STATES OF JERSEY

STATES OF JERSEY DEVELOPMENT COMPANY LIMITED: ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2015

Presented to the States on 13th May 2016
by the Minister for Treasury and Resources

STATES GREFFE

THE STATES OF JERSEY DEVELOPMENT COMPANY LIMITED

Annual Report & Consolidated Financial Statements
For the year ended 31 December 2015

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Chairman's Introduction

2015 has seen positive progress on two of the Company's key projects, the Jersey International Finance Centre ("JIFC") and College Gardens.

The Company's purpose is to act as the delivery vehicle for development of land or property assets no longer required by the States of Jersey for public purposes, and in so doing, to deliver socio-economic benefits for the public of Jersey. The purpose of SoJDC is not solely to deliver profit. It lends consideration to the wider and longer-term economic and social benefits to the Island of its projects, in a way that a private developer would not be required or prepared to do.

By undertaking property development directly, and in accordance with the risk mitigation measures set down by the States of Jersey, not only should the States receive a greater financial return from its land holdings but it will also have more control over the type, quality and timing of the development.

The Company operates within a Memorandum of Understanding ("MoU") with its Shareholder, the Minister for Treasury and Resources. The MoU sets down risk mitigation measures that the Company must adhere to such as phasing developments, ensuring that the costs of construction for each building are covered by either legally binding pre-sales agreements or legally binding pre-let agreements and that the value of the completed building with the level of initial pre-let will exceed the value of the borrowing, and entering into fixed price fixed delivery construction contracts.

Stakeholder engagement

During the year, and in particular immediately prior to the commencement on the JIFC, there was an increase in activity by various competitors and opponents of the development via social and traditional media. Much of the information being stated as fact was incorrect and misleading information, which the Company has attempted to correct through its own social media activities and its website which now includes regular blogs and answers to Frequently Asked Questions.

From 2 February 2016, I took over the role as Chair of the Company and I have set as one of my key objectives an improvement in engagement with stakeholders. Now that the JIFC has moved from its planning phase to delivery phase, it is crucial that all parties involved have a constructive engagement to ensure that what is delivered is something that will be a source of pride to the Island for years to come, as well as generating profits ultimately for the public purse.

Developments

Since 2011, the Company's key objective has been to commence the JIFC and this has now been achieved. Plans are afoot and negotiations taking place to commence the second building. These are large projects and take an enormous amount of time and effort to negotiate and see through to completion.

The Company is currently in dialogue with 20 tenants for a cumulative space requirement in excess of 325,000 sq. ft. over the next five years. Of these, the Company is in detailed dialogue or negotiation with four tenants and hopes to have at least 75% of the first building committed to during the course 2016 and a sufficient pre-let(s) in the second building for construction to commence.

The Company will also be starting its first residential project in the second quarter of 2016 at College Gardens which will see 187 new units of accommodation created on the former Jersey College for Girls site and will bring back into vitality an iconic Island building which has stood empty and neglected for many years. 80 units of affordable housing will be created as well as better parking arrangements at Janvrin School, the widening of Drury Lane and the development profit from the open market units being returned to the Treasury.

Financial performance

The nature of work of the Company is such that there can be substantial year-to-year variations in income and expenditure, and hence profits, depending on the timing of development projects.

Revenues for 2015 and 2014 were £2,377,531 and £2,154,839 respectively with both years consisting of investment revenue and other income. Profit for the year was £897,104 (2014: £2,783,456) which included a £651,359 (2014: £2,273,656) uplift on the value of investment properties. The Company does not expect to realise significant profits until projects currently on the drawing board near completion. The Company owns significant property assets and has equity of £48,736,673 in the consolidated statement of financial position.

Board and staff

I would also like to thank staff at all levels, the executive and non-executive Board members, and the outgoing Chairman Mark Boleat, and pay tribute to their dedication, hard work and loyalty. Collectively, they make the difference and this has certainly been proven this year.

Nicola Palios
Chairman
10 March 2015

The Managing Director's Review

This year has seen a step change for the Company with the commencement of construction of the first office building in the Jersey International Finance Centre ("JIFC"). Progress has also been made on the pre-development work on College Gardens and the second office building in the JIFC. It is planned that both of these projects will commence in 2016 subject to the necessary pre-sales/pre-lets and in the case of No.5 JIFC, planning approval.

The Company seeks to maximise returns from its development activity and its property investments. 100% of profits generated from the direct development of property will be either repatriated to the States Treasury via a dividend or invested in public infrastructure. Either way, the receipts from the Company's development activities will benefit the Island as a whole as well as create employment and provide buildings fit for purpose for the next generation.

The global financial crisis restricted development locally and curtailed expansion plans for many businesses. However the GVA figures for 2014 showed Jersey's economy was in recovery for the first time since 2008 with a 5% increase. Furthermore, since 2014 there has been increased activity in the construction market and in particular the office market with c.160,000 sq.ft. of pre-lets signed that has resulted in the commencement of three major office buildings of which one is the first building on the Finance Centre.

JIFC

The JIFC will create six standalone modern 'Grade A' office buildings totalling approximately 470,000 square feet together with private car and cycle parking under each. More than 50% of the site will be dedicated to new areas of community open space and a new 520 space public car park will be created beneath the public park.

During the year, UBS Bank AG ("UBS") was the first tenant to enter into a legally binding pre-let with the Company that triggered the commencement of No 4 JIFC, a 67,000 net square foot office building on 6 levels plus a single level basement for private car and cycle parking. The main contractor, Camerons Limited is undertaking the construction which is due for practical completion at the end of February 2017. The displaced Esplanade parking spaces have been relocated to the Phase 2 part of Esplanade Quarter maintaining the full 525 parking spaces between the Esplanade Car Park and what is now known as Les Jardins Car Park.

The value of the completed office building with just the UBS letting exceeded the construction costs and the funding was secured from HSBC Bank plc. At the year end, the excavation and piling works were complete and the basement slab and walls were being constructed.

During the year, the Company submitted and obtained detailed planning approval for No 5 JIFC. However, a third party appeal was lodged in July by a rival developer that remained to be heard at the year end. With the land now owned in a separate company that limits the boundaries of the scheme and ownership outside of the appeal zone from the rival developer, the Company resubmitted the application and hopes it will be determined favourably before the end of the first quarter of 2016 thereby enabling it to remain in the competition for prospective tenants requiring new office space.

College Gardens

At the end of 2014, planning consent was obtained to construct 187 residential apartments with associated car parking at the former Jersey College for Girls site. The legal ownership of the property was conveyed to the Company in March 2015.

The Company commenced the marketing of the 107 units for sale in the open market in August and by the year end had secured commitments on 45 of those units with a total value of around £14 million.

There are 80 affordable housing units in the scheme; 40 units will be sold under an assisted purchaser shared equity scheme to first time buyers that have qualified through the Housing Gateway and 40 units will be sold to a Social Housing Landlord for rental to the over 55s.

The main construction work is due to commence in May 2016 with the first units ready for occupation in Q4 2017. Phased completions will take place thereafter until the final completion in Q4 2018.

There are multiple benefits of this scheme to the Island covering economic, social and environmental aspects:-

- As the project is being undertaken directly by the Company, 100% of the profit generated will be repatriated to the States Treasury;
- The provision of 80 affordable housing units;
- The States Treasury or the Strategic Housing Unit will hold the equity in the 40 Shared Equity units in perpetuity;
- The creation of 56 permanent additional car parking spaces for the benefit of Janvrin School;
- The widening of Drury Lane to create a pedestrian footpath on the southern section;
- The rejuvenation of the magnificent listed building and securing its future in perpetuity; and
- The repatriation of the old library to the Jersey College for Girls.

Waterfront Estate

The Company continues to take responsibility for and directly funds the maintenance and upkeep of extensive areas of community space on the St. Helier Waterfront. These areas include Les Jardins de la Mer, Marina Gardens (on top of the Waterfront car park), Weighbridge Square and the Waterfront promenades, as well as the landscaping and street lighting on Route de Port Elizabeth, Rue de L'Etau and Rue de Carteret. The Company ensures that these areas are well maintained, as cost effectively as possible, for the benefit of Islanders and visitors.

The Company also owns investment properties which it actively manages to ensure revenues are maximised. The Company's largest investment property is the Waterfront car park and the Company continues to invest in the car park to enhance the operation and efficiency, particularly at peak times. During 2015, new equipment was installed that not only identifies empty spaces making access to those spaces more efficient but within the same units are cameras to improve security. The new equipment is linked to signs that inform car park users the number of free spaces available which should reduce queuing. The Company has seen an 8.8% increase in the Waterfront Car Park revenues for 2015 (2014: 21.2%) of which 7% was due to increased occupancy (2014: 14.8%) and 1.8% increase in charges (2014: 6.4%).

Overall, investment income and other income was £2,310,417 for the year (2014: £2,029,142), a 13.9% increase year on year.

Corporate Responsibility

The Company either directly organises or provides assistance to a significant number of community and charitable events which are hosted on the various community areas on the Waterfront and assists with other events that are organised by the Parish of St. Helier. Those events included but are not limited to:

- Liberation Day Tea Party
- St Helier Street party
- Havre des Pas Seaside Festival
- Polish Festival
- Portuguese Festival
- Narnia Winter Wonderland

On an annual basis the Company organises and assists in funding the Christmas lights on Weighbridge Square and Route du Port Elizabeth at a cost of £12,000.

Financial
The Company generated an operating profit before exceptional items of £1,164,662 (2014: £2,914,493) for the financial year ended 31 December 2015, that included an upward revaluation of its investment properties of £651,359 (2014: £2,273,656).

The Company paid dividends to the States Treasury during the year totalling £1,000,000 (2014: £816,400).

The Company is expected to generate significant net receipts when developments that have, or are due to, commence construction are sold from 2018 onwards.

Cash and cash equivalents decreased to £546,860 (2014: £4,094,915) primarily due to expenditure on pre-development activities on Nos 4 and 5 JIFC and College Gardens that advanced the Company's developments ready for construction. The Company has raised private funding totalling £25,000,000 to provide construction finance for No 4 JIFC and for pre-development expenditure on College Gardens.

The Group's inventory is carried at the lower of cost and net realisable value with cost being the land value at the date of the original acquisition plus subsequent expenditure incurred. As at 31 December 2015 these totalled £42,316,120 (2014: £30,487,046).

The Group, being the Company and its subsidiaries, manages net assets of £48,736,673 (2014: £48,839,569).

Future
The main priority of the Company in the medium term is to deliver the first buildings in the JIFC and College Gardens. The Company also wishes to advance its development plans more speedily on other Waterfront sites during this next economic upturn and will achieve this directly, via joint venture partners and / or by selling sites to other developers to achieve this aim.

L. Henry

Lee Henry
Managing Director
10 March 2016

Report of the directors

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

Principal Activities
The Company and its subsidiary undertakings engage in property investment, property development, car park operation and estate management.

Results and Dividends
The results for the year are set out in the consolidated statement of comprehensive income on page 14. The Directors approved the payment of a dividend of £1,000,000 during the year (2014: £816,400).

Directors
The Directors who held office during the year were:

Executive Directors
Lee Henry (Managing Director)
Simon Neal (Finance Director)

Non-Executive Directors
Mark Boleat (Chairman) – resigned 30 June 2015
Nicola Palios (Chairman) – Non-Executive Director until 1 February 2016. Appointed as Chairman on 2 February 2016
Roger Lewis
Ann Santry CBE – re-appointed 30 May 2015
Paul Masterton – re-appointed 12 July 2015

Re-appointment of Directors
The Non-Executive Director Service Agreements for Ann Santry and Paul Masterton expired on 29 May and 11 July 2015 respectively. Prior to the expiry, the Minister for Treasury & Resources reappointed Ann Santry as his representative and the States Assembly reappointed Paul Masterton, both for a further term of 3 years.

Directors' and officers' insurance
During the year the Company maintained liability insurance for its directors and officers.

Company Secretary
The secretary of the Company at 31 December 2015 was Simon Neal, who continued in office for the whole of the year.

Corporate Governance
The report on corporate governance is set out on pages 8 to 10. The report of the remuneration committee is set out on page 11. Both are adopted as part of this report.

Auditors
A resolution to re-appoint PricewaterhouseCoopers CI LLP as auditor will be proposed at the next Annual General Meeting.

Directors' responsibilities with regard to the Financial Statements
The Directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Directors are required by the Companies (Jersey) Law 1991 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the profit or loss of the Group for that year. In preparing these financial statements the Directors are required to:

Report of the directors (continued)

- Select suitable accounting policies and then apply them consistently;
- Make judgements that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991.

They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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

The financial statements are published on www.jerseydevelopment.je which is a website maintained by the Company. The work undertaken by the Independent Auditors does not involve consideration of the maintenance and integrity of the website and, accordingly, the Independent Auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in Jersey governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

By order of the Board

For and on behalf of
The States of Jersey Development Company Limited

10 March 2016

Registered Office:
Dialogue House
2-6 Anley Street
St. Helier
Jersey JE2 3QE

Report on corporate governance

The Directors are committed to maintaining a high standard of Corporate Governance and fulfilling their responsibilities in accordance with the Companies (Jersey) Law 1991, Memorandum and Articles of Association of the Company and its own Corporate Governance Statement. The Board is of the opinion that it has complied with the provisions as set out in the statutes and internal documents in all material respects throughout the year.

The Board

The Board's aim is to ensure that the size of the Board is sufficient to reflect a broad range of views and perspectives whilst allowing all Directors to participate effectively in meetings.

Mix of Independent Non-Executive and Executive Directors

In accordance with normal commercial practice the legislation governing the Company requires a mix to ensure a strong majority of independent directors. At the year end, the Board comprised of two Executive Directors (the Managing Director and Finance Director) and four Non-Executive Directors. Following the appointment of Nicola Palios as Chairman, the Company is in the process of replacing the Non-Executive Directorship position that has now become vacant.

Independence

One Non-Executive Director is appointed by the Minister for Treasury and Resources with the remaining Non-Executive Directors being appointed by the States Assembly. All Non-Executive Directors are nominated via an open recruitment process overseen by the Jersey Appointments Commission. The primary function of the Jersey Appointments Commission in overseeing the recruitment of States employees, as well as appointees to States-supported or related bodies, is to ensure that the selection is fair, efficient and conducted in accordance with best practice and procedures. The recruitment code sets the principles and processes to be applied in recruitment and selection activities for all appointments which include conflicts of interest and the members of the commission.

In addition, the Board carries out an annual review for assessing the independence of Non-Executive Directors and was satisfied that throughout the year, all Non-Executive Directors were independent as to both character and judgement.

Meetings

The Board is responsible to the Company's shareholder for the proper management of the Company. It meets regularly, approximately 8 times per year, setting and monitoring strategy, reviewing trading performance and risk management, examining business plans and capital and revenue budgets, formulating policy on key issues and reporting to the shareholder. Board papers are circulated prior to each meeting in order to facilitate informed discussion of the matters at hand.

No of meetings	Board	Audit	Remuneration	AGM
Mark Boleat	5	1	1	1
Roger Lewis	9	3	2	1
Nicola Palios	9	3	2	1
Ann Santry	9	3	2	1
Paul Masterton	9	3	2	1
Lee Henry	9	3[1]	2[1] (part)	1
Simon Neal	9	3[1]	-	1

[1] Attendees by invitation

Report on corporate governance (continued)

Performance Evaluation

The effectiveness of the Board is vital to the success of the Company. Due to the scale and number of projects coming on line each year and the size of the Company, a self-assessment review is undertaken every year to assess performance of the Board and its committees. Included in the review was the consideration of any training and development that may be required.

Board Committees

- **Audit Committee**

  The Audit Committee members are Non-Executive Directors, Roger Lewis (Chairman), Nicola Palios, Ann Santry and Paul Masterton. The meetings provide a forum for discussions with the external auditor. Meetings are also attended, by invitation, by the Managing Director, the Finance Director and the external auditors.

  The Audit Committee is responsible for reviewing the annual financial statements and accompanying reports before their submission to the Board for approval. It generally meets 3 times a year and is also responsible for monitoring the controls which are in force, (including financial, operational and compliance controls and risk management procedures) to ensure the integrity of the financial information reported to shareholders. It also considers reports from the internal and external auditor and from management. It reports and makes recommendations to the Board. The Audit Committee also advises the Board on the appointment of the external auditor and on their remuneration, including monitoring any issues that could impact auditor independence. In addition, the Audit Committee regularly reviews the scope and results of the work undertaken by both internal and external auditors.

  The Audit Committee met three times during 2015.

- **Remuneration Committee**

  The Remuneration Committee members are currently Non-Executive Directors, Ann Santry (Chairman from 29 January 2016), Nicola Palios, Roger Lewis and Paul Masterton.

  The Remuneration Committee makes recommendations to the Board regarding the remuneration of both Executive, Non-Executive Directors and senior management and considers the ongoing appropriateness and relevance of the remuneration policy.

  The Remuneration Committee met two times during 2015.

Internal Control

The Board has overall responsibility for the Company's system of internal control and for reviewing its appropriateness following any change to business operation(s) while the role of management is to implement Board policies on risk and control. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives.

The key procedures which the Board has established to provide effective controls are:

- **Board Reports**

  Key strategic decisions are taken at Board meetings following due debate and with the benefit of Board papers circulated beforehand. The risks associated with such decisions are a primary consideration in the information presented and discussed by the Board.

Report on corporate governance (continued)

- **Financial Reporting and Control** – includes:
  - the approval of the annual operating and capital expenditure budgets and the review of the quarterly management accounts compared against the budget and the business plan to and any material changes to them;
  - the preparation of annual and five yearly cash flows which are regularly reviewed, updated and are monitored;
  - approval of interim and final dividends.

- **Strategy & Management**
  Includes the approval of the Company's long-term objectives and commercial strategy. The Board concentrates mainly on strategic and directional matters and on financial performance. It aims to safeguard the Company's assets and ensure proper and reliable accounting records are maintained. There is a clearly defined organisational structure with established reporting responsibilities, authorities and reporting lines to the Board.

- **Audit Committee**
  The Audit Committee operates under a charter that was last ratified on 13 June 2014. The Audit Committee reviews the appropriateness of the internal control process when there is a change in business operation(s) and discusses the reports of the external auditors with them.

- **Internal Controls**
  Monitoring the effectiveness of the Company's risk management and control processes. Its effectiveness is kept under review on a continual basis throughout the year through the work of the Audit Committee on the Board's behalf. The system of internal control is designed to manage rather than eliminate risk. In pursuing these objectives, internal controls can only provide reasonable and not absolute assurance against material misstatement or loss.

- **Risk Management**
  The Company has a Risk Register for each project and the Company as a whole which details and assesses all the significant risks facing the Company. Management is responsible for identifying the key risks to achieving their business objectives and ensuring that there are adequate controls in place to manage these in line with the risk appetite set by the Board. The Managing Director and Finance Director are invited to attend the Audit Committee meetings to provide presentations on the key risks and how these are managed.

Relations with Shareholder

The Company is wholly owned by the States of Jersey with the Minister for Treasury and Resources acting as the Company's shareholder. The Company seeks to comply in full with its governing statutes as the basis for the conduct of its relationship with its shareholder.

By order of the Board

For and on behalf of
The States of Jersey Development Company Limited

10 March 2016

Report of the Remuneration Committee

The Remuneration Committee ("the Committee") operates under a charter that was last ratified on 24 June 2011.

Remuneration structures are simple with no equity participation (share ownership) by the Directors. Salaries are established by reference to those prevailing in the open market generally for directors of comparable status, responsibility and skills in comparable industries. The Committee uses executive remuneration surveys prepared by independent consultants to assist in establishing market levels. The determination of the Executive Directors remuneration is a decision taken by the full Board (excluding the Executive Directors).

Changes to salaries and remuneration payments are effective from 1 January each year.

Directors' Remuneration

	Salary & Fees	Benefits	Bonus	2015 Total	2014 Total
	£	£	£	£	£
Executive Directors					
Lee Henry	160,000	1,656	20,000	181,656	189,556
Simon Neal	110,000	-	16,000	126,000	115,840
Non-Executive Directors					
Mark Boleat	20,000	-	-	20,000	40,000
Nicola Palios	15,000	-	-	15,000	15,000
Roger Lewis	15,000	-	-	15,000	15,000
Ann Santry	15,000	-	-	15,000	15,000
Paul Masterton	15,000	-	-	15,000	15,000
Total	**350,000**	**1,656**	**36,000**	**387,656**	**405,396**

In addition to the above, the Executive Directors' received the following pension contributions:

Directors' pension contributions

	2015	2014
	£	£
Lee Henry	24,000	24,000
Simon Neal	16,500	15,000
Total	**40,500**	**39,000**

By order of the Remuneration Committee

Member of the Remuneration Committee
10 March 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE STATES OF JERSEY DEVELOPMENT COMPANY LIMITED

Report on the financial statements

We have audited the accompanying consolidated financial statements ("the financial statements") of The States of Jersey Development Company Limited ("the Company") and its subsidiaries (together "the Group") which comprise the consolidated statement of financial position as of 31 December 2015 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of Jersey law. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group as of 31 December 2015, and of the financial performance and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Report on other legal and regulatory requirements

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises the chairman's introduction, the managing director's review, the report of the directors, the report on corporate governance and the report of the remuneration committee.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE STATES OF JERSEY DEVELOPMENT COMPANY LIMITED (CONTINUED)

In our opinion the information given in the report of the directors is consistent with the financial statements.

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Karl Hairon
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants
Jersey, Channel Islands

11 March 2016

Consolidated statement of comprehensive income
For the year ended 31 December 2015

	Notes	2015 £	2014 £
Revenue	3.1	2,377,531	2,154,839
Net gain from fair value adjustment on investment property	4	651,359	2,273,656
Employee benefits expense	3.3	(931,807)	(814,711)
Premises and establishment	3.4	(134,550)	(98,649)
Estate management	3.5	(314,904)	(312,767)
Depreciation of property, plant and equipment	3.2	(3,239)	(20,717)
Other expenses (including exceptional items)	3.2	(729,847)	(432,272)
Operating profit		**914,543**	**2,744,379**
Analysed as:			
Operating profit before exceptional items		1,164,662	2,914,493
Exceptional items	3.8	250,119	(170,114)
Operating profit		**914,543**	**2,744,379**
Finance income	3.6	12,766	41,175
Finance costs	3.7	(30,205)	(2,098)
Finance income - net		**(17,439)**	**39,077**
Profit for the year		**897,104**	**2,783,456**

There is no other comprehensive income as defined by IAS 1 ("Presentation of Financial Statements").

The notes on pages 18 to 35 form an integral part of these consolidated financial statements.

Consolidated statement of financial position
As at 31 December 2015

	Notes	2015 £	2014 £
Assets			
Non-current assets			
Investment property	4	14,984,166	14,238,055
Property, plant and equipment	5	19,374	5,376
		15,003,540	**14,243,431**
Current Assets			
Inventories	6	42,316,120	30,487,046
Trade and other receivables	7	389,483	244,634
Cash and cash equivalents		546,860	4,094,915
		43,252,463	**34,826,595**
Total assets		**58,256,003**	**49,070,026**
Equity			
Equity attributable to equity holders of the Company			
Share capital	8	20,000,000	20,000,000
Retained earnings	2.10	8,540,208	8,643,104
Capital Contribution	2.10	20,196,465	20,196,465
Total Equity		**48,736,673**	**48,839,569**
Liabilities			
Non-current liabilities			
Borrowings	9	6,954,986	-
Deferred consideration	10	1,500,000	-
Sale deposits		47,000	-
Total non-current liabilities		**8,501,986**	**-**
Current liabilities			
Trade and other payables	11	867,344	230,457
Provision	12	150,000	-
Total liabilities		**9,519,330**	**230,457**
Total equity and liabilities		**58,256,003**	**49,070,026**

The consolidated financial statements on pages 14 to 35 were approved by the Board of Directors on 10 March 2016 and signed on their behalf

By__________________________ Director

The notes on pages 18 to 35 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the year ended 31 December 2015

	Share Capital	Capital Contribution	Retained Earnings	Total Equity
	£	£	£	£
Balance at 1 January 2014	20,000,000	20,196,465	6,676,048	46,872,513
Comprehensive Income:				
Profit for the year	-	-	2,783,456	2,783,456
Dividend	-	-	(816,400)	(816,400)
Balance at 31 December 2014	**20,000,000**	**20,196,465**	**8,643,104**	**48,839,569**

	Share Capital	Capital Contribution	Retained Earnings	Total Equity
	£	£	£	£
Balance at 1 January 2015	20,000,000	20,196,465	8,643,104	48,839,569
Comprehensive Income:				
Profit for the year	-	-	897,104	897,104
Dividend	-	-	(1,000,000)	(1,000,000)
Balance at 31 December 2015	**20,000,000**	**20,196,465**	**8,540,208**	**48,736,673**

The notes on pages 18 to 35 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2015

	Note	2015 £	2014 £
Cash flows from operating activities			
Profit for the year		897,104	2,783,456
Adjustment for:			
- Depreciation of property, plant and equipment	5	3,239	20,717
- Net gain from fair value adjustment on investment property	4	(651,359)	(2,273,656)
- Write off of inventory costs		100,119	113,050
- Provision for litigation costs		150,000	-
- Sales deposits received		47,000	-
- Finance income (net)		17,439	(39,077)
Changes in working capital:			
- Decrease / (Increase) in trade and other receivables	7	(144,849)	597,330
- (Decrease) / Increase in trade and other payables	11	636,887	(534,295)
- (Increase) in inventories	6	(10,429,193)	(3,489,245)
Cash generated from operations		**(9,373,613)**	**(2,821,720)**
Finance income	3.6	12,766	41,175
Finance costs	3.7	(30,205)	(2,098)
Net cash generated from operating activities		**(9,391,052)**	**(2,782,643)**
Cash flows from investing activities			
Subsequent expenditure on investment property	4	(94,752)	(2,871)
Property, plant & equipment	5	(17,237)	-
Net cash used from investing activities		**(111,989)**	**(2,871)**
Cash flows from financing activities			
Proceeds from borrowings	9	6,954,986	-
Dividend paid to the Company's shareholder		(1,000,000)	(816,400)
Net cash used in financing activities		**5,954,986**	**(816,400)**
Net (decrease) / increase in cash and cash equivalents		(3,548,055)	(3,601,914)
Cash and cash equivalents at the beginning of the year		4,094,915	7,696,829
Cash and Cash Equivalents at the end of the year		**546,860**	**4,094,915**

The notes on pages 18 to 35 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 General information

The principal activities of the Company and its subsidiaries (together, 'the Group') are property holding, property development, car park operation and estate management in Jersey. The Company is a limited liability company incorporated and domiciled in Jersey, Channel Islands. The address of its registered office is Dialogue House, 2-6 Anley Street, St. Helier, Jersey JE2 3QE.

Share Capital

In 1995 The States of Jersey subscribed £20m of share capital in the Company to finance development projects. The Company was originally formed to manage the development of the St Helier Waterfront area on behalf of the States of Jersey. In 2010 the States adopted P73/2010 which set a new remit for the Company, changed the name of the company and the Memorandum and Articles of Association. The changes to the Company were enacted on 24 June 2011 following the appointment of a new board of Non-Executive Directors by the States of Jersey. The Company will carry out developments which will be financed from third party financing where required and capital receipts from the proceeds on sale of inventory.

These consolidated financial statements of the Group for the year ended 31 December 2015 were approved in accordance with a resolution of the directors on 7 March 2016.

2 Summary of significant accounting policies

2.1 Basis of preparation

The principal accounting policies that have been applied in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all years presented, unless otherwise stated.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC").

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The Directors have considered all accounting standards that are in issue which are not yet effective for accounting period beginning on or after 1 January 2015 and believe that early adopting these standards would not have a material impact on the financial statements of the Group.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted, subject to EU adoption. The Group is assessing the impact of IFRS 15.

IFRS 16, 'Leases' will allow more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, greater transparency of a lessee's financial leverage and capital employed. A lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months and for which the underlying asset is not of low value. The standard replaces IAS 17 'Leases' and is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted, subject to EU adoption. The Group is assessing the impact of IFRS 16.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Income and cash flow statement

The Group has elected to present a single statement of comprehensive income.

Notes to the consolidated financial statements (continued)

The Group reports cash flows from operating activities using the indirect method. Finance income received and paid is presented within operating cash flows. The Director's believe that presentation of finance income within operating activities best represents the circumstances of the Group. The acquisition of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Group's business.

2.2 Basis of Consolidation

The consolidated financial statements have been prepared on a going concern basis, applying the historical cost convention, except for the measurement of investment property at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on the management's best knowledge of the events, and amounts involved, the actual results may differ from these estimates. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in notes 2.22 and 4.

The consolidated financial statements comprise the financial statements of The States of Jersey Development Company Limited, the parent, and its subsidiaries as at 31 December 2015. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of one half of the voting rights (refer to note 13).

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full. Subsidiaries are fully consolidated from the date from which control is transferred to the Group. They are deconsolidated from the date control ceases.

2.3 Foreign currency translation

Functional and presentation currency

Items presented in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment of which the entity operates ("the functional currency"). The consolidated financial statements are presented in pounds sterling ('£') which is the Company's functional currency and the Group's presentation currency.

No transactions or balances have been translated as the Group conducts all transactions in pounds sterling.

2.4 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as an investment property.

Land held under operating leases is classified and accounted for by the Group as investment property when the definition of investment property would otherwise be met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs and (where applicable) borrowing costs. Subsequent expenditure is capitalised to the asset's carrying value only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other maintenance and repair costs are expensed as incurred.

After initial recognition, investment property is carried at fair value in accordance with IAS 40 'Investment Property' with movements in value recognised as gains or losses in the consolidated statement of comprehensive income.

In determining the fair value of investment properties the Group uses market valuations, suitably adjusted for unamortised lease incentives. Fair value is determined each year, using recognised valuation techniques, by an employee of the Company who is a member of the Royal Institute of Chartered Surveyors ('RICS'). Fair value reflects, among other things, rental income from current leases, car park receipts and assumptions about rental income from future leases in light of current market conditions. Fair value is also determined independently by

Notes to the consolidated financial statements (continued)

2.4 Investment property (continued)

professional individuals, holding recognised and relevant professional qualifications, at the discretion of the Board but at least once every five years.

The valuations form the basis of the carrying amounts of investment property in the consolidated financial statements.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

When the Group disposes of a property at fair value in an arms-length transaction the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement with net gain from fair value adjustment on investment property.

2.5 Property, plant and equipment

All property, plant and equipment ("PPE") is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Cost of an item of PPE includes its purchase price and any direct attributable costs. Cost includes the cost of replacing part of an existing item of PPE at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an item of PPE.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost over the assets' estimated useful lives, as follows:

- Leasehold land	Not depreciated
- Leasehold buildings	50 years
- Fixtures, fittings & equipment:	10 years
- Events installations and equipment:	5 – 10 years
- Estate Capital improvements:	5 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at each financial year end.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the consolidated statement of comprehensive income.

2.6 Leases

Properties leased out under operating leases are included in investment properties within the consolidated statement of financial position. See note 2.15 for revenue recognition.

2.7 Inventories

The Group's inventories comprise of land and other property that is to be sold to developers or developed with a view to sale. Inventories are valued at the lower of cost and net realisable value. Cost represents the purchase price plus any directly attributable cost including professional fees and expenses incurred directly associated with the land's development since acquisition. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete redevelopment and selling expenses (refer to note 2.22). Inventories also include building materials which are held at the lower of cost and net realisable value.

Notes to the consolidated financial statements (continued)

2.7 Inventories (continued)

In determining the net realisable value of inventory property the Group uses market valuations to determine the fair value. Fair value is determined each year, using recognised valuation techniques, by an employee of the Company who is a member of the Royal Institute of Chartered Surveyors ('RICS'). Fair value reflects assumptions about rental income from future leases in light of current market conditions as comparable evidence from other land or property that is sold in the market place. Fair value is also determined independently by professional individuals, holding recognised and relevant professional qualifications, at the discretion of the Board.

From this assessment, the internal valuer provides a sensitivity analysis to determine the associated risks of the value falling to below the cost.

2.8 Financial instruments

a) Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Group transfers substantially all risks and rewards of ownership.

The Group's financial assets consist of loans and receivables.

Financial assets recognised in the consolidated statement of financial position as trade and other receivables are classified as loans and receivables. They are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible.

Cash and cash equivalents are also classified as loans and receivables and include cash in hand and short-term investments with maturity dates of less than 180 days from the year-end. All such investments are highly liquid.

b) Financial liabilities

Liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or other liabilities, as appropriate.

All loans and borrowings are classified as other liabilities. Initial recognition is at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

2.10 Equity

- Share Capital
  Shares are classified as equity when there is no obligation to transfer cash or other assets.

- Capital Contribution
  The capital contribution represents land transferred to the Group by its ultimate shareholder at market value.

Notes to the consolidated financial statements (continued)

2.10 Equity (continued)

- Reserves
  Reserves represent distributable profits

2.11 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan.

2.13 Borrowing costs

Specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use of sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs that are not directly attributable to a qualifying asset are accounted for in the consolidated statement of comprehensive income in the period in which they are incurred (on an accruals basis).

2.14 Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

2.15 Revenue recognition

Revenue represents the value of the consideration received on the disposal of inventory, rental income, car park receipts and other income. Revenue is recognised as follows:-

Investment Income:

- Rental income
  Rental income comprises income from operating leases net of GST and is recognised on a straight line basis over the lease term. Benefits to lessees in the form of rent free periods are treated as a reduction in the overall return on the lease in accordance with SIC 15 "Operating Leases - Incentives" and are recognised on a straight line basis over the lease term.

- Car park receipts
  Revenue from car park receipts is recognised on an accruals basis and, in respect of weekly cash collections at the Waterfront car park, a cash basis.

Other Income

Other income is recognised on an accruals basis.

2.16 Finance income and costs

Finance income and costs are accounted for on an accruals basis.

2.17 Expenses

All expenses are accounted for in the consolidated statement of comprehensive income in the period in which they are incurred (on an accruals basis).

Notes to the consolidated financial statements (continued)

2.18 Taxation

- Income Tax

  The Group is exempt from paying Income Tax in Jersey. On 19 October 2007 the Minister for Treasury and Resources exempted the Company and its fully owned subsidiaries from income tax under Article 115 of the Income Tax (Jersey) Law 1961 as the profits of the Company are to be expended wholly and exclusively to improve and extend public infrastructure and works for the good of the public of the Island.

- Goods & Services Tax

  The Company is registered for Goods & Services Tax ("GST") and pays GST on all services purchased in Jersey.

2.19 Employee benefits

- Pensions

  Employer's contributions to pension costs are charged to the consolidated statement of comprehensive income as they become payable (see note 15). Contributions to the Public Employees Contributory Retirement Scheme, a defined benefit scheme, are accounted for as if it were a defined contributions scheme. The Group is exempt from the defined benefit pension schemes disclosure requirements as it is a multi-employer scheme and the Group is unable to identify its share of the underlying assets and liabilities of the scheme.

- Short-term employee benefits and compensation absences

  Wages, salaries, paid annual leave and sick leave and non-monetary benefits (such as health services and childcare services) are recognised as an employee benefit expense and accrued when the associated services are rendered by the employees of the Group.

2.20 Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved.

2.21 Financial Risk Management

Financial risk factors

The risk management function within the Group is carried out in respect of financial risks. Financial risks are risks arising from financial instruments to which the Group is exposed during or at the end of the reporting period. Financial risk comprises liquidity risk, capital risk, credit risk and market risk (including currency risk, interest rate risk and other price risk). The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

Risk management is carried out by the Executive Directors under policies approved by the Board of Directors. The Executive Directors identify and evaluate financial risk by taking into account the Group's expected activities and future commitments.

The Board considers both financial and other risks within the Group bi-annually.

a) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The Group's liquidity position is monitored on a daily basis by the management and is reviewed at least quarterly by the Board of Directors. A summary table with maturity of assets and liabilities presented below is used by key management personnel to manage liquidity risk and derived from managerial reports at company level. The amounts disclosed in the tables below are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position, as the impact of discounting is not significant.

Notes to the consolidated financial statements (continued)

2.21 Financial Risk Management (continued)

The maturity analysis of financial instruments at 31 December 2015 is as follows:

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 2 years	From 2 years to 5 year	Total
Assets						
Cash and cash equivalents	546,860	-	-			546,860
Trade and other receivables (excluding lease incentive – rent free period[2])	373,649	-	-			373,649
Liabilities						
Trade and other payables:						
Trade and other payables (excluding accruals)	785,913	-	-	-	-	785,913
- Accruals	81,431	-	-	-	-	81,431
Borrowings	-	-	-	-	6,954,986	6,954,986
Deferred consideration	-	-	-	-	1,500,000	1,500,000
Sales deposits	-	-	-	-	47,000	47,000
Provision	-	-	150,000	-	-	150,000

The maturity of the liabilities in years 2 to 5 will be met from the disposal of development assets.

The maturity analysis of financial instruments at 31 December 2014 is as follows:

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	Total
Assets				
Cash and cash equivalents	4,094,915			4,094,915
Trade and other receivables (excluding lease incentive – rent free period[1])	244,634	-	-	244,634
Liabilities				
Trade and other payables:				
- Trade and other payables (excluding accruals)	170,457	-	-	170,457
- Accruals	50,000	-	-	50,000

b) Capital risk

When managing capital, the Group's objectives are to safeguard the Group's ability to continue as a going concern in order to provide returns to the Shareholder. The Group aims to deliver these objectives by ensuring that:

- prior to commencing a commercial development, the Group has a sufficient level of legally binding pre-lets to create a value that exceeds the construction cost, and the debt being incurred to fund those costs of development projects are funded by specific loans and the value of the development project exceed the construction costs.

- prior to commencing a residential development, the Group has legally binding pre-sale agreements in place whose total sales value exceeds the construction cost and debt funding.

The general costs of the group are met through operating revenue and a revolving credit facility provided by HSBC Bank plc.

[2] Lease incentive - rent free period: this relates to the receivable recognised when a reduced market rate rent was paid by the lessee at the bus station site. The rent free period is being amortised evenly over the period of the lease which is due to expire in 2016. This is a non-cash item and presents no risk to liquidity.

Notes to the consolidated financial statements (continued)

2.21 Financial Risk Management (continued)

c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents held at banks, trade receivables, including rental receivables from lessees and rental guarantees. Credit risk is managed on a group basis. The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty or groups of counterparties. Such risks are subject to a quarterly or more frequent review. The Group has policies in place to ensure that rental contracts are entered into only with lessees with an appropriate credit history but the Group does not monitor the credit quality of receivables on an ongoing basis. Cash balances are held only with financial institutions with a Moody's credit rating of A or better. The utilisation of credit limits is regularly monitored.

The fair value of cash and cash equivalents at 31 December 2015 and 31 December 2014 equals to the carrying value.

d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's market risks arise from open positions in interest bearing assets and liabilities, to the extent that these are exposed to general and specific market movements. Management sets limits on the exposure to interest rate risk that may be accepted which are monitored on a quarterly basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

i) Cash flow and fair value interest rate risk

The Group's interest rate risk principally arises from long-term borrowings (Note 9). Borrowings issued as variable rates expose the Group to cash flow interest rate risk. The Group does not have borrowings at fixed rates and therefore has no significant exposure to fair value interest rate risk.

The Group's interest rates risk is monitored by the Group's management on a monthly basis. The interest rate risk policy approved by the Board of Directors at the time each facility is put in place. Management analyse the Group's interest rate exposure together with adverse rate sensitivity analysis on a monthly basis based on the latest market information. These calculations are only run for liabilities that represent major interest-bearing positions and are included in the development appraisals that are reported to the Board at each Board meeting.

Trade receivables and payables are interest-free and have settlement dates within one year.

ii) Price risk

The Group has no significant exposure to price risk as it does not hold any equity securities or commodities.

The Group is exposed to property price risk other than from financial instruments including property rentals risk (see notes 2.22 and 4).

2.22 Significant accounting judgements, estimates and assumptions

Classification of property

The Group determines whether a property is classified as investment property or inventory as follows:

- Investment property comprises leasehold land and buildings which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.
- Inventory comprises freehold and leasehold land and buildings that is held for sale or development and subsequent sale in the ordinary course of business.

Notes to the consolidated financial statements (continued)

2.22 Significant accounting judgements, estimates and assumptions (continued)

Estimation of net realisable value for inventory

Inventory is stated at the lower of cost and net realisable value ("NRV"). NRV for completed inventory property is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group having taken suitable external advice and in the light of recent market transactions.

NRV in respect of commercial inventory property under construction is assessed by the Company's qualified valuer with reference to the pre-let agreements in place, the yields being applied on similar completed property, any current sale transactions in the market and any further letting agreements that are in negotiation. From the resultant value, the costs that are to be incurred to complete construction are deducted.

Sensitivity analysis is performed to assess headroom in the estimation.

NRV in respect of residential inventory property is assessed with reference to pre-sale agreements and other current sales of similar properties. From the resultant value, the costs that are to be incurred to complete construction are deducted.

For both residential and commercial property, prior to entering into a construction contract, the internal valuer will assess the value of the site by comparison to independent valuations and other similar recent land sales that have occurred. For commercial property, the NRV is sensitive to estimated rental values, sales yield and construction costs. Based on the sensitivity analysis performed as at 31 December 2015, the Directors have concluded that a fluctuation of the yield by +1% does not require impairment of the carrying value. For residential property, the NRV is sensitive to the cost of construction.

Valuation of property

Fair value is determined each year, using recognised valuation techniques, by an employee of the Company who is a member of the Royal Institute of Chartered Surveyors ('RICS'). Fair value is also determined independently by professional individuals, holding recognised and relevant professional qualifications, at the discretion of the Board but at least once every five years. In some cases, the fair values are determined based on recent real estate transactions with similar characteristics and location to those of the Group assets.

Fair value reflects, among other things, rental income from current leases, car park receipts and assumptions about rental income from future leases in light of current market conditions.

The valuation of investment property is inherently difficult due to the individual nature and circumstances of each investment property. As a result, valuations may not reflect the actual sales price even if the sale was to occur shortly after the valuation date.

Techniques used for valuing investment property

The income capitalisation method converts anticipated future cash flow benefits in the form of rental income into present value. This approach requires careful estimation of future benefits and the application of investor yield or return requirements. One approach to value the property on this basis is to capitalise net rental income on the basis of an initial yield, generally referred to as the 'All Risks Yield' approach or 'Net Initial Yield' approach, adjusting for any factors not included in net rental income, such as vacancy, lease incentives, refurbishment, etc.

The Residual Method (or Hypothetical Development Approach) to estimating fair value is a combination of the Capitalisation (income) and a cost approach (Summation). The Residual Method is defined according to "Approved European Property Valuation Standards" of TEGoVA (The European Group of Valuers' Associations), as: "A method of determining the value of a property which has potential for development, redevelopment or refurbishment. The estimated total cost of the work, including fees and other associated expenditures, plus allowance for interest, developer's risk and profit, is deducted from the gross value of the completed project. The resultant figure is then adjusted back to the date of valuation to give the residual value."

2.23 Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amounts.

Notes to the consolidated financial statements (continued)

3 Revenue and expenses

3.1 Revenue

	2015 £	2014 £
Investment income	2,196,383	1,972,918
Events	3,558	104,674
Other income	114,034	56,224
Reimbursement of costs	63,556	21,023
	2,377,531	**2,154,839**

3.2 Expenses

	Note	2015 £	2014 £
Employee benefit expense	3.3	931,807	814,711
Premises and establishment	3.4	134,550	98,649
Estate Management	3.5	314,904	312,767
Depreciation of property, plant and equipment		3,239	20,717
Other expenses:			
- Legal, consultancy and professional		358,617	85,108
- Audit		34,750	33,490
- Events		1,337	103,910
- Other operating expenses		85,024	44,650
- Exceptional items	3.8	250,119	170,114
		2,114,347	**1,684,116**

3.3 Employee benefit expense

	2015 £	2014 £
Wages & salaries	703,806	617,921
Social security	30,460	25,592
Pension costs	87,920	80,710
Bonuses	56,543	68,471
Recruitment	34,727	3,470
Other staff benefits	18,351	18,547
	931,807	**814,711**

The average number of employees in 2015 was 8 (2014: 7).

3.4 Premises and establishment

	2015 £	2014 £
Office alterations	28,962	1,020
Property costs	23,373	17,750
Insurance	26,539	25,525
IT Costs	26,871	30,911
Telephone	10,698	8,089
Other	18,107	15,354
	134,550	**98,649**

Notes to the consolidated financial statements (continued)

3.5 Estate management

	2015	2014
	£	£
Waterfront Car Park		
Jardins de la Mer	143,366	111,345
Steam Clock	37,037	38,359
Weighbridge	24,004	31,001
Promenades	16,911	16,569
General contracts	33,093	42,801
Rates	22,372	22,372
Other	38,121	50,320
	314,904	**312,767**

3.6 Finance income

	2015	2014
	£	£
Bank interest receivable	**12,766**	**41,175**

3.7 Finance costs

	2015	2014
	£	£
Bank interest, fees and charges	**30,205**	**2,098**

3.8 Exceptional items

Items that are material either because of their size or their nature, or that are non-recurring are considered exceptional items and are presented within the line items to which they best relate.

An analysis of the amount presented as exceptional item in these financial statements is given below:

	2015	2014
	£	£
Road and pavement works at the Waterfront	-	57,064
Provision for litigation costs	150,000	-
Property Inventory costs written off	100,119	113,050
	250,119	**170,114**

4. Investment property

	2015 Leasehold	2014 Leasehold
	£	£
Fair value at 1 January	14,238,055	10,716,944
Direct expenditure on investment property	94,752	2,871
Transfer from Property, Plant & Equipment	-	1,244,584
Lease incentives capitalised brought forward	36,945	58,056
Movement in unamortised lease incentives	(21,111)	(21,111)
Net gain from fair value adjustment on investment properties	651,359	2,273,656
Market value at 31 December	15,000,000	14,275,000
Lease incentives – rent free adjustments	(15,834)	(36,945)
Fair value at 31 December	**14,984,166**	**14,238,055**

Notes to the consolidated financial statements (continued)

4 Investment property (continued)

The Group's investment property is measured at fair value. The Group holds 6 classes of investment property all located in Jersey being car parks, offices, a hotel interest, a bus station, a public square with al fresco dining and land upon which a sub-station is located.

Segment	Waterfront & Castle Quay car parks	Office	Hotel Interest	Bus Station	Public Square	Land for a sub-station	2015 Total	2014 Total
Fair Value Hierarchy	3	3	3	3	3	3		
Fair Value 1 January	**9,017,000**	**1,300,000**	**1,650,000**	**1,213,055**	**858,000**	**200,000**	**14,238,055**	**10,716,944**
Additions								
- Direct Expenditure on investment property	94,752		-	-	-	-	94,752	2,871
- Transfer from Property, Plant & Equipment		-	-				-	1,244,584
Net gain / (loss) from fair value adjustments	488,248	(100,000)	100,000	21,111	142,000		651,359	2,273,656
Lease incentives capitalised b/f	-		-	36,945	-	-	36,945	58,056
Movement in unamortised lease incentives	-		-	(21,111)	-	-	(21,111)	(21,111)
Market Value per valuation report as 31 December	**9,600,000**	**1,200,000**	**1,750,000**	**1,250,000**	**1,000,000**	**200,000**	**15,000,000**	**14,275,000**
Lease incentive receivable	-	-	-	(15,834)	-	-	(15,834)	(36,945)
Fair Value at 31 December	**9,600,000**	**1,200,000**	**1,750,000**	**1,234,166**	**1,000,000**	**200,000**	**14,984,166**	**14,238,055**

<u>Valuation processes</u>

The Company has an RICS qualified employee who performs valuations on the investment properties based on the latest independent valuations and taking into account recent market evidence, rental agreements, quality of covenant, yield comparisons and location of the asset. If available, information included in valuation reports prepared by independent valuation experts is taken into consideration. The RICS qualified employee reports directly to the Managing Director and Finance Director who report to the Audit Committee. Discussions of valuation processes and results are held between the Audit Committee, the Managing Director and Finance Director on an annual basis and with independent valuers, at least once every five years.

Independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued the Waterfront Car Park in April 2015, the office on 1 December 2014 and the remaining assets on 31 December 2013.

For all investment properties, their current use equates to the highest and best use.
At each financial year end, the Finance Director:

- Verifies all major inputs to the valuation report;
- Assesses property valuation movements when compared to the prior year valuation report;
- Holds discussion with the internal valuer / independent valuer if an independent valuer has been appointed.

Information about fair value using significant unobservable inputs (Level 3):

Segment	**Valuation - £**	**Valuation technique**	**Avg. Net rental income - £**	**Yield - %**	**Purchaser's costs - %**
Car Parks					
- Waterfront Car Park	9,300,000	All risk yield comparison	794,545	7.75	6.5
- Castle Quay	300,000	All risk yield comparison	18,700	7.00	3.0
Hotel	1,750,000	All risk yield comparison	137,873	7.50	5.0
Offices	1,200,000	All risk yield comparison	119,005	9.75	2.0
Bus Station	1,250,000	All risk yield comparison	100,000	7.50	5.0
Public Square	1,000,000	All risk yield comparison	80,289	7.65	5.0
Land for sub-station	200,000	All risk yield comparison	14,655	7.00	3.0

Notes to the consolidated financial statements (continued)

4 Investment property (continued)

Yield sensitivity analysis:

Segment	-0.5%	0%	+0.5%
Car Parks			
- Waterfront Car Park	9,900,000	9,300,000	8,690,000
- Castle Quay	320,000	300,000	278,000
Hotel	1,870,000	1,750,000	1,640,000
Offices	1,260,000	1,200,000	1,140,000
Bus Station	1,340,000	1,250,000	1,170,000
Public Square	1,070,000	1,000,000	935,000
Land for sub-station	218,000	200,000	190,000

Gross Revenue[3]:

Segment	Form	Gross Revenue - £
Car Parks		
- Waterfront Car Park	cash	458,317
	lease/licence	496,232
- Castle Quay	lease	18,700
Hotel	lease	152,277
Offices	lease	119,005
Bus Station	lease	100,000
Public Square	lease/licence	90,716
Land for sub-station	lease	14,655

There have been no movements between levels 1, 2 and 3 and all investment properties are considered to be level 3.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Financial Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table analyses within the fair value hierarchy the Group's assets and liabilities (by class) not measured at fair value at 31 December 2015 but for which fair value is disclosed.

Assets	Level 1	Level 2	Level 3	Total
Trade and other receivables	-	389,483	-	389,483
Cash and cash equivalents	546,860	-	-	546,860
Total	546,860	389,483	-	936,343
Liabilities				
Provision	-	150,000	-	150,000
Trade and other payables	-	867,344	-	867,344
Borrowings	-	6,954,986	-	6,954,986
Deferred consideration	-	1,500,000	-	1,500,000
Sales deposits	-	47,000	-	47,000
Total	-	9,519,330	-	9,519,330

There were no transfers between levels 1, 2 or 3 during the year.

[3] Inputs relating to gross rental income are based on existing leases on each of the sites noted. Investment income can fluctuate year on year, but is generally considered to be stable across each of the main investment properties.

Notes to the consolidated financial statements (continued)

4 Investment property (continued)

The following table analyses within the fair value hierarchy the Group's assets and liabilities (by class) not measured at fair value at 31 December 2014 but for which fair value is disclosed.

Assets	Level 1	Level 2	Level 3	Total
Trade and other receivables	-	244,634	-	244,634
Cash and cash equivalents	4,094,915	-	-	4,094,915
Total	4,094,915	244,634	-	4,339,549

Liabilities				
Trade and other payables	-	230,457	-	230,457
Total	-	230,457	-	230,457

The assets and liabilities included in the above table are carried at a reasonable approximation of fair value.

Trade receivables include the contractual amounts for settlement of trades and other obligations due to the Group. Trade and other payables represent contract amounts and obligations due by the Group.

5 Property, plant and equipment

	Office Equipment	Events installations and equipment	Total
Cost		£	£
31 December 2014		37,556	37,556
Additions	6,626	10,611	17,237
At 31 December 2015	**6,626**	**48,167**	**54,793**
Depreciation			
31 December 2014	-	32,180	32,180
Charge for year	110	3,129	3,239
At 31 December 2015	**110**	**35,309**	**35,419**
Net Book Value			
At 31 December 2015	**6,516**	**12,858**	**19,374**
At 31 December 2014	-	5,376	5,376

6 Inventories

	2015	2014
	£	£
Freehold land	14,443,363	10,331,513
Leasehold land	18,403,670	17,980,798
Property under construction	9,423,318	2,128,966
Building materials	45,769	45,769
	42,316,120	**30,487,046**

'Freehold land' has increased due to professional fees and expenses being incurred to obtain planning and building consents on the College Gardens development.

'Leasehold land' has increased due to professional fees and expenses being incurred to obtain planning and building consents on various buildings on phase 1 of the Esplanade Quarter development to be known as 'The Jersey International Finance Centre' ("JIFC").

'Property under construction' represents the construction costs, professional fees and expenses on the first building, No 4 JIFC. Whilst construction commenced during 2015, the comparable amount shows the costs incurred on this building prior to 2015.

Notes to the consolidated financial statements (continued)

6 Inventories (continued)

The Company has entered into a fixed price contract with construction firm Camerons Limited to construct No 4 JIFC for completion during February 2017.

Assessment of Net Realisable Value ("NRV")
Inventories are carried at the lower of cost and NRV. The NRV is the estimated selling price in the ordinary course of business less costs to complete the development and selling expenses. The valuation techniques used to determine the NRV are set out in notes 2.7 and 2.22.

Cost information is provided by the Company's professional cost consultants and this information, together with other costs and the sales evidence, is appraised by the Company's RICS qualified employee. The RICS qualified employee reports directly to the Managing Director and Finance Director who report to the Audit Committee. Discussions of valuation processes and results are held between the Audit Committee, the Managing Director and Finance Director on an annual basis.

Following the calculation of the NRV, the RICS employee undertakes a sensitivity analysis to determine the associated risks to changes in market conditions. This process analyses changes to sales value for unsold residential units / unlet office space and changes to estimated costs on projects that have yet to commence and are therefore subject to final tender.

7 Trade and other receivables

	Note	2015	2014
		£	£
Amounts due from related parties	14	11,060	46,761
Trade receivables		10,282	16,851
Lease incentives – rent free periods		15,834	36,945
Other receivables		152,277	132,097
GST Refund		193,347	-
Prepayments		6,683	11,980
		389,483	**244,634**

8 Share capital

Equity share capital	2015	2014
Authorised	£	£
20,000,000 ordinary shares of £1 each	**20,000,000**	**20,000,000**
Issued and fully paid		
20,000,000 ordinary shares of £1 each	**20,000,000**	**20,000,000**

9 Borrowings

All the Group's borrowings are at floating rates of interest. Interest costs may increase or decrease as a result of changes in the interest rates.

	2015	2014
	£	£
Development Loan	3,954,986	-
Revolving Credit Facility	3,000,000	-
	6,954,986	**-**

The borrowings are secured on inventory and investment property. Bank borrowings mature on 6 August 2020.

The fair value of borrowings approximated their carrying value at the date of the statement of financial position.

Notes to the consolidated financial statements (continued)

9 Borrowings (continued)

The Group has the following undrawn floating rate borrowing facilities:

	2015	2014
	£	£
Development Loan	13,045,014	-
Revolving Credit Facility	5,000,000	-
	18,045,014	-

Since the balance sheet date, the Company has extended its Revolving Credit Facility by £2.5m for the purpose of enabling works and other pre-development costs on the Company's College Gardens development.

10 Deferred consideration

The deferred consideration represents the consideration paid for the former Jersey College for Girl's site (now called College Gardens) which is payable to the States of Jersey on completion and sale of the development.

11 Trade and other payables

	Note	2015	2014
		£	£
Amounts due to related parties	14	1,778	2,680
Trade payables		745,199	85,591
Social security		13,958	11,392
Other taxes		11,349	10,297
Other liabilities		13,629	10,299
Accruals and deferred income		81,431	110,198
		867,344	**230,457**

12 Legal action

The Company has two actions against it:

i) Harcourt Developments Limited and associated entities ("Harcourt") has filed an action against the Company. Harcourt is claiming that the Company should not have terminated what it alleges to be an agreement relating to prospective development projects and is claiming damages for breach of contract and / or unjust enrichment. The Company has filed an application to strike out Harcourt's claim.

ii) Hopkins Architects Partnership LLP ("Hopkins") has filed an action against the Company alleging that neither the States of Jersey nor the Company had a copyright licence to use or reproduce the Esplanade Quarter Masterplan that was approved by the States Assembly in 2008 and amended in 2011.

The Company will defend any actions brought about by both Harcourt and Hopkins and has provided a provisional sum of £150,000 in respect to future litigation costs. These actions will not delay any of the Group's current plans or activities.

The Group has no significant contingent liabilities.

13 Subsidiaries

The principal activities of the Company are land and property holding, development and estate management.

It is also the owner of all the equity share capital of the following subsidiary companies all of which are incorporated in Jersey:

	Principal activity	Holding
Waterfront (6C) Limited	Land holding	2 ordinary shares of £1 each
Waterfront (6D) Limited	Land holding	2 ordinary shares of £1 each
Waterfront (6E) Limited	Land holding	2 ordinary shares of £1 each
Waterfront (CP) Limited	Property holding	2 ordinary shares of £1 each
JIFC (1) Limited	Land holding	2 ordinary shares of £1 each

Notes to the consolidated financial statements (continued)

13 Subsidiaries (continued)

	Principal activity	Holding
JIFC (2) Limited	Land holding	2 ordinary shares of £1 each
JIFC (3) Limited	Land holding	2 ordinary shares of £1 each
JIFC (4) Limited	Development & property holding	2 ordinary shares of £1 each
JIFC (5) Limited	Land holding	2 ordinary shares of £1 each
JIFC (6) Limited	Land holding	2 ordinary shares of £1 each
JIFC Management Limited	Land holding	2 ordinary shares of £1 each
College Properties Limited	Land holding	2 ordinary shares of £1 each

14 Related party transactions

The Company

Directors received £428,156 in 2015 comprising salary, emoluments, pension, bonus and benefits (2014: £444,396).

States of Jersey

The Company intermittently purchases services from the States of Jersey on a commercial basis. During the year £4,900 (2014: £30,013) was expended.

The Company submitted planning and building control applications for its various developments and was required to pay planning and building control fees to the States of Jersey for each application. During the year £389,974 (2014: £241,080) was expended.

The States of Jersey receive £45,000 per annum in rental in respect of La Fregate at Les Jardin de la Mer and passes this amount onto the Company as a contribution to the upkeep of Les Jardins de la Mer public park.

In September 2007, a lease was entered into for the new Liberation Station, whereby rental income receivable from the States of Jersey was at a level the Directors consider equivalent to market rates. Rent reviews remain outstanding for both 2012 and 2015. The total recognised in the consolidated statement of comprehensive income for the year ended 31 December 2015 in respect of this contract is £78,889 (2013: £78,889). An insurance premium in respect of Liberation station in the sum of £803 (2014: £1,332) has been recharged to the States of Jersey. Both amounts and remained outstanding at the year end.

The Company receives £759,000 (2014: £759,000) from the States of Jersey in respect of a licence to operate the Esplanade Car Park.

Jersey Electricity Company

The Company has a related party relationship with the Jersey Electricity Company Limited who lease the electricity sub-station located on the Esplanade from the Company on a commercial basis. During the year rentals totalling £14,655 (2014: £14,655) was collected.

The Company intermittently purchases infrastructure items from the Jersey Electricity Company on a commercial basis. During the year £129,305 (2014: £Nil) was expended.

Jersey Telecoms

The Company has a related party relationship with Jersey Telecom Limited, who lease a GSM mast located on La Rue de L'Etau from the Company on a commercial basis. During the year rentals totalling £10,484 (2014: £10,349) were collected.

The Company intermittently purchases equipment for its developments and investments from the Jersey Telecoms on a commercial basis. During the year £6,163 (2014: £Nil) was expended.

Ports of Jersey

The Company has a related party relationship with the Ports of Jersey (Jersey Harbours). The Port of Jersey has an agreement with the Company that allows marina users to park in the Waterfront car park. 50 spaces are permanently available with an additional 100 spaces available at weekends and on Bank holidays. During the year

Notes to the consolidated financial statements (continued)

14 Related party transactions (continued)

£82,950 (2014: £79,000) was received. The Company entered into a further agreement with the Port of Jersey to allow marine traders to use 10 spaces at Castle Quay. During the year £18,700 (2014: £18,000) was received.

In addition, the Company reimburses Ports of Jersey for the electricity used to operate the Steam Clock and surrounding lights. The total cost for 2014 was £7,460 (2014: £8,058).

Ports of Jersey acquired various pieces of the Company's old car park equipment for £7,500 during the year.

The Company undertakes various services for the Ports of Jersey and recharges those costs. Those services amount to £3,850 and was outstanding at the year end.

All income and expenditure for subsidiary companies is taken through the parent company.

Outstanding at 31 December 2015

At 31 December 2015 the following balances were receivable / (payable) as follows:

		2015	2014
		£	£
-	Jersey Property Holdings	-	45,429
-	Ports of Jersey	8,925	-
-	Transport & Technical Services	2,135	1,332
-	Transport & Technical Services	-	(500)
-	Ports of Jersey	(1,778)	(2,180)

15 Pension costs

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when they are due.

Salaries and emoluments include pension contributions of £2,901 (2014: £5,294) which relate to one member of staff (2014:1) who is a member of the Public Employees Contributory Retirement Scheme (PECRS) and who retired during the year. This is a defined benefit pension scheme whose assets are held separately from those of the States of Jersey; however, it is not a conventional defined benefit scheme as the employer is not responsible for meeting any on-going deficiency for the scheme. Reference should be made to the States of Jersey financial statements for the year ended 31 December 2015 for further details of the scheme. Contributions are accounted for within this Group as a defined contribution scheme, as it is a multi-employer scheme. The Group is exempt from the defined benefit pension schemes disclosure requirements as it is a multi-employer scheme and the Group is unable to identify its share of the underlying assets and liabilities of the scheme.

As an admitted body to PECRS the Group has been allocated a proportion of the unfunded liabilities of the scheme which arose in the years up to and including 31 December 1986. With effect from 1 January 2015 the Company was required to fund additional annual contributions amounting to £4,095[4] (2014: £6,463).

16 Immediate and ultimate controlling party

The Company is wholly owned by the States of Jersey which is considered by the Directors to be the immediate and ultimate controlling party.

[4] Payments ceased on the retirement of the member concerned.