan instalments are due as follows:		
Within one year	**3,339**	**833**
After one year:		
Between one and five years	8,676	8,651
In over five years	56,617	29,889
	65,293	**38,540**

Notes to the Financial Statements (continued)

For the year ended 31 December 2015

17. Borrowing (continued)

On 17 November 2014 the Company entered into 3 separate loan agreements with the States of Jersey. The first loan agreement was put in place to repay advances totalling £38,489k. The advances were made to the States of Jersey Housing Department, prior to the incorporation of the Company, by the States of Jersey Treasury & Resources Department 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 States of Jersey Housing Department.

In 2015 five further loan agreements were entered into with the States of Jersey. All loans are set out in the table below:

Loan	Total Loan Amount £'000	Brought Forward at 01/01/2015 £'000	Amount Drawn 2015 £'000	Amount Repaid in 2015 £'000	Amount Outstanding at 31/12/2015 £'000	End Date of Loan
Loan - 1*	38,429	38,429	-	(927)	37,502	31/12/2033
Loan - 2	4,741	1,112	3,628	-	4,740	31/12/2032
Loan - 3	9,675	1,011	8,080	-	9,091	31/12/2032
Loan - 4	-	-	-	-	-	-
Loan - 5	2,659	-	2,499	-	2,499	31/12/2033
Loan - 6	2,149	-	2,023	-	2,023	31/12/2038
Loan - 7	7,119	-	6,686	-	6,686	31/12/2042
Loan - 8	2,185	-	2,185	-	2,185	31/12/2016
Loan - 9	4,991	-	4,991	-	4,991	31/12/2039
Total Loans	71,948	40,552	30,092	(927)	69,717	
Set up costs*	-	(1,179)	-	-	(1,085)	
Total Liability		**39,373**			**68,632**	

The first loan repayment of £927k was made in respect of Loan 1 on the 31 December 2015.

Interest on all loans is paid quarterly at a fixed interest rate of 4.3% per annum (with the exception of Loan 9 on which interest accrues at 5% p.a.). The effective rate of interest charged on the first loan (after consideration of the loan setup costs) is 4.7% per annum. Loan repayments are due annually. The total value of the loans available but not yet drawn at year end is £1,303k. Drawdowns due on existing loans in 2016 were received early on 31st December 2015.

*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 £1,085k.

18. Capital Commitments

Development expenditure contracted less certified or accrued as at 31 December 2015 amounted to £10,218k (2014: £17,930k).

Development expenditure authorised by the Board of Directors but not contracted as at 31 December 2015 was nil (2014: £2,300k).

In addition the Board of Directors has authorised expenditure on other fixed assets amounting to 295k (2014: £1,076k).

Notes to the Financial Statements (continued)

For the year ended 31 December 2015

19. Pension Costs

The Company participates in the Public Employees Contributory Retirement Scheme ("PECRS"), operated by the States of Jersey, which whilst a final salary scheme, is not a conventional multi-employer defined benefit scheme because the Company is not responsible for meeting any ongoing deficit in the scheme. The assets of the scheme 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 £337k (2014: £163K).

Because the Company is unable to readily identify its share of the underlying assets and liabilities of PECRS 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 2013. 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 contributions to support the scheme benefits.

The conclusion of the latest published valuation is that there is a surplus in the scheme assets at the valuation date of £92.7m. Because the scheme is accounted for as if it is a defined contribution scheme, no account has been taken of the Company's potential share of this surplus.

On the date of incorporation the States of Jersey Housing Department paid a pension liability of £1,908k which was for pension liabilities for a pre-1987 pension scheme. This was part of the terms of incorporation for the transfer of the Company's employee's benefits to the newly formed entity. The Company does not have any outstanding liability as at period ended 31 December 2015 for the pre-1987 pension scheme.

Copies of the latest Annual Accounts of the scheme, and of the States of Jersey, may be obtained from the States Treasury, Cyril Le Marquand House, The Parade, St Helier JE4 8UL.

20. 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 of Jersey 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.

The Company is contractually bound to pay a quarterly return to the Guarantor. The amount of this return is £6,906k per quarter and will be increased annually by Jersey RPI.

21. Related Party Transactions

Member of the Board of Directors Colin Russell held a tenancy with the Company during the period. The tenancy was granted under the Company's allocations policy, with rent under normal terms.

Borrowing (note 17) and interest expense as presented on the face of the Statement of Comprehensive Income and Balance Sheet are due to the States of Jersey. Terms and conditions of the loan are described in note 17.

All assets and liabilities acquired on incorporation of the Company have been transferred from the States of Jersey. The Company also participates in the defined pension plan operated by the States of Jersey. Refer to note 19.

22. Risks and uncertainties

The key financial risks managed by the Company are as follows:

- Sufficient funding for capital projects is not achieved;
- Funding is available on less preferable terms than projected;
- Capital projects become unaffordable due to price inflation in the construction industry, resulting from additional activity;
- Rental income is lower than projected due to a change in the rent policy;
- Rental income is lower than projected due to insufficient demand from the Affordable Housing Gateway;
- Rental income derived from capital projects is lower than projected due to RPI being lower than expected;
- Basis of financial return delivered to the States of Jersey is changed resulting in higher returns than projected;
- Capital proceeds from sales of existing social housing stock is lower than projected; and
- States of Jersey Social Security Department implement changes in the housing component of Income Support.

The Company does not have any significant exposure to financial risks related to financial assets held at fair value through profit or loss.

The Company closely monitors the impact of the above risks including the financial modelling of sensitivity analysis on a number of scenarios. This provides an early warning mechanism enabling informed decisions to be made by the Board.

23. Contingent Liabilities

As at 31 December 2015, the Board of Directors was not aware of any contingent liabilities.

24. Net Cash Inflow from Operating Activities

	2015	2014
	£'000	£'000
Operating deficit	(13,864)	(6,232)
Depreciation and impairment	16,659	7,852
Decrease / (Increase) in debtors	56	(2,537)
Increase in creditors	226	11,875
Net debtors & creditors transferred from the States of Jersey	-	(3,530)
Net cash inflow from operating activities	**3,077**	**7,428**

25. Reserves

The Company's reserves are as follows:

The retained earnings reserves represents cumulative profits or losses, including fair value gains on financial instruments and realised surplus from disposal of financial assets.

The property revaluation reserve represents the cumulative effect of revaluations of the office premises and housing properties which are revalued to fair value at each reporting date.

26. Post Balance Sheet Events

The Board of Directors was not aware of any significant post balance sheet events after the 31 December 2015 having a significant impact on these financial statements.

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