Annual Report 2021

ANDIUM
HOMES

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About Us

What we do

Jersey's largest residential developer and landlord, managing more than 4,500 properties and providing homes and landlord services for more than 10,000 Islanders.

Directors

Richard McCarthy CBE	Chair	Appointed 22 January 2021
Jason Laity	Senior Independent Director	Reappointed 17 April 2021
Judy Beaumont		
Elaine Bailey		
Julian Box		
Jonathan Day		
Ian Gallichan	Chief Executive	
Lindsay Wood	Finance Director	

Company secretary

Fiona Halliwell

Country of incorporation

Jersey

Address of the registered office

33-35 Don Street
St Helier, Jersey, JE2 4TQ

Legal form of the entity

Private company limited by guarantee.

Auditors

Baker Tilly Channel Islands Limited
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

Corporate, employment & residential management

BCR Law LLP
12 Hill Street
St Helier
Jersey, JE2 4UA

Residential conveyancing

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

Commercial property development

Viberts
Viberts House
Don Street
St Helier
Jersey, JE4 8ZQ

Our Vision and Values

Our vision and values guide our strategic approach:

Our Vision

Great homes and services for all who need them

Our Core Values are the principles we believe in

Client Obsessed

We are obsessed with delivering an excellent and consistent client experience - every time!

Results Driven

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

Passionate

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

Resilient

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

Courageous

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

Acting with Integrity & Respect

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

Chairman's Statement

Richard McCarthy CBE

In last year's Annual Report, I gave my first impressions of Andium Homes following my appointment as Chairman on 22 January 2021.

12 months on, it feels appropriate for me to expand on those initial comments, and as I reflect, I cannot help but think that Andium Homes is so much more than just a provider of affordable homes.

Most Jersey residents will know something of Andium Homes, not surprising given that as Jersey's largest landlord, the company provides social rental homes to one in ten Islanders. In addition it provides significant support to some of Jersey's most vulnerable residents through its unique, to Jersey, Specialised Services Team.

Since incorporation the company has completely renovated its rental portfolio, a process which is continuous, and ensures that it's homes always meet the Decent Homes Standard as an absolute minimum. Indeed, the quality of Andium's rental portfolio is second to none, something of which the whole island should be immensely proud.

Since 2014, Andium has also delivered more than 550 new homes for rent and provided opportunities for 276 first time buyers to fulfil their dream of affordable home ownership with Andium Homebuy, the company's own, self-funded, shared equity scheme.

Importantly, the delivery of our development pipeline and commitment to build 3000 new homes by 2030 made very significant progress in 2021, with 151 new homes being completed and planning consent being secured for 307 new homes at the Stafford, Revere and Mayfair hotels.

Andium Homes has a passion for innovation and for going above and beyond normal landlord activities, whether that be through initiatives such as the installation of fire retardation sprinklers in all 601 of our high rise apartments, the introduction of a pilot communal Wi-Fi system at Le Tour Heron in St Clement to address digital exclusion, or our use of modern methods of construction and planned Passivhaus pilot projects.

A further example of this is the delivery of 21 new much needed homes at Plaisant Place, including a new modern facility for Age Concern. I am doubly pleased with this project, which also provided an opportunity for us to trial a new modern method of construction, Hadley Steel Frame, which saw the project complete 5 months faster than using more traditional building methods. Andium Homes is indeed at the cutting edge of housing services and provision in Jersey.

The real strength of any company is its people, and I continue to be impressed by the passion and determination of my fellow Board members, the Executive Team led by our Chief Executive, Ian Gallichan, and everyone who works for the company.

Andium is also committed to making and contributing to great places and communities, in addition to its desire to build more homes. In this context I also see the company as a regeneration agency, most notably in the North of St. Helier. For example, the delivery of 165 new homes on the Ann Court site, completing in 2023, will include a large public square, 4 commercial units and 137 shopper parking spaces. The future development of the Mayfair and Ann Street Brewery will also give consideration to strategic placemaking opportunities, the latter of which will also deliver a new facility for Autism Jersey. These are great examples of Andium delivering other benefits as part of its development programme.

Deputy Labey, the Minister for Housing Communities, with whom I have had the pleasure of working with this past 12 months, has been supportive of Andium's commitment to the regeneration of St Helier and the construction of more affordable homes across Jersey. I, therefore, welcome the action being taken by the Minister to identify and transfer sites for new affordable housing as demonstrated by the report that he published in November identifying several surplus Government owned sites which have now been earmarked for future affordable housing provision.

This is an excellent example of Government facilitating affordable home delivery and we look forward to the allocation and transfer of those sites as soon as possible.

The real strength of any company is its people, and I continue to be impressed by the passion and determination of my fellow Board members, the Executive Team led by our Chief Executive, Ian Gallichan, and everyone who works for the company. That this team has been able to deliver outstanding business results, take on new activities, acquire new sites and participate in assisting Government in meeting its wider housing objectives, whilst still dealing with the challenges of the Coronavirus pandemic is testament to their professionalism and dedication.

Richard McCarthy CBE, Chair
31 March 2022

Chief Executive's Review

Ian K Gallichan

2021 was another great year for Andium Homes, for our colleagues and the clients we serve.

The ongoing challenge posed by Coronavirus continues to be an unwelcome distraction for our whole community, but I am proud that throughout the pandemic we have continued to deliver excellent outcomes, including providing almost uninterrupted opportunities for clients to visit us to receive the personal face-to-face service, many value so much.

Last year saw significant debate as to whether or not Jersey has a housing crisis. Whatever your view, it cannot be denied that the demand for homes is very high. Whether you are renting or looking to purchase, housing is expensive in Jersey. We feel this very personally at Andium and its what drives us to do all we can to provide more homes. Addressing the supply of housing is the single most important thing we can do to stabilise housing costs.

We are delighted that in 2021 we were able to assist the Minister for Housing & Communities in addressing the cost of renting in the social housing sector by agreeing to freeze our rents for all of 2022, on top of the rent freeze already in place for 2021. We also support the Government's move to an 80% rent policy and are working collaboratively to manage its implementation.

Our efforts to make home ownership affordable continue unabated, and in 2021 we sold 85 homes to first time buyers, deferring a total of £7.9m in sale receipts, making the average sale price of a 3 bedroom house £400,000, which is in stark comparison to the 2021 reported average 3 bedroom house price of £861,000.

60 of these sales were of former rental homes, which were either sold to tenants or applicants on the Minister's Affordable Purchase waiting list. Management of that waiting list was transferred to Andium Homes in the latter part of 2021, meaning that we can now offer prospective buyers a 'one stop shop' service in this important area. What is now known as the 'Assisted Purchase Pathway' will be further developed to provide both, a dynamic means of measuring the demand for assisted purchase homes, and a source of valuable data to assist the Minister in considering what further interventions might be necessary to make home ownership affordable for as wide a group as possible.

It may seem somewhat counter intuitive to be selling up to 60 rental homes every year at a time when we have a housing shortage. However, these sales are important, both in terms of generating the necessary funding (£29.7m in 2021) to allow Andium to keep delivering more new homes and making its £30m per annum return to Government, but also as a means of realigning the profile of the stock. In many cases sales are to existing tenants and the sales represent a change of tenure or release another home elsewhere. The important factor being that Andium is delivering more new rental homes than it sells. Our excellent quality social rental portfolio therefore continues to grow and is better able to meet the needs of those registered with the Affordable Housing Gateway.

We completed 151 new homes last year, 123 of which we have retained for rental. In addition, we completed the refurbishment of another of the tower blocks at Le Marais, delivering some marked improvements including lift upgrades, electrical improvements and equipping each apartment with fire retardation sprinklers, something that we will have installed in all of our 601 high rise apartments across the island by the end of 2023.

At the end of 2021 we had already completed 561 of our 3,000 new homes target, were on site actively developing 438 new homes and had contracts in place for 700 more. Sites have been identified for at least a further 1,600 homes, all of which can be completed by 2030.

> **“Our excellent quality social rental portfolio continues to grow and is better able to meet the needs of those registered with the Affordable Housing Gateway.**

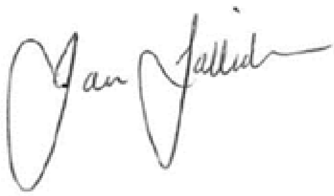
Achieving our target will be greatly assisted by the release of identified surplus Government owned sites. The Minister produced a list of sites in November 2021, and as the Chairman has already said, we look forward to the early allocation of those sites. That will allow us to get on with design and procurement activities, even whilst sites remain in use by existing occupants, so that development can commence as soon as they are vacated.

2021 saw the Minister for Environment bring forward proposals for a Draft Bridging Island Plan, including proposals for the rezoning of sites in the green zone to provide up to 600 new affordable homes to meet demand. The States ultimately agreed to rezone several sites, which it has subsequently been indicated may provide up to 450 new homes. However, the actual number of homes which those sites can deliver will not be known until detailed development briefs have been prepared and there have been discussions with landowners. These rezoned sites provide a valuable opportunity for the development of new homes, particularly family houses and are therefore most welcomed.

The Draft Bridging Island Plan also proposed a new building standard for affordable homes in the form of Passivhaus. Andium had expressed concern about the introduction of Passivhaus at this time. We are certainly not resistant to enhanced standards of energy efficiency in our homes. Our commitment to improving standards is plain to see in the enhancements we have already made to our existing portfolio, and from our commitment we have made to undertake two trial Passivhaus projects in the next 2 years. We simply believe that the pilot schemes should be completed and assessed before a decision is made for the wider implementation of Passivhaus. The Infrastructure, Housing & Environment Scrutiny Panel also expressed its concern about the proposals and lodged an amendment to the Draft Plan, which ultimately led to the Passivhaus policy being removed.

Now that the plan has been debated, Andium Homes stands ready to deliver the new homes required, in line with the policies agreed by the States.

Andium Homes continues to go from strength to strength and has an extremely bright future. I am grateful for the dedication and hard work of everyone involved in Andium Homes' continued success, our Chairman and Board of Non-Executive Directors, my Executive Team and colleagues throughout the business who continue to deliver consistently high-quality outcomes for our clients, our Guarantor and other stakeholders.



Ian K Gallichan, Chief Executive
31 March 2022

Our Strategies

Our Strategic Framework is split into 5 Key Strategies with our Client Excellence Strategy at the centre.

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

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

Results and Performance at a Glance

2021/2020

Client Excellence

	Properties Let	Arrears as % of Gross Rent Charged	Average Re-let Time	Assisted Purchase Pathway Applications
2021	99%	0.79%	25 days	1,554
2020	99%	1.10%	31 days	-

Innovation

	Clients Subscribed to Digital Services	Client Contacts Self-Service Generated
2021	44%	24%
2020	20%	12%

Partnership

	Investment in Communities	New Community Facilities Built & Opened
2021	£900k	Age Concern
2020	£900k	Brighton Close

Great Homes

	New Affordable Homes	Homes Meeting Decent Homes Standard	Investment in Land & Building New Homes	Number of Andium Homebuy Sales
2021	151	100%	£67m	85
2020	132	100%	£50m	58

Business Excellence

	Rental Income	Cash Returned to Government	Gearing	Available Undrawn Borrowing
2021	£55m	£41m	23%	£197m
2020	£53m	£41m	18%	£158m

Great Homes

Delivering growth and regeneration

889 new homes are under construction and due for completion over the next five years.

410 homes

2021

Samares, St Clement
25 New Homes
Completed: 2021

Pine Ridge St Helier
1 New Fully Adapted Home
Completed: 2021

Le Clos Mourant, St Clement
97 New Homes
Completed: 2021

33 Belmont Rd, St Helier
3 New Homes
Completed: 2021

Plaisant Place, St Helier
21 New Homes
Completed: 2021

75 Colomberie, St Helier
4 New Homes
Completed: 2021

561 homes

2022

Le Clos Couriard, St Helier
82 New Homes
Due for Completion: 2022

Ann Court, St Helier
33 New Homes
Due for Completion: 2022

Le Clos Mourant, St Clement
44 New Homes
Due for Completion: 2022

Ann Court, St Helier
132 New Homes
Due for Completion: 2023

Mayfair Hotel, St Helier
201 New Homes
Due for Completion: 2025

The Limes, St Helier
144 New Homes
Due for Completion: 2025

720 homes
2023

999 homes
2024

1,450 homes
2025

La Collette Low-Rise, St Helier
147 New Homes
Due for Completion: 2023

Stafford & Revere Hotels, St Helier
106 New Homes
Due for Completion: 2025

Working in Partnership

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

We are landlord to several Charity organisations including, The Shelter Trust, Causeway, Women's Refuge and Les Amis.

Most recently we partnered with Sanctuary Trust, a homelessness charity, to provide them with an additional building from which to deliver their services. The additional building will complement their existing two buildings and will not only help them to meet the growing demand that they were seeing, but also to cater for a more diverse group of islanders who were facing homelessness and need support.

All of the homelessness Charities we support are key participants in the Multi-Agency Partnership Pathway.

Our Partnership with the States of Jersey Police & Fire Service

We work with the States of Jersey Police and Fire & Rescue Services on a regular basis. One way we have been supporting them is by providing access to vacant buildings, prior to demotion and redevelopment, providing both agencies with opportunities to undertake much needed real life training.

Chris Thomas, Firearms Training Sergeant at the States of Jersey Police said "Major crime is not commonly seen in Jersey, but when it does happen, officers have to be ready. We can't thank Andium enough for providing us with opportunities to carry out training on empty sites. It is a great opportunity for officers to train in a real-world setting."

"We can't thank Andium enough for providing us with opportunities to carry out training on empty sites.

Our Partnership with
Causeway

Local Jersey charity, Causeway provides safe, warm, comfortable accommodation for independent women who are pregnant or have a young child and who find themselves homeless for whatever reason.

Andium Homes is proud to be Causeway's landlord. Andium maintains the exterior of the building, keeping it wind and watertight. Causeway looks after the interior with any significant projects such as refurbishments usually funded by grants from organisations such as Association of Jersey Charities, One Foundation, A A Raynor Fund, Bosdet Foundation and Jersey Community Foundation, and others who have all been very generous in supporting Causeway.

Causeway residents enjoy their own comfortable room with space for their children. There is a very large, shared kitchen where they can cook their own meals. Bathrooms are shared, warm and practical, and there is a laundry on site. There is a large dining area with highchairs for babies and a lovely comfortable lounge. There are toys for the children to share and a secure garden with plenty of activities.

Causeway's subsidised rents are made possible by the provision of the property by Andium, along with grants and donations from Trusts, Churches, and individuals across the Island.

"Without Andium's support we would quite simply find it almost impossible to operate as we do.

Stuart Hill, Causeway's Chairman, commented "We are truly grateful for all the support we receive from Andium Homes who have been a long-standing partner and supporter of ours, providing us with the property along with services which help us in maintaining it. Without Andium's support we would quite simply find it almost impossible to operate as we do."

Further information on Causeway can be found on their web site: **www.causeway.org.je.**

Our Partnership with
Age Concern

In 2021 we completed the redevelopment of some outdated apartments at Convent Court in Val Plaisant. The site is directly opposite Windsor House, Age Concern's previous headquarters, which the charity had outgrown.

Having supported Age Concern Jersey over a number of years, we were very aware of the inadequacies of the charity's former facilities and the redevelopment provided an opportunity for us to partner with Age Concern to develop a new purpose built facility for them on the ground floor of our new building, which also contains 21 new apartments.

Paul Simmond the Charity's manager said 'The space in our building was no longer fit for purpose, as the facilities were spread out over three floors, with far too many stairs, slopes and a temperamental lift, none of which are conducive to offering a wide range of activities for older people. Having been offered the space by Andium Homes, as part of the redevelopment of Plaisant Place, we were confident that the new facility would greatly enhance the services that we offer.

In contrast to the multiple-floor layout of the Windsor House premises, the charity's new facility in Plaisant Place is built entirely on the ground floor of Andium Homes' new development.

It is a fantastic new facility which offers us the freedom to welcome more people, safely, without any barriers to accessibility.'

This was an exciting development for us, as the project goes above and beyond simply building new homes. This is a real focus for us and is about investing in the community and the environment to enhance people's lives and help the community function better.

"The charity's new facility in Plaisant Place is built entirely on the ground floor of Andium Homes' new development.

It is a fantastic new facility which offers us the freedom to welcome more people, safely, without any barriers to accessibility.

In Partnership with

Jersey Women's Refuge

Jersey Women's Refuge offers a range of support services to women and children who are the victims of domestic abuse. Jersey Women's Refuge services include the provision of a safe house and 24/7 helpline, Outreach support, Children & Young People service, counselling as well as training and education initiatives. Andium Homes and Jersey Women's Refuge partnership began when Andium took over the property portfolio previous managed by the Government, which included the Jersey Women's Refuge facility.

> **We are truly grateful for all the support we receive from Andium Homes who have been a long-standing partner and supporter of ours.**

Marine Oliveira, the charity's Service Manager said "Our partnership with Andium has been long standing and Jersey Women's Refuge is excited about current plans which will strengthen our work together in the years to come. On a day to day basis, Andium Homes looks after Jersey Women's Refuge safe house and in fact helps us above and beyond their landlord obligations. They are really understanding of the very particular needs of our organisation and offer a quick response when we ask for help. In doing so, they actively contribute to the quality of care and stay of the women and children residing at Refuge and ensures the continuous running of our critical service."

The Charity has recognized that their services need to grow to meet the more diverse needs of its clients. With this in mind we have been working closely, looking to provide a new property for the Charity which we acquired in 2022. The primary reason for the move is having disabled access, as well as family and self-contained units. It means that Jersey Women's Refuge will be able to welcome women who require wheelchair access, families with boys over the age of 16, families with pets and bigger families.

Andium Homes Partnerships

Social Value

We're not just a housing provider...

£116k
Spent on Medical Adaptations

We go above and beyond for clients who require additional assistance in their home.

£350k
Value of Parking Permits Provided Free of Charge

We understand that its not just our clients who require access but also their carers and loved ones.

£7.9m
In Deferred Payment Bonds

Assisting 85 first time buyers with purchasing a home.

0%
Rent Increase

Protecting our clients with a rent freeze in 2021 when the Jersey Private Rental Index increased by 4%.

7
Community Facilities

Our community rooms and facilities are used by hundreds of people each year.

£20k
Tackling Digital Exclusion

Including installing a pilot community Wi-Fi service to all residents and guests at La Tour Heron and our newly refreshed Brighton Close community facility.

£550k
Financial Support for Charities

We provide reduced rents for a number of charities we partner with.

Key Performance Indicators

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

	2021 Actual	2021 Target
Client Excellence		
Overall client satisfaction	98%	≥ 90%
Rent collect as a % of rent charged	101.2%	≥ 100.0%
Arrears as a % of rent charged	0.79%	≤ 1.00%
Average re-let time in days	25	≤ 25

Arrears have reduced following a process redesign, capitalising on more of the benefits of our housing technology system, to notify clients of missed payments at the earliest opportunity. This early intervention enables clients to better manage their finances, preventing rent arrears occurring in the first place.

Great Homes		
Major Refurbishments completed	69	≥ 56
New supply delivered - social housing units	151	≥ 195
Ratio of planned maintenance to response repairs	69%	± 70%
% of homes meeting the Decent Homes Standard	100%	100%
% of homes meeting the New Modern Facilities Standard	95%	≥ 97%

The Le Marais refurbishment project is ahead of programme, completing 13 more homes than expected. Whilst new homes delivered is fewer than target, 44 new homes at Le Clos Mourant (Le Squez Phase 4) were delivered at the beginning of 2022.

	2021 Actual	2021 Target
Innovation		
% of Client contacts self-service generated	23.5%	≥ 20.0%
% of Clients subscribed to digital services	43.5%	≥ 40.0%
Fossil Fuels – Number of litres of oil burned	4,656	≤ 33,000

Almost half of our clients are now subscribed to our digital service where they have 24 hour access to rent account information, the ability to manage their tenancy and report repair requests at a time that suits them.

	2021 Actual	2021 Target
Partnership		
Investment in Communities	£900k	≥ £900k
Number of Clients housed through the Partnership Pathway	47	± 26
Number of Tenancies supported by the Specialised Services Team	224	± 180

Clients on the Partnership Pathway were prioritised during a period of lockdown in order to create spaces within emergency accommodation provision, this drove the increased average against our target.

	2021 Actual	2021 Target
Business Excellence		
Financial		
Net mean number of unlet properties at month end	18	≤ 30
Tenancy turnover (annualised)	6.9%	± 5%
Net proceeds from existing property sales	£19.4m	≥ £17.5m
Net proceeds from new properties sold	£10.3m	≥ £10.7m
Gearing (interest / assets)	23%	± 24%
Headline social housing cost per unit	£6,758	± £6,818
Maintenance cost per unit	£1,479	± £1,639
Major repairs cost per unit	£3,424	± £3,188
Other social housing costs per unit	£1,854	± £1,991
Asset Cover Ratio (minimum 150%)	411%	±413%
Interest Cover Ratio (minimum 120%)	272%	± 217%
Wellbeing		
Staff turnover in the year	11.6%	± 12%
Average colleague sickness levels	5 days	≤ 5 days

The net proceeds from sales of existing and new properties exceeded targets enabling homeownership for 85 individuals and families.

We continue to perform well against our finance metrics with further detail in the Performance Report and Financial Statements.

Performance Review

With more new homes delivered and further funding secured, our prudent financial approach continues to support the business to deliver on its key strategic aims.

Our business and objectives

We are Jersey's largest landlord, and manage more than 4,500 tenancies, providing homes and landlord services for more than 10,000 islanders. We are also Jersey's largest developer with a capital programme to deliver 3,000 new rental and first-time buyer homes by 2030.

During 2021, we reviewed our published 2019-2023 Strategic Business Plan, during which we refined the strategies as noted on page 10.

More detail in relation our existing Business Plan can be found on our website andiumhomes.je.

Our Achievements

2021 was a strong year for Andium Homes, with the following key highlights:

- Improving our arrears process has supported Clients at the earliest possible opportunity resulting in reduced financial stress for Clients and arrears as a percentage of rent charged has reduced;
- £14m investment in our maintenance programme;
- £76m investment in major capital projects; notably £17m on acquiring the Mayfair Hotel, The Stafford Hotel and The Revere, which will deliver 307 new homes;
- 85 First Time Buyers created, offering a first step on the housing ladder with the benefit of up to 25% of the purchase price being deferred indefinitely. Sales generated an additional £30m in income to support our capital programme;
- Delivery of 151 new homes;
- Delivered a new Age Concern facility at Plaisant Place;
- Delivered Pine Ridge in collaboration with Income Support, a bespoke three-bedroom bungalow that provides a home for clients who require around the clock care;
- Continued support for vulnerable clients through our Multi-Agency Safeguarding work;
- Developed our existing IT infrastructure, to improve business performance and provide clients with greater online services through our digital pathways. This investment in digital will continue for some time;
- Supported the Government through our take-on of Band 5 of the Affordable Housing Gateway, now renamed the Assisted Purchase Pathway;
- Supported our charity tenants including Shelter Trust, Women's Refuge and others;
- Secured an additional £75m top-up on our existing £150m revolving credit facility (RCF). With Lloyds Bank Corporate Markets PLC, Jersey Branch providing the new funding, alongside the existing facility provided by HSBC and NatWest International. Lenders continue to recognise our low-risk business model, re-pricing the entire facility at a lower rate on an entirely unsecured basis;

- Worked with the Ministers for Housing and Communities and Treasury & Resources to freeze our rents for the whole of 2022, recognising the continued impact the pandemic has had on islanders' lives.
- Worked with the Government of Jersey to support a new 80% rent policy. This means our clients will not pay more than 80% of market rent for their home, and they will continue to benefit from restricted annual increases and Income Support being available up to the full amount of rent they are charged; and
- Delivered the agreed financial return to the Government of £30m.

Our Challenges

Despite our success, there were challenges during 2021.

Rental income is our key funding source and so the adoption of the new 80% rent policy presents a challenge to our business model.

However, our business model is not reliant on rental income in isolation, it is reliant on the relationship between the social housing rents policy and the financial return we deliver to the Government each year.

Therefore, we worked with Government to identify the financial shortfall the change in rent policy presented to our business and how this could be funded.

In working with Government, funding certainty up to 2025 has been established. This was achieved through a combination of a reduction in our financial return, equivalent to the corresponding Income Support savings resulting from the change in policy, and a reduction in the interest charged on some of the loans within the Housing Development Fund (HDF). The remaining shortfall projected at £0.6m to 2025 will be absorbed by Andium.

Beyond 2025, Government has committed to reduce our financial return equivalent to the consequential Income Support savings resulting from the change in rent policy, in perpetuity. Government has also indicated their intention to retain lower interest rates on our HDF loans until 2030, subject to the performance of that fund.

We are working with Government to formalise these arrangements and address the residual funding requirement in relation to the adoption of the new rent policy.

The adoption of the rent policy has resulted in a net deficit for the year, which is explained further on page 26. This is a non-cash movement in relation to the revaluation of our property assets under the new rent policy.

The housing market has continued to be a challenge for the entire island with average house prices increasing by 18% in 2021. This reconfirms the importance of our capital programme, and the effect new supply could have on stabilising prices, making it essential that we continue to deliver new homes at pace.

This is challenging because the construction industry is facing inflation pressures above RPI. Whilst we are over the worst of the direct impacts of the Coronavirus pandemic, we are perhaps yet to see the longer term impacts on supply chains, interest rates and the ability to attract and retain talent locally, as well as existing challenges over land availability.

In these uncertain times, we are maintaining a keen focus on delivering new homes and services for our clients, whilst retaining a robust business model both now and into the future.

Our capital programme is well established and progressing at pace, with the delivery of 438 homes planned for completion by the end of 2023, and we are on track to deliver 3,000 new homes by 2030.

We are confident in our ability to continue to deliver the new homes the Island needs, and are able to scale up our delivery if that is what is required.

Our business model

Our business model is funded by the rental income received from our stock of 4,550 homes. As mentioned in the Chief Executive's Review, rents on new tenancies are now charged at up to 80% of market rents, thereafter an annual inflation linked increase is applied, which is capped at 4%. A number of our tenancies pre-date the current rent policy, and others have fallen behind 80% of market as the market has increased at a higher rate than our tenancies.

Income Support is available for up to the full amount of rent charged on our homes, dependent on individual circumstances. This differs from private sector rentals for which a cap is imposed and tenants are required to make-up any shortfall.

Our largest outgoing is the return we make to Government each year of £30.2m. Income Support received by our clients in relation to their housing costs amounts to approximately £17m.

In 2021, we therefore covered those costs and contributed a further £13.2m towards other Government expenditure.

The return to Government will be reduced from 2022 equivalent to Income Support savings resulting from the change in rent policy, creating a net neutral financial impact on Government. The return will also be reduced in 2022 to reflect the cost of the 2022 rent freeze, which is funded in full by Government.

Our most significant operational expenditure is property maintenance at around £14m each year. Ongoing investment at this level, plus the investment in our high-rise refurbishment programme, enables us to maintain our homes at the Decent Homes Standard and increase standards further over time.

We have a strong balance sheet with fixed assets of more than £1bn and borrowing of only £255m. We enter in to borrowing to deliver new homes, with the income from those homes used to repay the borrowing. As well as rental income, we also receive proceeds from the sale of a number of both our existing and new homes. This reduces our borrowing requirements and therefore our interest costs.

Our ability to borrow makes our business model scalable. We are able to deliver the large number of homes required for both the rental and purchase market, offering products at below market rates.

Financial strength and stability continue to be essential to provide secure homes for all who need them. We perform rigorous stress testing on the model, with the following mitigations available were risks to become out of tolerance:

- Re-profiling the capital programme
- Mixed tenure sites to incorporate some open market products
- Increased opportunity to build on States' land
- Borrow over a longer period
- Increase existing property sales
- Reduced financial return to Government

Value for money

One of the key benefits of creating the Company was to enable all retained surpluses to be reinvested within the business for affordable housing purposes providing a strong incentive to make best use of efficiency gains.

Demonstrating and achieving value for money is essential to provide our Guarantor with confidence that its investment is being managed efficiently, as well as to provide optimum services to our Clients.

We receive no funding from the taxpayer and to ensure that we are making the most of our income we constantly look for opportunities to improve efficiency in ways which also deliver business improvements and enhance the client experience.

We are continually investing in technology to allow Clients to manage aspects of their tenancy themselves or in order to communicate with us digitally.

Our key performance indicators are benchmarked against UK housing associations, which are included on pages 20 and 21, therefore providing indications where efficiencies may be available as well as identify opportunities in our services.

Financial review of the year

We are pleased to report an operating surplus before depreciation and impairments of £10.7m (2020: £7.5m) compared to the budgeted surplus of £8.5m. This is after returning the agreed £30.2m (2020: £30.5m) to Government. Surpluses are re-invested into the business, primarily to fund maintenance of a capital nature.

In 2021, we reported a total comprehensive deficit of £32.9m, compared to a surplus of £34.2m in 2020 (see page 54). This movement is wholly attributable to the adoption of an 80% of market rent policy in the 2022-2025 Government Plan. In line with accounting standards, our Held for Letting Housing Properties are valued using the Discounted Cash Flow method, which uses the future net rental income to value the homes at their Existing Use Value (as Social Housing). This change in rent policy reduces future net rental income and therefore the value of our Housing Properties. In 2021, the net impact of depreciation, impairment and revaluation of our rental homes reduced our net assets by £37.8m. This is compared to a net increase of £29.8 in 2020, which we would have expected to broadly reoccur in 2021 had the existing rent policy been maintained. This impact is a non-cash movement.

Statement of Comprehensive Income review

The actual versus budget results for 2021 are set out below.

	Actual	Budget	Difference
	£'000	£'000	£'000
Rental income	54,575	54,048	527
Other income	2,194	1,830	364
Maintenance	(13,569)	(14,062)	493
Maintenance costs capitalised	6,883	6,550	333
Staff costs	(4,188)	(4,491)	303
Other expenses	(5,004)	(5,135)	131
Operating surplus before the return to the Guarantor, depreciation and impairment	**40,891**	**38,740**	**2,151**
Return to the Guarantor	(30,194)	(30,194)	-
Operating surplus before depreciation and impairment	**10,697**	**8,546**	**2,151**
Interest payable and similar charges	(7,054)	(6,579)	(475)

Rental income

Our primary source of revenue is the rental income we receive from our rental homes, which currently provides a gross return of 5.2%. We have exceeded budgeted income primarily due to:

- Movements in our capital programme which provided more rental income than budgeted. La Tour Heron (Block H Le Marais), two phases at Le Clos Mourant (Le Squez phase 4) and Plaisant Place (Convent Court low-rise) were all delivered earlier than financially forecast.
- Our lost rental income through void properties was lower than budgeted due to properties being let efficiently.

Rental income increased by 3.9% year on year. Rents were frozen during 2021, so this increase is fully attributable to the net increase in new homes , and additional income created when existing homes were re-let after a tenancy came to a natural end. The key driver for the increase this year is the delivery of Le Clos Mourant from April 2021, the delivery of Plaisant Place and the Le Marais refurbishment (La Tour Heron) from June 2021 onwards. These additional homes, when coupled with the delivery of homes throughout 2020 which now have a full years' rental income, create the increase year on year. In addition to this, we saw more new tenancies during 2021 compared to 2020, likely due to the easing of covid restrictions and the increased activity in the rental market.

Maintenance and other expenses

Maintenance continues to be our most significant operational cost at £14m each year. We delivered our repairs and maintenance service despite the ongoing Coronavirus restrictions being in place in the early stages of the year, although this caused some elements to be re-programmed. Our homes continue to achieve 100% Decent Homes compliance. Our objective now is to ensure this is maintained and to achieve the higher Modern Facilities standard, which will ensure that all our homes have kitchens and bathrooms which meet the latest standards.

£2.9m of other expenses relate to property specific expenditure such as utility costs, rates, and buildings insurance. £0.6m relates to the management and acquisition of sites acquired for future development and expenses in relation to property sales. The remainder is the cost of delivering the landlord services for our homes, which equates to 2.7% of our rental income.

Return to the Government

We delivered £30.2m to the Government in 2021, which is a decrease of 0.9% compared to the previous year and reflects the adjustment made to partially compensate us for the rent freeze in 2021.

We will continue to deliver this return to Government every year, however, 2022 will show a further decrease in the amount, as the Guarantor took full financial responsibility for the 2022 rent freeze. The movement to an 80% rent policy will result in a further adjustment to the return, which is currently being agreed with Government.

Operating surplus before depreciation and impairment

Our operating surplus of £10.7m is used to fund maintenance of a capital nature of £6.9m and contribute towards the interest costs on our loans of £7.1m.

Statement of Financial Position

We continue to present a strong balance sheet position with overall net assets of £840m, albeit this has reduced to reflect the impact of the new 80% rent policy on our property valuations.

The most significant items are our housing properties, cash and borrowing.

	2021	2020	Movement
Balance sheet item	**£'000**	**£'000**	**%**
Housing properties	1,042,265	1,033,065	0.9
Cash and cash equivalents	16,956	32,089	(47.2)
Borrowing	(254,791)	(218,388)	16.7

Housing properties

The balance of £1,042m relates to our housing stock of rental homes, sites currently under construction and land purchased for redevelopment.

Housing properties increased by 0.9% year on year. The Jersey House Price Index increased by 18% in 2021. Our homes are valued based on their existing use - social housing - therefore the change to the Social Housing Rents Policy, which sees us charging lower rents going forward, has had a material impact on stock valuation.

Working with our valuation experts JLL and local market agents, we were able to provide an updated position on the market rents for our homes, ensuring the impact of the 80% rent policy is appropriately reflected.

The net impact of depreciation, impairments and revaluation movements reduced our asset values by £37.8m in 2021 (compared to an increase of £29.8m in 2020). This is a result of the adoption of an 80% of market rent policy in the 2022-2025 Government Plan, as our properties are valued based on net future rental income.

The impact to the Housing properties position was reduced as we invested a record amount of £82m in construction, refurbishment, and land acquisition costs, most notably the three-hotel deal for £17m. We continued to progress on key projects across Summerland, La Collette, and Ann Court, whilst also completing the refurbishment of the first block at Le Marais (La Tour Heron).

Our property sales team also had a successful year, with £30m of homes sold to First Time Buyers under our affordable ownership scheme Andium Homebuy.

Cash and borrowing

We continue to be fully committed to the funds made available through the States Bond (via the Housing Development Fund), and have drawn the available amount. This has led us to draw £28.5m on the additional facility of £150m with HSBC and NatWest International secured during 2020.

To ensure we deliver further new homes in our pipeline and maintain compliance with our Treasury Management Policy, we secured a further £75m by extending the existing facility and introducing Lloyds Bank Corporate Markets PLC, Jersey Branch.

Our cash balance has reduced since 2020 as we manage the cash position alongside the external facility to ensure we only hold cash that is required in the short-term.


9


ANDIUM
HOMES

Principal Risks and Uncertainties Facing the Company

Recent world events are a stark a reminder that even the most unlikely risks can occur. We maintain a robust business model able to adapt to changing circumstances.

Risks

Overall, we are a low-risk business, with significant assets, low borrowing and a high demand for our services. The key risks that the company face are for the most part outside of our control.

Whilst the world is now exiting the direct risks associated with the Coronavirus pandemic, there remains economic and supply chain uncertainty resulting from both the pandemic and the global sanctions in response to the conflict in Ukraine.

This is combined with risks at a local level, including our ability to attract and retain new talent in the local market, our ability to source land with planning permission and political risk.

Comprehensive measures are in place to mitigate risks if and when they occur.

The Company has a Risk Management Policy and Strategy in place that identifies its risk appetite for different forms of risk and ensures active management of identified risks.

Fundamental to the Company's risk management is the maintenance of a corporate risk register identifying and scoring risks with involvement at all levels of the business.

Key risks are identified and mitigations put in place through the regular review thereof, as well as through monitoring of internal business process and performance, taking into account relevant external factors.

The results of the activities of the risk function are used to inform and focus the decision-making processes within the organisation.

The most significant risks to the business are set out below:

Ability to attract and retain talent to match business growth

- Our people are our greatest asset, ensuring that we have a skilled workforce that can deliver on the growth being delivered by the company in terms of our capital programme, as well as opportunities for expanded service offerings.
- Attracting, retaining, and developing the right people is key to delivering on our strategic objectives and expanding our business offering.
- Recent recruitments have evidenced that this is becoming increasingly challenging in Jersey and we need to ensure we are best placed to attract the very best talent available with the best development programmes in place.
- This is a key focus for the business as we continue to develop formal development and training programmes for our existing staff, as well as succession plans for key business positions.
- Market analysis is performed at each recruitment and the Company has adapted to modern working practices, enabling colleagues to work remotely and flexibly where appropriate.

Long Term Financial Uncertainty

- This risk includes potential effects of economic uncertainty, and in particular the impact that market drivers such as inflation, interest rates, house prices and rents have on long term business model viability.
- We monitor the potential impact and are able to adjust our plans to ensure our business model remains robust. The strength of our balance sheet provides several options to manage the risk. For example, we can adapt the speed of construction of new homes if market circumstances require.
- Our position, and that of our clients, is strengthened because Income Support is available for up to the full amount of rent that we charge and is paid directly to us from Government.
- We are also working closely with Government to establish and formalise the long term funding solution in response to Government's adoption of a new rent policy. Government has confirmed that it will take any actions required to support the continued planned delivery of new affordable homes.

Change in Government policy and limitation of freedom to act

- Our business model continues to be underpinned by the relationship between the States rent policy for social housing and our financial Return to Government.
- We are also impacted by several other Government policies in relation to Income Support, Planning, the re-zoning of land, Immigration and Homelessness strategies.
- Also important to the business is the ability of the Board to govern independently in the best interests of the Company.
- Political risk is of particular significance as we head into a Government election in June 2022. Early engagement with candidates and developing our plans and proposals to support and enable Andium's future success are a key part of the mitigation strategy.
- We continue to work closely with Government policy makers to ensure the impact of any policy changes are equally understood by the Company and Government.

Ability to deliver the Capital programme due to increased capital costs or the availability of land

- Construction costs pose a challenge to the business because construction industry inflation in Jersey has exceeded RPI in recent years. Increasing costs can be caused by several factors including slow release of land, inflationary increases and an increased demand for the work provided by our contracting partners.
- There is a risk that capital projects become financially unviable which would slow the pace of delivery of new homes.
- Once planning permission has been received and development contracts have been signed, this risk predominantly falls away as contracts are generally fixed price. Therefore this risk predominantly relates to our ability to progress future capital projects.
- Land use in Jersey, as in many other jurisdictions, is a sensitive issue which can be controversial politically. While there is general agreement that more housing is needed, there is also agreement that new development should be strictly controlled.
- Currently, the biggest risk to Andium in achieving its' Government agreed targets for new homes delivered, is its inability to obtain sites with existing planning permission, or where planning permission can readily be obtained, whether it be from Government transferred land, more efficient use of its own land or from the private market.
- Other mitigations to manage costs include an efficient design and procurement process to ensure projects represent value for money, through the inclusion of appropriate contingency sums and by working closely with the construction industry to provide a predictable pipeline of work. We also seek to engage early with the planning division of the Department for Growth, Housing and Environment to understand their views and include these in our designs.

Robust data governance and internal controls to support sustainable growth and efficiencies

- As we develop and automate our processes amongst our workforce (including our maintenance partners) to provide our clients access to their data online and through the Andium@Home app, there is an increased reliance on good data security measures and data protection controls.
- This mitigates the risk of the loss or misuse of data, and in particular client personal data, arising from cyber-attacks. This is well managed at present through a strong internal control environment that includes regular training on data and cyber awareness to all colleagues. We, however, have low tolerance for risk in this area and have made it a focus to ensure it remains well managed at all times.
- This approach generates the opportunity for increased agility and efficiencies in our client offering as we review, improve and automate our internal procedures.

Governance

The Board operates at the highest standards of corporate governance. Integrity is one of our core values and runs through everything we do.

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

The MoU emphasises a "no surprises approach" and specifies those issues on which the agreement of the Guarantor must be sought. The Memorandum was first drafted in 2014 and an updated agreement has been agreed with Guarantor.

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

The Board

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

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

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

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

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

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

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

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

Composition of the Board

The Articles of Association stipulate that the Board comprises a maximum of nine Directors -

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

The Independent and Tenant Directors are appointed in accordance with the requirements of the Jersey Appointments Commission, which provide for an open and transparent process. However, there is provision for the Guarantor to appoint one Director and to make appointments on grounds of urgency, although with the approval of the Commission. The Guarantor must approve appointments of Independent and Tenant Directors. The formal arrangement for the appointment of Chair is that the Board makes a recommendation to the Guarantor. Independent and Tenant Directors are appointed for three-year terms and cannot serve for more than nine years in total. The two Executive Directors are appointed by the Board.

The Board currently comprises

Richard McCarthy CBE	Chair	Appointed 22 January 2021
Jason Laity	Senior Independent Director	Re-appointed 17 April 2021
Judy Beaumont	Tenant Director	Appointed 1 January 2017, Re-appointed 1 January 2020
Elaine Bailey	Independent Director	Appointed 1 February 2020
Julian Box	Independent Director	Appointed 17 February 2020
Jonathan Day	Independent Director	Appointed 17 February 2020
Ian Gallichan	Chief Executive	Appointed 1 July 2014
Lindsay Wood	Finance Director	Appointed 1 January 2020

No Directors left the Board during 2021.

Jason Laity has been re-appointed Senior Independent Director by the Board. This position provides a sounding Board for the Chairman and serves as an intermediary for the other Directors.

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

The Board met 7 times during 2021.

Attendance at Board meetings was as follows:

	Attended / Eligible to attend		Attended / Eligible to attend
Richard McCarthy CBE	7/7	Julian Box	6/7
Jason Laity	7/7	Jonathan Day	7/7
Judy Beaumont	7/7	Ian Gallichan	7/7
Elaine Bailey	5/7	Lindsay Wood	7/7

Board effectiveness review

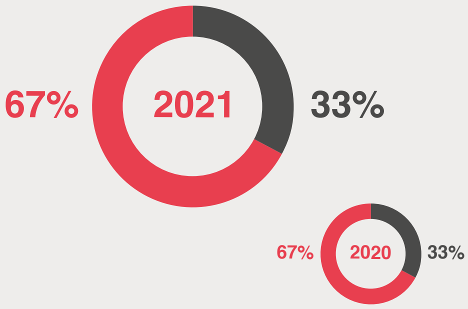
An external Board review was in progress during 2021, due for completion in 2022. The review is being performed by Socia Limited. The review process will address Board and Board committee effectiveness, focusing on the following key areas: Board and committee dynamics; Board member contribution; Board composition and; Stakeholder relationships. It will pay particular attention to the learning the Board gained while working remotely in the pandemic period.

The gender balance of employees at all levels of the business at the end of 2021, were:

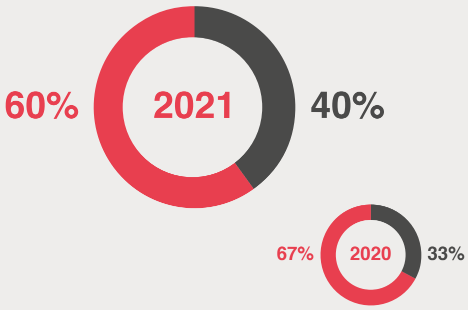
Male

Female

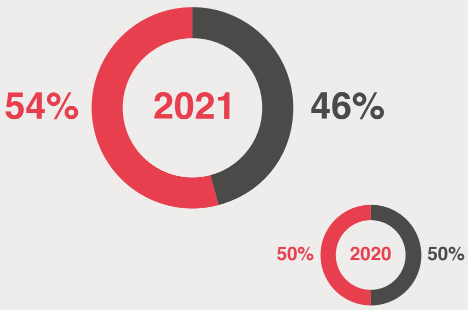
Non-executive Board members



Directors and senior staff



Delivery colleagues



Nominations Committee report

The responsibilities of the Committee cover –

- Reviewing the size, composition and structure of the Board and making recommendations to the Board for changes.
- Succession planning.
- Identifying and recommending to the Board candidates to fill vacancies on the Board.

The following members served on the Committee during the year –

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

The Committee met once in 2021 to recommend to the Board for its consideration that Jason Laity be appointed. All members of the Committee eligible to attend the meeting were present.

Equality and diversity

We are committed to providing a workplace where colleagues are treated fairly and able to give their best. The equality & diversity policy was updated in 2020 to further encourage equality, diversity, and inclusion in the workplace. Its aims are to create a working environment which promotes dignity and respect for all, and where individual differences and the contributions of all staff are recognised and valued.

This commitment includes training all employees about their rights and responsibilities under the policy. These responsibilities include staff ensuring the organisation provides equal opportunities in employment, and prevent bullying, harassment, victimisation, and unlawful discrimination.

Gender pay gap

The gender pay gap shows the difference in the average hourly pay (mean and median) between men and women in a workforce and is calculated as the difference between the average hourly pay of men and women as a proportion of average hourly pay of men.

The gender pay gap reflects the distribution and relative proportions of men and women across an organisation. It does not take into consideration any differences in the role that male and female employees perform or their seniority.

The gender pay gap for employees at Andium indicates that on average men earned 35% more than women in 2020, and in 2021 the gap reduced to 27%.

We recognise that there is more work to be done and with the ongoing development of flexible working, we aim to reduce the pay gap.

Risk and Audit Committee report

The responsibilities of the Committee cover –

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

The following members served on the Committee during the year –

- Jason Laity (Chair)
- Elaine Bailey (retired from the Committee 07 July 2021)
- Julian Box
- Jonathan Day (Appointed to the Committee 07 July 2021)

The Committee met twice in 2021. All members of the Committee eligible to attend the meetings were present.

The main activities of the Committee in 2021 were –

- Recommending the approval of the 2020 Annual Report to the Board, which accepted the recommendation and duly approved the report. In forming the recommendation, the Committee worked with the Executive team to gain comfort over the internal control environment and the key accounting issues.
- Meeting with the external auditors at both the planning and final stages of the audit to understand their audit approach, the results of their work and how they determined that the annual report was fit for purpose.
- Reviewing the Company's risk management and internal control systems. The Committee concluded that they represented good practice. When risks to the business emerge, mitigations are put in place to bring the risks within tolerable levels and the Committee considers that these are dealt with proportionately. An internal control schedule for 2022 has been developed in consultation with our internal audit partner, Grant Thornton.
- Oversight of the Company's financing strategy which resulted in the Company amending and restating its Revolving Credit Facility, increasing its capacity by £75m, with this additional amount provided by Lloyds Bank Corporate Markets PLC, Jersey Branch. The Committee provided oversight of the project, including reviewing new risks and mitigations put in place.

Remuneration & People Committee report

The responsibilities of the Remuneration & People Committee cover–

- Determining the remuneration policy and actual remuneration of the Executive Directors and the Chair.
- Reviewing and making recommendations on the level and structure of the remuneration of the Senior Executives not on the Board.

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

- Agreeing in advance with the Guarantor "any changes to the level of remuneration paid to Non-Executive Directors".
- Agreeing with the Guarantor in advance of their taking effect "changes to either the structure or quantum of remuneration paid to Executive Directors for their executive responsibilities in the business".

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

- Jason Laity (Chair)
- Richard McCarthy CBE
- Jonathan Day

The Committee met twice in 2021. All members of the Committee were present at both meetings.

Fair pay disclosure

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

	2021 Amount	**2021 Ratio**	**2020 Amount**	**2020 Ratio**
Highest paid director	192,780	1.0	192,780	1.0
Median remuneration:	51,700	3.7	50,700	3.8
25th quartile:	40,000	4.8	38,900	5.0
75th quartile:	74,500	2.6	64,300	3.0

Remuneration policy

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

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

Directors remuneration

The total remuneration of the Directors for the year ended 31 December 2021 is set out below:

	Salary £	Benefit* £	Total 2021 £	Total 2020 £
Executive Directors				
Ian Gallichan	192,780	980	193,760	192,780
Lindsay Wood	138,000	980	138,980	124,320
Non-executive Directors				
Richard McCarthy CBE (appointed 22 January 2021)	37,699		37,699	-
Jason Laity	20,000		20,000	20,000
Judy Beaumont	20,000		20,000	20,000
Elaine Bailey	20,000		20,000	18,333
Jonathan Day	20,000		20,000	17,500
Julian Box	20,000		20,000	17,500
Sir Mark Boleat (retired 31 December 2020)	-		-	40,000
Michael Jones (to 3 February 2020)	-		-	1,839
Colin Russell (to 30 June 2020)	-		-	10,000
Total	**468,479**	**1,960**	**470,439**	**462,272**

During 2021 the fees paid to Non-Executive Directors were the same as in 2020 - £40,000 for the Chair and £20,000 for the other Non-Executive Directors. Figures which differ from these amounts reflect the period served during the year.

*The company introduced a healthcare and dental scheme for all employees in July 2021, of which the Executive Directors also benefited.

Pension contributions

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

	2021 £	2020 £
Executive Directors		
Ian Gallichan	30,845	29,303
Lindsay Wood	22,080	18,897
Total	**52,925**	**48,200**

External appointments

Ian Gallichan was appointed as a director of Headway (Jersey) Limited during 2021, in a non-remunerated role. Lindsay Wood held no external Directorships in 2021.

Capital Programme Sub Group Report

The responsibilities of the Capital Programme Sub Group cover -

- Reviewing and recommending the capital programme to the Board.
- Advising the Board of the risks and opportunities presented by the programme.
- Reviewing individual feasibility studies for capital projects.
- Reviewing proposed contractual arrangements for delivery of significant capital projects.
- Delegated approval for specified projects as agreed by the Board.

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

- Elaine Bailey (Chair from 27 January 2021)
- Richard McCarthy (appointed as Company Chair & Sub Group member 22 January 2021)
- Judy Beaumont
- Ian Gallichan

The Sub Group met five times in 2021. All meetings were attended by all members of the Sub Group.

The main activities of the Sub Group in 2021 were:

- Detailed review of capital projects.
- Approval of project budgets and appointment of contractors.
- Approval of heads of terms and revisions to development agreements.
- Considering the benefits of specific modern methods of construction.
- Considering the results of the fast-track economic stimulus exercise.
- Review of the capital programme.

Complaints and appeals procedure

Andium Homes has a Complaints and Appeals Policy in place and published on the website. All complaints and appeals are overseen by the Head of Internal Control. There were 4 formal complaints and no appeals during 2021.

Sustainability Report

Andium Homes recognises the challenge in the supply of genuinely affordable homes in Jersey and seeks to play its role by meeting the need for high quality, sustainable, affordable homes.

This Sustainability Report has been developed with our vision "Changing lives with great homes and services" and the UN Sustainable Development Goals ("SDGs") at its centre, with "access to adequate, safe and affordable housing" being a core target for SDG 11 Sustainable Cities and Communities.

As we develop our Sustainability Framework, we recognise that social housing contributes to a number of the SDGs, from Good Health and Well-being (SDG 3), to Reduced Inequalities (SDG 10) through to Responsible Consumption and Production (SDG 12).

At Andium Homes we have the opportunity to drive change in the housing sector in Jersey.

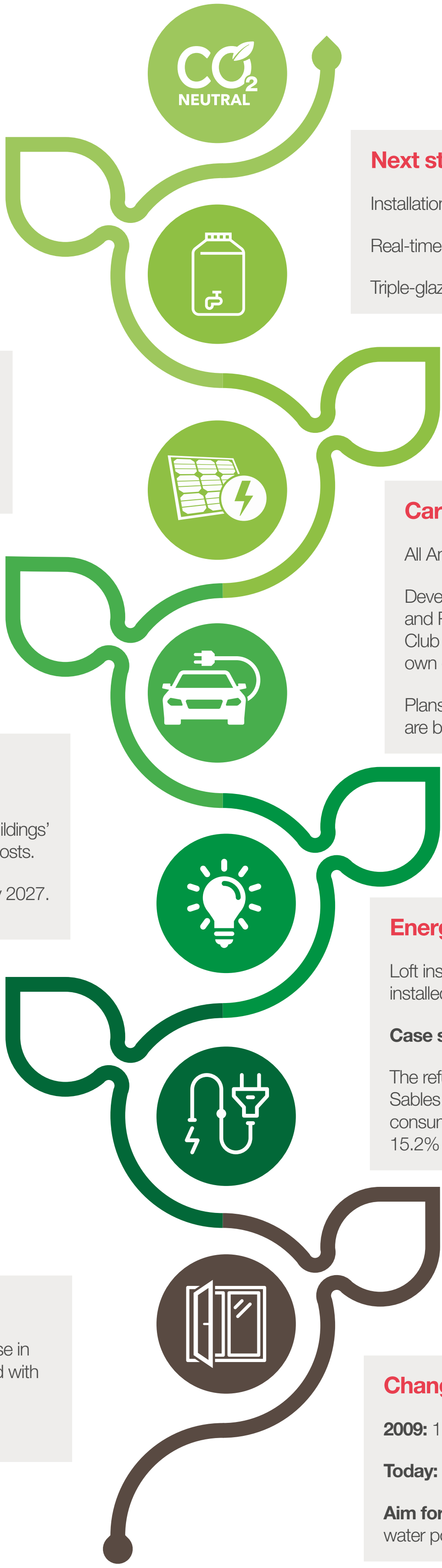
We are committed to managing our environmental performance and resource use to help deliver efficiency savings. We are also committed to reducing the environmental impacts caused by the day-to-day operation of our services by:

- complying with the requirements of environmental legislation and approved codes of practice;
- raising awareness and encouraging participation in environmental matters;
- encouraging similar environmental standards from all suppliers and contractors;
- participating in discussions about environmental issues.

Highlights of 2021 include the:

- Addition of solar panels to the roof of Walter Benest Court
- Order of our first planned triple glazing project
- Installation of nine Evie electric car share parking spaces across our estates
- Installation of ten private electric car chargers, with the infrastructure for a further 119 in place
- Piloting of an energy monitoring system in 20 of our homes, for digitalisation of thermal performance
- Completion of the upgrade to LED for all the lighting in our underground car parks
- Construction of bird, bat, bug and small animal habitats at a development on West Hill
- Establishment of Andium's Evie corporate membership

Andium understands the important role it must play to assist in the delivery of the Government strategy to achieve carbon neutrality by 2050. We have commenced the work in relation to our Environmental, Social and Governance ("ESG") and Sustainable Financing Strategy and are working in partnership to achieve common reporting objectives so that our output is clear, measurable, and auditable.



Ultimate aim

Net-carbon-neutral in line with government targets.

Next steps

Installation of water butts.

Real-time energy performance of Andium stock.

Triple-glazed windows.

Solar

2020: Andium installed Solar PV at its office, reducing electric consumption by approximately one third.

Cars

All Andium Homes cars are now electric.

Developments such as Liberation Court and Plaisant Court feature the Evie Car Club giving clients the option to swap their own car for membership of Evie.

Plans to install charging points on our sites are being progressed with Jersey Electricity.

Lighting

In 2015, a project began to convert all communal lighting to LED to reduce buildings' carbon footprints and reduce running costs.

This project is due to be completed by 2027.

Energy efficiency

Loft insulation and cavity wall insulation installed to reduce fuel poverty.

Case study: Clos des Sables

The refurbishment of properties at Clos des Sables has reduced the average household consumption by 814 KWh per year – a 15.2% saving.

Windows

All single-glazed windows (except those in historic properties) have been replaced with double-glazing.

Triple-glazing due to start in 2022.

Changeover from oil to electricity

2009: 1.7 million litres of oil burned every year

Today: 5 thousand litres of oil burned per year

Aim for 2022: 0 litres of oil, all heating and hot water powered by electricity

Directors' Report

ANDIUM HOMES LIMITED.
Registration No. 115713

The Directors of the Company present their report and the audited financial statements of the Company for the year ended 31 December 2021.

Directors of the Company

The following served as Directors of the company between the beginning of 2021 and the date of signing of this report:

Richard McCathy CBE	Chair	Appointed 22 January 2021
Jason Laity	Senior Independent Director	Appointed 1 November 2019, Re-appointed 17 April 2021
Judy Beaumont	Non-executive Tenant Director	Appointed 1 January 2017, Re-appointed 1 January 2020
Elaine Bailey	Non-executive Director	Appointed 1 February 2020
Julian Box	Non-executive Director	Appointed 17 February 2020
Jonathan Day	Non-executive Director	Appointed 17 February 2020
Ian Gallichan	Chief Executive	Appointed 1 July 2014
Lindsay Wood	Finance Director	Appointed 1 January 2020

No other persons have served as Directors during the period.

Future developments

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

Post balance sheet date events

On 25 February 2022 the Guarantor approved the acquisition of Spencer Close and Spencer Lodge. The transaction completed on 18 March 2022.

Prior to signing this report, the Company completed the acquisition of a new facility for use by Jersey Women's Refuge.

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.

Appointment of auditors

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

Statement of Directors' Responsibility

The Statement of Directors' responsibility is presented separately on page 48. The Company implements "best practice" from the UK Corporate Governance Code with a separate governance report included on page 34.

By Order of the Board.

Richard McCarthy CBE, Chair
31 March 2022

Lindsay Wood, Finance Director
31 March 2022

Directors' Responsibilities Statement

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

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

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

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

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

Board Responsibility Statement

We confirm that to the best of our knowledge:

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

By order of the Board

Independent Auditor's Report to the Guarantor of Andium Homes Limited

Opinion

We have audited the financial statements of Andium Homes Limited (the "Company"), which comprise the Statement of Financial Position as at 31 December 2021, and the Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK GAAP); and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991, as amended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Jersey, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

Key Audit Matter	The Risk	How Our Audit Addressed The Matter
Rental and other income £56,769k (2020: £54,980k)	There is a risk that income may be materially misstated due to: **a.** revenue recognition from policy implementation; **b.** cut-off of revenue as at year end; **c.** accuracy of rental rate charges and calculation of rental rates based on rent setting policy; or **d.** inaccurate calculation of disposal of housing bonds.	Our audit procedures with respect to rental and other income included but were not limited to: **i.** analytical reviews; **ii.** test of controls on new tenants, to ensure that the general ledger entries appropriately reconcile to the tenant management software and tenancy agreements which confirm the weekly rental and other charge rates; **iii.** test of detail on a selection of period end rental charges to ensure appropriate cut-off; and **iv.** test of details on a selection of other income items, reconciling to supporting evidence to ensure appropriateness of all assertions in the accounting records. **We have no findings to report.**

Key Audit Matter	The Risk	How Our Audit Addressed The Matter
Social housing stock and assets under construction **£1,042,265k (2020: £1,033,065k)**	There is a risk that social housing properties held may be materially misstated due to: **a.** incorrect classification of assets; **b.** inaccurate calculation of depreciation; **c.** incorrect classification of depreciation between the various components; **d.** social housing units not appropriately owned by the Company; **e.** social housing units not appropriately valued by the Company or valuer; **f.** assumptions of the valuation not in line with the SORP; or **g.** additions and disposals made in the year not appropriately treated in the accounting records.	Our audit procedures with respect to social housing stock and assets under construction included but were not limited to: **i.** analytical reviews; **ii.** tests of detail on a selection of additions and disposals to ensure the appropriateness of all assertions in the accounting records; **iii.** obtain the valuation of social housing as at 30 September 2021 and 31 December 2021, and review the assumptions and data used for its integrity and appropriateness and attest as to whether they are in line with the SORP; **iv.** recalculation of the basis for determining depreciation to ensure that the amount is reasonable and in line with the relevant SORP; **v.** review of the classification of components to ensure all relevant components are aggregated correctly into their sub-categories; **vi.** recalculation of the component depreciation to ensure depreciation is correctly recorded in respect to each component; **vii.** review of management's estimate of impairment and ensure that the amount is reasonable and in line with the SORP; **viii.** review of the classification between social housing and assets under construction to ensure completeness and presentation and that all assets subject to depreciation are classified appropriately; and **ix.** review of signed contracts to ensure all capital and expenditure commitments are appropriately disclosed in the financial statements. **We have no findings to report.**

Key Audit Matter	The Risk	How Our Audit Addressed The Matter
Disclosure and presentation of financial statements	There is a risk that the disclosure and presentation of the financial statements may be materially misstated.	Our audit procedures with respect to disclosure and presentation of the financial statements included but were not limited to: **i.** completion of a disclosure checklist to ensure financial statements are prepared in accordance with the appropriate accounting framework; **ii.** a review of the accounting policies of the Company to ensure they are in accordance with the SORP; and **iii.** review of the financial statement notes and all other disclosures (eg. key performance indicators) to ensure they are in accordance with the SORP and are consistent with the accounting records and prior period information, as applicable. **We have no findings to report.**

Our Application of Materiality

Materiality for the financial statements as a whole was set at £11,115k (2020: £11,096k), determined with reference to a benchmark of gross assets, of which it represents 1.0% (2020: 1.0%).

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

Performance materiality was set at 70.0% (2020: 85.0%) of materiality for the financial statements as a whole, which equates to £7,780k (2020: £9,432k). We applied this percentage in our determination of performance materiality based on entity risk factors which are judgemental.

We reported to the Audit Committee any uncorrected omissions or misstatements exceeding £556k (2020: £555k), in addition to those that warranted reporting on qualitative grounds.

In addition, we have allocated specific materiality for income, expenses, debtors and creditors. We considered a threshold of £568k (2020: £550k) to be an indicator of materiality for these specific areas based on 1.0% (2020: 1.0%) of income. Specific materiality has been used in these areas due to their lower value and to ensure we have performed adequate audit work in these areas. We report, to the Risk and Audit Committee, all corrected and uncorrected misstatements we identified through our audit, in these areas, with a value in excess of £28k (2020: £27k) in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Conclusions relating to Going Concern

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

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

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

Other Information

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

We have nothing to report in this regard.

Matters on which we are required to Report by Exception

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

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

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

Responsibilities of the Directors

As explained more fully in the Directors' responsibilities statement set out on page 48, the Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with UK GAAP, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Enquiry of management to identify any instances of non-compliance with laws and regulations, including actual, suspected or alleged fraud;
- Reading minutes of meetings of the Board of Directors and all related committees;
- Review of legal invoices;
- Review of management's significant estimates and judgements for evidence of bias;
- Review for undisclosed related party transactions;
- Using analytical procedures to identify any unusual or unexpected relationships; and
- Undertaking journal testing, including an analysis of manual journal entries to assess whether there were large and/or unusual entries pointing to irregularities, including fraud.

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

This description forms part of our auditor's report.

Other matters which we are required to address

We were re-appointed by the Directors of the Company, on 1 June 2019. The total period of uninterrupted engagement including previous renewals and reappointments of the firm is 8 years. We have rotated our engagement signatory for the audit of the financial statements for the year ended 31 December 2021.

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

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

Use of this Report

This report is made solely to the Guarantor of the Company, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991, as amended. Our audit work has been undertaken so that we might state to the Guarantor those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and its Guarantor, as a body, for our audit work, for this report, or for the opinions we have formed.

Sandy Cameron
For and on behalf of Baker Tilly Channel Islands Limited
Chartered Accountants
St Helier, Jersey

01 April 2022

Statement of Comprehensive Income

for the year ended 31 December 2021

	Notes	2021	2020
		£'000	**£'000**
Rental income		54,575	52,513
Other income		2,194	2,468
Operating costs (excluding depreciation and impairment)		(15,878)	(17,048)
Operating Surplus before the return to the Guarantor, depreciation and impairment		**40,891**	**37,933**
Return to the Guarantor	3	(30,194)	(30,474)
Operating Surplus before depreciation and impairment		**10,697**	**7,459**
Depreciation and impairment	2,7,8,9,11	(34,734)	(18,985)
Operating deficit	2	**(24,037)**	**(11,526)**
Fair value gains on financial instruments	10	418	763
Interest receivable and similar income		19	129
Interest payable and similar charges	4	(7,054)	(4,265)
Realised surplus from disposal of financial assets		146	101
Deficit for the year		**(30,508)**	**(14,798)**
Other comprehensive income			
Unrealised (deficit) / surplus on revaluation of housing properties	7,11	(3,065)	48,735
Unrealised surplus on revaluation of other assets	8,9	671	265
Total comprehensive (deficit)/income for the period		**(32,902)**	**34,202**

The notes on pages 58 to 79 form part of the financial statements.

Statement of Financial Position

for the year ended 31 December 2021

	Notes	2021	2020
Fixed Assets		**£'000**	**£'000**
Housing Properties	7	1,042,265	1,033,065
Property, Plant and Equipment	8	7,262	7,081
Investment Properties	9	2,125	380
Financial Assets	10	36,977	29,764
		1,088,629	**1,070,290**
Current Assets			
Housing Properties Held for Sale	11	3,262	4,565
Debtors	12	2,768	2,710
Cash and Cash Equivalents	14	16,956	32,089
		22,986	**39,364**
Amounts Falling due within one year:			
Creditors	15	(3,265)	(2,682)
Accrued Expenses	16	(13,966)	(16,089)
Borrowings	17	(7,050)	(19,752)
		(24,281)	**(38,523)**
Net Current (Liabilities) / Assets		**(1,295)**	**841**
Total assets less current liabilities		**1,087,334**	**1,071,131**
Amounts falling due after more than one year			
Borrowing	17	(247,741)	(198,636)
Net Assets		**839,593**	**872,495**
Capital and reserves			
Housing property revaluation reserve		296,585	299,650
Other assets revaluation reserve		2,778	2,107
Retained earnings		540,230	570,738
	26	**839,593**	**872,495**

The financial statements were approved by the Board of Directors and authorised for issue on 31 March 2022 and were signed on its behalf by:

Richard McCarthy CBE, Chair

Lindsay Wood, Finance Director

The notes on pages 58 to 79 form part of the financial statements.

Statement of Changes in Equity

for the year ended 31 December 2021

	Housing property revaluation reserves	Other assets revaluation reserves	Retained earnings	Total reserves
	£'000	£'000	£'000	£'000
Balance at 1 January 2020	250,915	1,842	585,536	838,293
Deficit on ordinary activities	-	-	(14,798)	(14,798)
Other Comprehensive Income for the year	48,735	265	-	49,000
Balance at 31 December 2020	299,650	2,107	570,738	872,495
Deficit on ordinary activities	-	-	(30,508)	(30,508)
Other Comprehensive Income for the year	(3,065)	671	-	(2,394)
Balance at 31 December 2021	**296,585**	**2,778**	**540,230**	**839,593**

See note 26 for a description of the reserves.

Cash Flow Statement

for the year ended 31 December 2021

	Notes	2021	2020
		£'000	£'000
Net cash inflow from operating activities	24	**9,100**	**8,647**
Returns on investments and servicing of finance			
Interest and similar charges received		19	129
Interest and similar charges paid	4, 7	(11,071)	(10,267)
Net cash outflow from returns on investments and servicing of finance		**(11,052)**	**(10,138)**
Capital expenditure and financial investment			
Additions to Housing Properties	7	(78,582)	(57,311)
Additions to Investment Properties	9	(1,544)	-
Purchase of Property, Plant and Equipment	8	(138)	(151)
		(80,264)	**(57,462)**
Reduced by:			
Redemption of housing bonds	10	1,227	807
Sale of housing properties net of bonds issued	5	29,661	20,392
Net cash outflow from capital expenditure and financial investment		**(49,376)**	**(36,263)**
Financing			
Repayment of borrowing	17	(17,640)	(1,345)
Borrowing drawn down	17	53,835	25,517
Net cash inflow from financing		**36,195**	**24,172**
Decrease in cash in the period		**(15,133)**	**(13,582)**
Opening cash and cash equivalents balance		32,089	45,671
Closing cash balance	14	**16,956**	**32,089**

The notes on pages 58 to 79 form part of the financial statements.

Notes to the Financial Statements

for the year ended 31 December 2021

1. Principal Accounting Policies

a) Statutory information

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

b) Statement of compliance

The financial statements as at 31 December 2021 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 is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net any voids.

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

f) Other income

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

g) Net assets transferred from the States of Jersey

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

h) Cash and cash equivalents

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

i) Housing properties and housing properties held for sale

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

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

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

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

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

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

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

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

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

j) Investment properties

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

k) Sale of housing properties

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

l) Depreciation – housing properties

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

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

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

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

m) Property, plant and equipment

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

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

Depreciation is charged on a straight line basis as follows:

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

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

n) Impairment of fixed assets

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

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

o) Leases

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

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

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

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

p) Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

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

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

Financial assets

i. 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 statement of comprehensive income. Fair value of the bonds is initially calculated as the proportionate difference between the fair market price of the property and the agreed cash price. Subsequently, fair value is obtained at each year end by applying the latest published Jersey Housing Price Index (HPI) to the bonds initial fair value.

ii. Trade debtors

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

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

Financial liabilities

i. Trade creditors

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

ii. Borrowings

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

q) Pension costs

The Company participates in a multi-employer defined benefit pension scheme operated by the States. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable to the Company. As it is not possible to readily identify the Company's share of the scheme, the scheme is accounted for as a defined contribution scheme (rather than a defined Benefit Scheme in line with FRS 102) and contributions by the Company are charged to the Statement of Comprehensive Income as they fall due. Refer to note 19.

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) Government grants

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

u) Disclosure exemptions

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

The Company has taken advantage of the following exemptions:

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

v) Frequency of reporting and comparative information

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

w) Key related parties

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

x) Critical accounting judgements

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

y) Key sources of estimation uncertainty

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

i. Useful lives of tangible fixed assets

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

ii. Impairment of assets

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

iii. Valuation of housing and investment properties

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

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

The Company’s housing and investment properties were valued as at 31 December 2021 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 or quotations obtained before commencement of works (see note 16).

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

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

vi. Bad debt provisions

Specific bad debt provisions are determined on a systematic basis based on management's best estimate of likelihood of receipt. This estimate is based on a variety of factors including the debtors' personal and financial situation (see note 12).

2. Operating Deficit

Operating deficit is stated after charging

	2021	2020
	£'000	£'000
Depreciation	15,480	13,996
Impairment	19,254	4,989
Wages and Salaries	3,413	3,169
Social Security costs	183	169
Other Pension costs	511	432
Repairs; cyclical, planned, day to day	6,686	8,681
Auditors remuneration - audit services	48	47
Other expenses	4,957	4,542
Other staff costs	81	8

3. Return to Guarantor

	2021	2020
	£'000	£'000
Return to Guarantor	30,194	30,474

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

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

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

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

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

In December 2021, it was agreed with the States that the rent freeze would be extended into 2022 with a further deferral of the rent increase. A full compensatory reduction in the return was agreed, effective 1 January 2022.

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

4. Interest Payable and Similar Charges

	2021	2020
	£'000	**£'000**
Interest on loan agreements with States of Jersey	6,410	3,757
Interest and fees on Revolving Credit Facility	437	318
Amortisation of loan arrangement fees	207	190
Total interest costs	**7,054**	**4,265**

The interest charge on loan agreements with the States of £6,410k (2020: £3,757k) of interest and £87k (2020: £90k) of bond set-up fees which are amortised over the lifetime of Loan 1 (note 17).

On 28 February 2020 the Board entered into a sterling revolving credit facility agreement for £150 million. This facility enables the Company to progress future capital projects in line with its strategic business plan. On 23 December 2021, the Company entered into an Amended and Restated Facility Agreement to increase the facility up to £225 million. As at 31 December 2021, £28,500k has been drawn from the facility (2020: £nil). Commitment fees of £437k (2020: £318k) have been charged in the year and £120k (2020: £100k) of arrangement fees amortised over the life of the facility.

Further finance costs of £4,224k (2020: £6,192k) have been capitalised and are included within additions to assets under construction (note 7). The weighted average interest rate applicable to the Company borrowings is 4.3% (2020: 4.8%). Interest from the two facilities is apportioned to the projects under construction and is added to the cost of the development until it is available for use, at which point subsequent interest on related borrowing is charged to the Statement of Comprehensive Income.

5. Surplus on Sale of Housing Properties

	2021	2020
	£'000	£'000
Gross Proceeds	37,537	23,808
Net Asset Cost (Cost less accumulated depreciation)	(37,537)	(23,808)
Gain / (loss) on sale	**-**	**-**

Housing properties are revalued at the date of being identified for disposal and sold at that level, hence incurring no gain or loss on disposal. Gross proceeds is the total amount of cash received being £29,661k (2020: £20,392k) plus housing bonds issued during the period £7,876k (2020: £3,416k) which are repayable to the Company on next conveyance of the property (see note 10).

6. Employee Information

	2021	2020
The average full time equivalent number of persons employed in the period was:	53	50
The average number of persons employed in the period was:	54	51

	2021	2020
	£'000	£'000
Staff costs (including Directors emoluments):		
Wages and salaries	3,413	3,169
Social security costs	183	169
Pension costs	511	432
Other staff costs (including the healthcare and dental scheme)	81	8
Total staff costs	**4,188**	**3,778**

7. Housing Properties

	Held for letting	Land acquired for future development	Under construction	Total housing properties
Cost	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January 2021	972,851	26,904	99,701	1,099,456
Additions (note a)	6,883	17,904	58,019	82,806
Transfer from under construction to held for letting	58,578	(9,400)	(49,178)	-
Transferred to held for sale (note 11)	(28,372)	-	(550)	(28,922)
Revaluation	(23,885)	-	-	(23,885)
At 31 December 2021	**986,055**	**35,408**	**107,992**	**1,129,455**
Depreciation and impairments				
At 1 January 2021	(56,417)	(9,974)	-	(66,391)
Charged during the period	(15,053)	-	-	(15,053)
Net impairments recognised	(26,156)	(501)	-	(26,657)
Impairments reversed	7,403	-	-	7,403
Revaluation	13,508	-	-	13,508
At 31 December 2021	**(76,715)**	**(10,475)**	**-**	**(87,190)**
Net book value as at 31 December 2021	**909,340**	**24,933**	**107,992**	**1,042,265**
Net book value as at 31 December 2020	**916,434**	**16,930**	**99,701**	**1,033,065**

a) Additions of £82,806k (2020: £63,503k) is reflected as £78,582k (2020: £57,311k) additions to housing properties and £nil (2020: £nil) additions to housing properties held for sale in the cash flow statement as the above amount includes £4,224k (2020: £6,192k) of finance costs capitalised. These finance costs are included as part of 'interest and similar charges paid' within the cash flow statement.

b) Where indicators of impairment have been identified at the asset level, an impairment assessment is carried out and those charges recognised in the Statement of Comprehensive Income. Impairments recognised are net of prior year reversals for ongoing refurbishment work. Valuations have been carried out as at 31 December 2021 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, 2017, Global and UK Edition (the "Red Book"). The key assumptions used within the discounted cash flow calculations are as follows:

2021

Assumption	Core stock	High-rise stock	Newly developed stock	Hostels
Discount rate	5.75%	6.5% - 7.0%	5.75%	5.75%
Management costs	£750	£750	£750	£750
Total repair costs	£1,899	£1,923 - £45,342*	£1,450	£1,598
Bad debts, voids	1.5%	1.5%	1.5%	1.5%
Re-let rates	5.0%	5.0%	5.0%	5.0%

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

2020

Assumption	Core stock	High-rise stock	Newly developed stock	Hostels
Discount rate	5.75%	6.5% - 7.0%	5.75%	5.75%
Management costs	£750	£750	£750	£750
Total repair costs	£1,930	£1,955 - £23,700*	£1,450	£1,598
Bad debts, voids	1.5%	1.5%	1.5%	1.5%
Re-let rates	5.0%	5.0%	5.0%	5.0%

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

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

	Held for letting	Land acquired for future development	Under construction	Total housing properties
Historical Cost	**£'000**	**£'000**	**£'000**	**£'000**
Carrying Value 31 December 2021	622,050	24,933	107,992	754,975
Carrying Value 31 December 2020	618,768	16,930	99,701	735,399

8. Property, Plant and Equipment

	Office premises	IT Systems Development	Infrastructure assets	Vehicles	IT Equipment	Total other fixed assets
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	
At 1 January 2021	3,446	570	4,603	64	66	8,749
Additions	2	123	-	-	13	138
Revaluation	-	-	455	-	-	455
At 31 December 2021	**3,448**	**693**	**5,058**	**64**	**79**	**9,342**
Depreciation						
At 1 January 2021	(801)	(162)	(671)	(21)	(13)	(1,668)
Charged during the period	(45)	(53)	(288)	(10)	(16)	(412)
Revaluation	-	-	-	-	-	-
At 31 December 2021	**(846)**	**(215)**	**(959)**	**(31)**	**(29)**	**(2,080)**
Net book value as at 31 December 2021	**2,602**	**478**	**4,099**	**33**	**50**	**7,262**
Net book value as at 31 December 2020	**2,645**	**408**	**3,932**	**43**	**53**	**7,081**

Internal valuations have been carried out for Office Premises and IT Systems Development as at 31 December 2021. This resulted in a revaluation of £nil (2020: £nil). Infrastructure Assets form part of the States Asset Valuation as at 31 December 2021. The basis of this asset valuation is depreciated replacement cost based upon useful remaining life. These have been carried out in accordance with 'RICS Valuation - Global Standards 2017', UK Edition, except where agreed departures or assumptions have been made in accordance with the Government's instructions. This resulted in a revaluation of £455k (2020: £265k).

9. Investment Properties

	2021	2020
	£'000	**£'000**
At 1 January	380	385
Additions	1,544	-
Depreciation Charge	(15)	(5)
Revaluation	216	-
At 31 December	**2,125**	**380**

Investment properties consist of commercial properties rented at market rates. Valuations have been prepared in accordance with the Royal Institution of Chartered Surveyors' Valuation Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the "Red Book"). In 2021, Quérée Property Consultants Limited performed the valuation making certain assumptions on tenure, letting, taxation, town planning and the condition and repair of the buildings and sites. This resulted in a revaluation of £216k (2020: £nil).

10. Financial Assets

Housing bonds	2021	2020
	£'000	£'000
At 1 January	29,764	26,291
Redeemed during the period	(1,081)	(706)
Issued during the period	7,876	3,416
Unrealised surplus in the period	418	763
Valuation at period end	**36,977**	**29,764**

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

During the year, the Company sold 25 properties at Clos Des Pierres, St Clement, which is part of the Samares Nurseries site. These homes were sold using Andium Homebuy, however, the bonds issued ,which were on average 29% of the property value, remain with the properties in perpetuity and are passed on to new purchasers each time the property is alienated. These bonds can only be repaid to the Company in exceptional circumstances. This was a requirement of the Planning Obligation Agreement to ensure the properties remain affordable in perpetuity. Bonds issued under this scheme during the period amounted to £3,920k (2020: £2,235k) and are recognised at £nil value.

Surplus on disposal of bonds redeemed totals £146k (2020: £101k) from total receipts of £1,227k (2020: £807k).

11. Housing Properties Held for Sale

	2021	2020
	£'000	£'000
At 1 January	4,565	3,390
Transferred from Housing Properties (note 7)	28,372	23,278
Transferred from under construction (note 7)	550	-
Disposals (note 5)	(37,537)	(23,808)
Impairments	-	-
Revaluation	7,312	1,705
At 31 December	**3,262**	**4,565**

12. Debtors

		2021	2020
		£'000	£'000
Amounts falling due within one year:			
Rental debtors – current		645	767
Rental debtors – other		1,823	1,244
Deposits received		-	-
GST Receivable		496	643
Less	Provisions for former tenant rental debts	(426)	(334)
	Provision for non-tenant debts	(128)	(112)
		2,410	**2,208**
Other debtors		358	502
		2,768	**2,710**

Provisions relate only to rental debtors that are not current and have been identified specifically after individual assessments have been made for each debtor. There are no general provisions for debtors. The total of current rental debtors past due but not impaired amounts to £559k (2020: £555k).

13. Leases

	2021	2020
	£'000	£'000
Minimum lease payments receivable:		
Within one year	18,685	13,964
Within one to five years	30,985	26,224
More than five years	83	1,063
	49,753	**41,251**

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

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

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

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

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

There are also a number of leases in place for commercial premises, with various remaining lease periods, ranging from 1 to 8 years.

14. Cash at Bank and Cash Equivalents

	2021 £'000	2020 £'000
Short term cash investments	16,956	32,089
	16,956	**32,089**

15. Creditors

	2021 £'000	2020 £'000
Deferred income	2,570	2,682
Trade creditors	695	-
	3,265	**2,682**

In December 2021, the Company received a grant for the refurbishment of Eden House. The total grant awarded was £695k (2020: £nil) and it was received in December 2021. The works on the refurbishment have not yet commenced, therefore the conditions for the grant have not been met and the grant is a liability at year end.

16. Accrued Expenses

	2021 £'000	2020 £'000
Return to the Guarantor	7,548	7,619
Goods and services received but not yet invoiced	6,418	8,470
	13,966	**16,089**

17. Borrowings

	2021 £'000	2020 £'000
Loan instalments are due as follows:		
Within one year	7,050	19,752
After one year:		
Between one and five years	-	-
In over five years	247,741	198,636
	247,741	**198,636**

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

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

Loan	**Total Loan Amount/ Facility**	**Brought Forward at 01/01/2021**	**Amount Drawn 2020**	**Amount Repaid in 2021**	**Amount Outstanding at 31/12/2021**	**End Date of Loan**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Loan - 1	38,429	31,733	-	-	31,733	31/12/2033
Loan - 2	4,741	4,239	-	-	4,239	31/12/2032
Loan - 3	9,675	8,902	-	-	8,902	31/12/2032
Loan - 5	2,659	2,532	-	-	2,532	31/12/2033
Loan - 6	2,149	2,081	-	-	2,081	31/12/2038
Loan - 7	7,119	7,036	-	-	7,036	31/12/2041
Loan - 9	4,991	4,791	-	-	4,791	31/12/2039
Loan - 10	10,037	9,902	-	-	9,902	31/12/2043
Loan - 11	7,050	7,050	-	-	7,050	31/12/2022
Loan - 12	47,183	40,802	-	-	40,802	31/12/2041
Loan - 14	52,278	46,040	6,237	-	52,277	31/12/2048
Loan - 17	37,800	13,887	5,919	-	19,806	31/03/2046
Loan - 18	21,332	15,538	5,794	-	21,332	31/12/2047
Loan - 19	15,133	12,273	2,860	-	15,133	31/12/2039
Loan - 20	-	12,702	4,938	(17,640)	-	31/03/2021
Total Loans	260, 576	219,508	25,748	(17,640)	227,616	
Set up costs	-	(619)		87	(532)	
Total Liability	**260, 576**	**218,889**			**227,084**	
Revolving Facility	**225,000**	**-**	**28,500**	**-**	**28,500**	28/02/2027
Arrangement Fee	**-**	**(500)**	**(413)**	**120**	**(793)**	
Total Combined Liability	**485, 576**	**218,389**			**254,791**	

Loan repayments of £17,640k were made during the year (2020: £1,345k).

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

Loan setup costs of £1,190k incurred on initiation of the first loan agreement have been set off from the balance of the loan due and are realised over the term of this loan agreement. The total value of loan setup costs yet to be released is £532k (2020: £619k).

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

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

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

There are two covenants in place on the revolving facility:

Asset Cover – the ratio of total fixed assets to total gross debt, which should be no less than 150% on the last day of the financial year; and

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

Both covenants were complied with during the year (2020: complied).

Borrowing drawn down per the cash flow statement is £53,835k (2020: £25,517k). This comprises amounts drawn of £54,248k (2020: £26,117k) less the arrangement fee paid on the Amended and Restated Agreement of £413k (2020: £600k). This arrangement fee has been set off from the balance of the loan due and is realised over the term of the facility. The total value of loan setup costs yet to be released is £793k (2020: £500k).

18. Capital Commitments

Development expenditure contracted less certified or accrued as at 31 December 2021 amounted to £162,889k (2020: £163,806k).

19. Pension Costs

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

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

Pension contributions for the Company's staff to this scheme during the year amounted to £511k (2020: £432k).

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

Actuarial valuations are performed on a triennial basis, the most recent published valuation being as at 31 December 2018. 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 deficit in the PECRS scheme assets at the valuation date of £1.1m, and a surplus in the PEPS scheme assets of £3.26m. Because the schemes are accounted for as if they are defined contribution scheme, no account has been taken of the Company's potential share of these deficits / surpluses.

A new cycle of triennial actuarial valuations will be performed for the PEPS defined contributions scheme commencing December 2021, with the release of the report expected in March 2023.

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

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 on 5 June 2014. This is further clarified in the Memorandum of Understanding between the Minister for Treasury and Resources and the Company entered in to in July 2014 and updated in 2022.

The Company is contractually bound to pay a quarterly return to the Guarantor. The amount of this return is £7,548k per quarter and incurs an inflation linked increased annually on 1 January. As a consequence of the rent freeze agreed in light of the Coronavirus pandemic, this amount has been revised for 2022 (see note 3).

21. Related Party Transactions

Member of the Board of Directors, Judy Beaumont, held tenancy with the Company during the period. This 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. Terms and conditions of the loans are described in note 17.

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

Directors' remuneration is illustrated on page 41 of the Annual Report.

22. Risks and Uncertainties

Financial risk management

Overview

The Company holds the following financial instruments: financial assets (deferred payment bonds); trade debtors (rent receivable); cash and cash equivalents; trade creditors (invoices payable); and borrowing (States loans and Revolving Credit Facility) (note 17). The Company has exposure to the following risks from its use of these financial instruments:

- credit risk
- liquidity risk

- market risk
- operational risk

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

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

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

Credit risk

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

Cash

The creditworthiness of the Company's main bankers, HSBC Bank plc is under periodic review. HSBC Bank plc holds a current short-term credit rating of P-1 (2020: P-1), as issued by Moody's.

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

Receivables

The Company's exposure to credit risk is reduced by the risk being spread across 4,500 tenancies, with approximately 66% of tenants in receipt of income support which is received directly from Government.

Early engagement with Clients experiencing rent arrears, together with their ability to claim Income Support, resulted in only a very marginal increase in arrears during the first lockdown period in 2020. We have since seen these return to normal levels, which are in themselves very low compared to comparable UK Housing Associations.

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

Liquidity risk

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

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

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

The current cash position of £16,956k, when combined with the undrawn RCF of £196,500k, satisfies the Treasury Management Policy.

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

Market risk

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

Currency risk

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

Interest rate risk

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

Interest on borrowing are both fixed (States Bond) and floating (Revolving Credit Facility). The floating rate exposure to movements in SONIA (up to 23 December 2021: LIBOR) is mitigated through the Company's interest rate hedging policy which includes entering into relevant hedging instruments if certain trigger points are reached.

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

Inflation risk

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

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

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

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

Operational risk

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

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

23. Contingent Liabilities

As at 31 December 2021, the Board of Directors noted there were no contingent liabilities (2020: £nil).

24. Net Cash Inflow from Operating Activities

	2021	2020
	£'000	£'000
Operating deficit	(24,037)	(11,526)
Depreciation and impairment	34,734	18,985
(Increase) / decrease in debtors	(58)	580
(Decrease) / increase in creditors	(1,539)	608
Net cash inflow from operating activities	**9,100**	**8,647**

25. Analysis of changes in net debt

	At 1 Jan 2021	Cash flows	Other non-cash changes	At 31 Dec 2021
	£'000	£'000	£'000	£'000
Cash and cash equivalents				
Cash	8,303	(1,339)	-	6,964
Cash equivalents	23,786	(13,794)	-	9,992
	32,089	**(15,133)**	**-**	**16,956**
Borrowings				
Debt due within one year	(19,752)	12,702	-	(7,050)
Debt due after one year	(198,636)	(48,897)	(208)	(247,741)
	(218,388)	**(36,195)**	**(208)**	**(254,791)**
Total	**(186,299)**	**(51,328)**	**(208)**	**(237,835)**

26. Reserves

The Company's reserves are as follows:

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

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

There are no restricted or ear-marked reserves.

27. Post Balance Sheet Events

On 25 February 2022 the Guarantor approved the acquisition of Spencer Close and Spencer Lodge. The transaction completed on 18 March 2022.

Prior to signing this report, the Company completed the acquisition of a new facility for use by Jersey Women's Refuge.

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