STATES OF JERSEY

STATES OF JERSEY DEVELOPMENT COMPANY LIMITED: ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2011

Presented to the States on 24th April 2012
by the Minister for Treasury and Resources

STATES GREFFE

THE STATES OF JERSEY DEVELOPMENT COMPANY LIMITED

Annual Report & Financial Statements
For the year ended 31 December 2011

Chairman's Introduction

The States of Jersey Development Company Limited ("JDC") was formally constituted in June 2011 through a change in name, constitution and remit of the former Waterfront Enterprise Board Limited ("WEB"). WEB had had a controversial existence and had experienced significant instability in its governance arrangements. A report by DTZ for the States observed that in its 15 years of existence it had had seven different chairmanships and four different chief executives, and that it had been operating with an interim chairman for three years.

A strange start

The transition to the JDC saw no immediate change in this trend. The States adopted proposition 73/2010 ("P73/2010"), providing for the new JDC, on 13 October 2010. A formal recruitment exercise for the new Board was commenced and recommendations duly put to the States for approval. However, the States decided to refer the process to a Scrutiny Committee. This led to the chairman-designate and a director-designate withdrawing from the process. I was asked to become interim Chairman for a nine month period. This was far from satisfactory as the Company needs a stable Board, but it was the least unsatisfactory outcome in the circumstances. Accordingly, the Company was reconstituted and the new Board took office on 20 June 2011. In the event the Board, comprising me as interim Chairman, John Tibbo, Nicola Palios, Roger Lewis and the Minister's appointee, Eddie Noel, together with the Managing Director and Finance Director, quickly gelled and got down to work. Although my own appointment was for a nine month period only, I approached the position from the perspective of a permanent chairman, essential given the need of the Company to fulfil the mission given to it by the States.

There was a further change in the Board at the end of the year. Eddie Noel stood down in December 2011, having been appointed Assistant Minister in the Treasury and Resources Department with responsibility for property matters. He has made a very valuable contribution to the work of the new Board and to WEB, and the Company looks forward to continuing to work with him in his new role.

New Managing Director

In November Stephen Izatt stood down from the position of Managing Director after four years. Announcing his departure I commented:

"Stephen Izatt has made a significant contribution to the development of the waterfront and the transition of the Company from the Waterfront Enterprise Board to the States of Jersey Development Company Limited. Given the new expanded remit of The States of Jersey Development Company, it is the right time for the leadership of the Company to change. He will leave the Company with a firm foundation for its new expanded role as a regeneration agency and well placed to complete the development of the Waterfront and the Esplanade Quarter. The Board thanks him for his contribution and wishes him well in the future."

The Board, assisted by its advisers, Odgers Berndston, carefully reviewed the person specification for the Managing Director in the light of the new remit for the Company, in particular the emphasis on delivery in the years immediately ahead. The Board was delighted to be able to promote Lee Henry from the position of Finance and Development Director to Managing Director. Lee has played a major part in the work of the Company over the past few years and is well qualified to lead it in its new role.

The Board is in the process of recruiting a new Finance Director and it is envisaged that the pure finance role can be performed on a part time basis. The new management structure will lead to a reduction in salaries and emoluments of about 17%.

Chairman's Introduction (continued)

Clarity of purpose

One of the major issues in respect to WEB was a lack of clarity as to its status and resultant historic clashes with the then Planning and Environment Committee on planning issues. P73/2010 fully addressed this issue, and JDC now has a clear remit as a delivery agent in respect of the Masterplan for the Waterfront and the regeneration of surplus public land in accordance with decisions taken by the Environment Minister and the Regeneration Steering Group ("RSG"). However, notwithstanding a clear remit agreed by the States, the Company has already had to face one States proposition – effectively to block the development of the Esplanade Quarter - that sought to undo previous decisions. On the advice of the Council of Ministers the Proposition was defeated by 28 votes to 20.

The Waterfront estate

The ongoing business of the Company in managing the Waterfront estate has continued successfully. The first phase of Castle Quay is now nearly complete, and as residential and commercial units are occupied should lead to a more vibrant atmosphere.

Jersey International Finance Centre

The immediate priority for the Company is the development of the first phase of the Esplanade Quarter – broadly covering about half the area of the Esplanade Car Park. The project involves creating a "Jersey International Finance Centre". Phase 1A comprises four buildings with 310,000 square feet of office accommodation, 350 basement car parking spaces and significant public realm.

This project has also proved to be controversial, if only because of misunderstanding, some perhaps deliberate, about what the phase entails. It does not require sinking La Route de la Liberation, still less does it require public money. Rather, it seeks to make more productive use of a prime piece of land, currently used as a surface car park, and in so doing should lead to a substantial dividend in excess of £20 million being paid to the States. Good progress has been made on the scheme, including detailed discussion with several potential tenants. A detailed planning application will be submitted shortly, and the project can be commenced within 12 months of pre-lets being agreed.

Regeneration projects

The significant new task for the Company is to develop assets currently belonging to the Public in designated Regeneration Zones, implementing development in those zones in accordance with approved Masterplans, Development Briefs and relevant guidance prepared by the Environment Minister and as directed by the RSG.

As yet no surplus public land for development has been transferred to the Company but good progress is being made and we expect the first sites to be transferred during 2012. At staff level the Company is working closely with colleagues from States Departments to support the work of the RSG. The Company looks forward to its new role in regenerating sites that in some cases have been empty for years and in so doing creating much needed affordable housing and providing privately financed economic stimulus to the local economy.

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. After a retained profit for the year of £2,076,467 in 2010, caused largely by the timing of overage payments from a development, retained profit for 2011 was £815,331. Development is a long term business and the Company does not expect to realise significant profits until projects currently on the drawing board near completion. However, the Company remains in a very healthy financial position.

Chairman's Introduction (continued)

Board and staff

2011 was a year of huge change for the Company – a new remit, new Board and new Managing Director. I am very grateful to my Board colleagues, John Tibbo, Roger Lewis, Nicola Palios and Eddie Noel, for putting in a huge amount of work to get the new Company firmly established. The staff team worked exceptionally well during this transition, keeping the day-to-day business of the Company running smoothly and efficiently – my thanks to Neil Sproston, Kate Menzies, Jason Maindonald, Julie Gait, Nicole Ashworth and Isabel De Ornelas for making our task much easier. And finally my thanks to Lee Henry, who joined the Board on the day the new Company was established and in the month since his appointment as Managing Director has fully got to grips with the big issues and has justified the decision to appoint him to this important position.

The future

My interim appointment comes to an end in March. The Company needs stability at Board level and I believe that the present Board is well constituted and has quickly developed into an effective team. For these reasons I will put my name forward when recruitment of a permanent Chairman begins early in 2012.

But whoever is appointed Chairman, the Company now has a clear remit and is well placed to deliver the policies of the States of Jersey for the Waterfront and Regeneration Zones.

M J Bolest

Chairman
24 February 2012

Operational Overview

On 13 October 2010 the States of Jersey approved the establishment of the States of Jersey Development Company ("JDC", "the Company"), a successor to the Waterfront Enterprise Board Limited with a change of remit, board and company name and amended Memorandum and Articles of Association.

The Company is a more focused property development vehicle with an island wide remit. The States of Jersey approved the appointment of a new Board of Non-Executive Directors with effect from 20 June 2011 and the Board adopted the new Memorandum and Articles of Association and changed the name of the Company on 24 June 2011. The Company remains wholly owned by the States of Jersey and its share capital remains at £20 million.

The main objectives of the Company are to co-ordinate and implement the comprehensive development of the St. Helier waterfront area and to undertake the regeneration of redundant States' assets within Regeneration Zones in accordance with approved Masterplans and Development Briefs as directed by the Regeneration Steering Group.

Achievements

The overall development plan for the waterfront area of St. Helier remains on track and continues to deliver significant economic, fiscal and amenity value to the Island of Jersey as a whole. During the year under review, the Company has worked closely with its partners in government and industry to ensure quality development of this landmark area, to provide optimum return on investment and also to create a vibrant long-term benefit to all Islanders.

During 2011 the Company has progressed developments which will secure significant returns to the Company in the future.

Activities

Castle Quay Phase 1:

This development by Dandara Jersey Limited is on time and on budget. First occupation of the residential units commenced in December 2010 and the first building, Le Capelain, was completed in April 2011. Phased completion of the second building, Millais, commenced in December 2011 and the entire development will be physically complete in April 2012.

Esplanade Quarter:

The Company is in the process of working up detailed plans to deliver directly the development of the first phase of the Esplanade Quarter. The first phase has been re-branded the Jersey International Finance Centre and will create much needed modern, environmentally efficient office space for the Island's important finance sector. The first phase comprises 4 office buildings totalling c. 310,000 sq. ft. of grade A office space together with 2 levels of below ground parking. Development of these buildings is subject to securing pre-let agreements. The first phase will be delivered on the existing Esplanade car park and does not require any changes to the existing road network. During construction the 520 car parking spaces that are currently on the site will be relocated to a neighbouring waterfront site. Post construction 520 public car parking spaces will be provided in the lower level of the basement. The sinking of La Route de la Liberation does not form part of Phase 1.

The Company is negotiating with a number of leading financial institutions who are already operating on-island whose existing leases are reaching expiry and who are seeking modern flexible space with low whole life operating costs.

Operational Overview (continued)

Financial

The Company generated a retained profit of £815,331 for the financial year ended 31st December 2011 (2010:£2,076,467).

Cash at bank decreased to £6,134,209 (2010:£7,242,739). These funds will be required during 2012 and 2013 to meet pre-development expenses of the Company's development projects. There is a purposeful diversification of banks to minimise risk. Cash is actively managed through a range of fixed term deposits and current accounts.

The Group, being the Company and its subsidiaries, manages net assets of £42,468,219 (2010: £41,613,888).

The Group's current asset investments are carried at the lower of cost and net realisable value with cost being the market value at the date of the original acquisition plus subsequent expenditure incurred. As at 31st December 2011 these totalled £24,627,142 (2010:£22,977,019). The market value of these sites is significantly in excess of these values. The market value will be realised either on sale to a third party or on direct development of the sites by the Company.

The Company continues to maximise income from its estate, comprising car park receipts, rental income and other income, with a resultant income of £1,001,115, an increase of 15% on the previous year (2010:£869,271).

Future

The primary focus for the Company in 2012 is to deliver the first phase of the Jersey International Finance Centre. Commitment from existing on-island financial services companies will illustrate the confidence in the industry to Jersey as a location for offshore finance. The successful delivery of the project will generate significant funds to the Public purse.

The Company will also be progressing plans to regenerate some of the States owned properties that are no longer required for the provision of public services, such as the former Jersey College for Girls at La Pouquelaye. The States has identified that surplus States owned sites could deliver much needed affordable housing and the Company will continue to work closely with colleagues in the States, the Environment Minister and the Regeneration Steering Group to deliver these important projects. Once again profits generated by these developments will be returned to the States by JDC.

Report of the Directors

The Directors present their report and the audited financial statements for the year ended 31 December 2011.

Incorporation

Waterfront Enterprise Board Limited was incorporated in Jersey on 21 February 1996 when 1 million shares of £1 each were issued to the States of Jersey. On 18 March 1997, the Company's authorised share capital was increased from £1 million to £20 million which has been issued and fully paid as at 31 December 2011 and of which 19,999,999 are held by the Greffier of the States on behalf of the States of Jersey and 1 share is held by the Treasurer of the States.

On incorporation the Company was vested with responsibility for the co-ordination and promotion of development in the St Helier Waterfront Area on behalf of the States of Jersey and this mandate was renewed for a period of ten years from 12 December 2006. On 28 April 2002 the States of Jersey resolved to pass legal title to the Company of a number of parcels of land located within the St Helier Waterfront Area which has now been implemented with the exception of two parcels of land.

On 13 October 2010 the States of Jersey approved the establishment of the States of Jersey Development Company Limited, a continuation of Waterfront Enterprise Board Limited but with amended Memorandum and Articles of Association, a more focused remit and a new board. The new company came into effect on 24 June 2011 following adoption by the States of Jersey of P32/2011 appointing a new board of Non-Executive Directors.

Principal activities

The principal activities of the Company and its subsidiary undertakings are property holding, development, car park operation and estate management.

Results

The results for the year are set out in the Consolidated Profit and Loss Account on page 15.

Directors

The Directors who held office during the year were:

Executive Directors
Stephen Izatt (Managing Director) re-appointed 24 June 2011 (resigned 11 November 2011)
Lee Henry (Finance Director) appointed 24 June 2011 (Managing Director) appointed 30 November 2011

Non Executive Directors
Mark Boleat (Chairman) appointed 20 June 2011
Roger Lewis appointed 20 June 2011
Nicola Palios appointed 20 June 2011
John Tibbo re-appointed 20 June 2011
Deputy Eddie Noel re-appointed 20 June 2011 (resigned 15 December 2011)
Peter Crespel (resigned 20 June 2011)
Constable Dan Murphy (resigned 20 June 2011)
Constable John Refault (resigned 17 January 2011)

Report of the Directors (continued)

The Company maintains insurance for its Directors and Officers providing indemnity against certain liabilities which may be incurred by them whilst acting as Officers of the Company.

Company Secretary

The secretary of the Company at 31 December 2011 was Lee Henry, who continued in office for the whole of the year.

Corporate Governance

The Report on Corporate Governance is set out on pages 9 and 10. The Report of the Remuneration Committee is set out on page 11 and 12. Both of these are adopted as part of this report.

Auditors

The auditors, PricewaterhouseCoopers CI LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Directors' responsibilities with regard to the Financial Statements

The Directors are responsible for preparing financial statements for each financial year, for ensuring that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period and are in accordance with applicable laws and UK Accounting Standards ("UK GAAP"). In preparing those financial statements the Directors are required to:-

- 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 confirm that they have complied with the above responsibilities in preparing the financial statements.

Report of the Directors (continued)

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.

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 the 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.

By order of the Board

M J Bulet

For and on behalf of
The States of Jersey Development Company Limited
24 February 2012

Registered Office

Ground Floor
Harbour Reach
La Rue de Carteret
St Helier
Jersey
JE2 4HR

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 and the Memorandum and Articles of Association of the Company. The Board is of the opinion that it has complied with these governing statutes in all material respects.

The Board

The Board currently comprises one Executive Director (the Managing Director), four Non-Executive Directors, one of whom is chairman. The Finance Director's position and the Ministerial appointment ("Ministerial Appointee") on the Board are both currently vacant.

Deputy Eddie Noel previously served as one of the States Non-Executive Directors and was re-appointed from 20 June 2011 as the Ministerial Appointee (resigned 15 December 2011), this position remains vacant at 31 December 2011. The Finance Director position is vacant as at 31 December 2011.

John Tibbo performed the role of Acting Chairman as agreed by the Chief Minister, until the appointment of Mark Boleat on 20 June 2011 as Interim Chairman for a period of nine months.

The Board's principal focus is the overall strategic direction, development and control of the Company. Key matters such as the Company's objectives and commercial strategies, budgets and risk management strategy are reserved for the Board.

The Board met 11 times during 2011 and was quorate on every occasion with attendance recorded in the minutes of each meeting.

Board Committees

- **Audit Committee**

The Audit Committee members are currently Non-Executive Directors, John Tibbo, Roger Lewis, Nicola Palios, under the Chairmanship of John Tibbo. Meetings are also attended by invitation by the Chairman, the Managing Director and the Company Secretary as well as PricewaterhouseCoopers CI LLP, the external auditors. The Audit Committee supports the Board in the execution of its responsibilities to establish and monitor financial reporting and internal control procedures.

The Audit Committee met 2 times during 2011 and there was full attendance at all these meetings.

- **Remuneration Committee**

The Remuneration Committee members are currently Non-Executive Directors, Roger Lewis, Mark Boleat, Nicola Palios and John Tibbo, under the chairmanship of Roger Lewis.

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

The Remuneration Committee met 2 times during 2011 and was quorate on both occasions.

Report on Corporate Governance (continued)

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 internal 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.

- **Financial Information and Control**

  The Company prepares budgets and business plans on an annual basis which are submitted to the Shareholders. Quarterly management accounts are produced which enable the performance of the business against these budgets and business plans to be monitored by the Board. There is an established investment evaluation process to ensure Board approval for all capital expenditure commitments above £5,000 outwith the budget and includes the scrutiny of business plans by the Board.

  The Company also prepares annual and five yearly cashflows which are regularly reviewed and updated and are monitored and approved by the Board.

- **Organisation**

  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 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.

- **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 Audit Committee

Chairman of the Audit Committee
24 February 2012

Report of the Remuneration Committee

The Remuneration Committee ("the Committee") comprises Roger Lewis (Chairman), Mark Boleat, Nicola Palios and John Tibbo, all were appointed members on 24 June 2011.

Peter Crespel (resigned 20 June 2011), Constable Dan Murphy (resigned 20 June 2011), Deputy Eddie Noel (resigned 20 June 2011) and Constable John Refault (resigned 17 January 2011).

The Committee operates under a charter that was ratified by the new Board 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 normally effective from either 1 January or 1 June each year.

Directors' Remuneration

	Salary & Fees*	**Pension****	**Benefits**	**Bonus*****	**2011 Total**	2010 Total
	£	**£**	**£**	**£**	**£**	£
Executive Directors						
Stephen Izatt	152,420	22,863	37,006	35,000	247,289	266,540
Lee Henry	61,121	8,844	550	-	70,515	-
Non-Executive Directors						
Mark Boleat	21,205	-	-	-	21,205	-
John Tibbo	22,987	-	-	-	22,987	32,000
Roger Lewis	7,952	-	-	-	7,952	-
Nicola Palios	7,952	-	-	-	7,952	-
Peter Crespel	5,000	-	-	-	5,000	10,000
Constable Dan Murphy	-	-	-	-	-	-
Deputy Eddie Noel	-	-	-	-	-	-
Constable John Refault	-	-	-	-	-	-
Total	**278,637**	**31,707**	**37,556**	**35,000**	**382,900**	308,540

Stephen Izatt resigned as Managing Director with effect from 11 November 2011.

Lee Henry was appointed to the Board as Finance Director with effect from 24 June 2011, Lee Henry was appointed as Managing Director with effect from 30 November 2011.

* The above salaries and fees only represent part of the year. Full year amounts of salary and fees are as follows:- Lee Henry £145,000 (2011: £115,208), Mark Boleat £40,000, Roger Lewis £15,000, Nicola Palios £15,000 and John Tibbo £15,000.

Report of the Remuneration Committee (continued)

* A termination settlement of £170,000 (not included in salary and fees above) was agreed with the former Managing Director, Stephen Izatt, in respect of the termination of his contract of employment with the Company. The Board determined the amount of the settlement to be appropriate on the basis of Stephen Izatt's contractual entitlement to: (a) a 4 month notice period, and (b) a relocation payment; together with a sum, pursuant to Jersey employment legislation, to cover any potential claim for unfair dismissal by reason of the termination of his contract of employment.

** Lee Henry received pension contributions to the value of £17,281 for the full year 2011.

*** Bonus payments in 2011 related to performance for the year ended 31 December 2010. Lee Henry received a bonus payment of £17,937 in April 2011 relating to the year ended 31 December 2010.

By order of the Remuneration Committee

M J Burleat

Member of the Remuneration Committee
24 February 2012

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

Report on the financial statements
We have audited the accompanying financial statements of The States of Jersey Development Company Limited ("the Company") which comprise the company and consolidated balance sheets as of 31 December 2011 and the consolidated profit and loss account, the consolidated statement of total recognised gains and losses and the consolidated cash flow statement 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 United Kingdom Accounting 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 Company and the Group as of 31 December 2011, and of the financial performance and cash flows of the Group for the year then ended in accordance with United Kingdom Accounting 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 Operational Overview, the Report of the Directors, the Report on Corporate Governance and the Report of the Remuneration Committee.

In our opinion the information given in the Report of the Directors is consistent with the financial statements.

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

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.

Brendan McMahon
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants
Jersey, Channel Islands
24 February 2012

Consolidated Profit and Loss Account
For the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	26	**1,965,409**	3,390,497
Operating costs	26	**(1,702,941)**	(1,346,693)
Profit before exceptional items and interest		**262,468**	2,043,804
Operating exceptional items:			
Permanent changes in carrying value of investment properties	3	**452,059**	37,767
Costs of developing land		-	(51,927)
Costs of States of Jersey Development Company		-	(66,100)
Over provision of costs		-	120
Operating profit	4	**714,527**	1,963,664
Finance income	5	**101,110**	112,988
Finance costs	6	**(306)**	(185)
Retained profit for the year		**815,331**	2,076,467

All the items included in the retained profit for the year relate to continuing operations.

Consolidated Statement of Total Recognised Gains and Losses

	Note	2011 £	2010 £
Retained profit for the year		**815,331**	2,076,467
Movement in the unrealised revaluation of investment properties	3,7	**39,000**	33,000
Total recognised gains and losses for the year		**854,331**	2,109,467

The notes on pages 19 to 30 form part of these financial statements.

Consolidated Balance Sheet
At 31 December 2011

	Note	2011 £	2011 £	2010 £	2010 £
Fixed Assets					
Investment properties	7		**8,673,000**		7,879,000
Other tangible fixed assets	8		**1,322,200**		1,346,849
			9,995,200		9,225,849
Current Assets					
Current asset investments	9	**24,627,142**		22,977,019	
Stock		**45,769**		45,769	
Debtors	10	**2,193,593**		2,795,468	
Cash at bank and in hand		**6,134,209**		7,242,739	
		33,000,713		33,060,995	
Creditors (amounts falling due within one year)	11	**(527,694)**		(422,956)	
Net Current Assets			**32,473,019**		32,638,039
Creditors (amounts falling due after more than one year)	12		**-**		(250,000)
Net Assets			**42,468,219**		41,613,888
Equity shareholders' funds					
Called up share capital	13		**20,000,000**		20,000,000
Profit and loss account	14		**1,936,754**		1,121,423
Revaluation reserve	14		**335,000**		296,000
Capital reserve	14		**20,196,465**		20,196,465
	15		**42,468,219**		41,613,888

The financial statements on pages 15 to 30 were approved by the Board of Directors

on 24 February 2012

and signed on their behalf

By ______________ Managing Director

The notes on pages 19 to 30 form part of these financial statements.

Company
Balance Sheet
At 31 December 2011

	Note	2011 £	2011 £	2010 £	2010 £
Fixed Assets					
Investment properties	7		**8,673,000**		7,879,000
Other tangible fixed assets	8		**1,322,200**		1,346,849
			9,995,200		9,225,849
Current Assets					
Current asset investments	9	**24,627,142**		22,977,019	
Stock		**45,769**		45,769	
Debtors	10	**2,193,593**		2,795,468	
Cash at bank and in hand		**6,134,209**		7,242,739	
		33,000,713		33,060,995	
Creditors (amounts falling due within one year)	11	**(527,702)**		(422,964)	
Net Current Assets			**32,473,011**		32,638,031
Creditors (amounts falling due after more than one year)	12		**-**		(250,000)
Net Assets			**42,468,211**		41,613,880
Equity shareholders' funds					
Called up share capital	13		**20,000,000**		20,000,000
Profit and loss account	14		**1,936,754**		1,121,423
Revaluation reserve	14		**335,000**		296,000
Capital reserve	14		**20,196,457**		20,196,457
	15		**42,468,211**		41,613,880

The financial statements on pages 15 to 30 were approved by the Board of Directors

on 24 February 2012

and signed on their behalf

by ____________ Managing Director

The notes on pages 19 to 30 form part of these financial statements.

Consolidated Cash Flow Statement
For the year ended 31 December 2011

	Note	2011 £	2010 £
Net cash (outflow)/inflow from operating activities	*16*	**(881,257)**	302,294
Returns on investments and servicing of finance	*17*	**75,669**	40,007
Cash (outflow)/inflow before investment activity		**(805,588)**	342,301
Capital expenditure and financial investment		**(302,942)**	-
(Decrease)/Increase in cash in the year		**(1,108,530)**	342,301

Reconciliation of net cash flow to movement in net funds

	2011 £	2010 £
(Decrease)/Increase in cash in the year	**(1,108,530)**	342,301
Net Funds at 1 January	**7,242,739**	6,900,438
Net Funds at 31 December	**6,134,209**	7,242,739

The notes on pages 19 to 30 form part of these financial statements.

Notes to the financial statements for the year ending 31 December 2011

1 Purpose and financing of the Group and the Company

Share Capital

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 Memoradum 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. In 1995 The States of Jersey subscribed £20m of share capital in the Company to finance development projects.

Introduction of property assets

On 28 April 2002 the States of Jersey resolved to pass legal title to the Company of a number of the parcels of land located on the St Helier Waterfront for which the Company had already been delegated management responsibility. In the course of development of the whole scheme, the Company had already commissioned projects to enhance the value of the sites affected. The Company credited the surplus between the development costs incurred at the date of transfer and the fair value of these assets at the date of transfer to a capital reserve in order to reflect the further contribution they represented to the Company by the States of Jersey.

The first of these assets were transferred into the Company's ownership before 31 December 2003, with further transfers being completed during 2004. In 2008 and in accordance with the States of Jersey adopted project P60/2008 'Esplanade Quarter, St. Helier: Masterplan', the Company passed back to the States of Jersey various long leasehold and freehold interests forming the site known as the Esplanade Quarter. In exchange the States of Jersey granted the Company a single 150 year lease which consolidated these land interests.

2 Principal accounting policies

i) Basis of accounting

The financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain leasehold assets held as investment properties, and in accordance with generally accepted accounting principles in the United Kingdom accounting standards. In accordance with Financial Reporting Standard (FRS) 18 the Company's accounting policies are reviewed annually to confirm that they remain appropriate and are in accordance with United Kingdom accounting standards. A summary of the more important policies is set out below.

ii) Basis of consolidation

Investments in subsidiaries are held as current asset investments stated at the lower of cost and net realisable value. Net realisable value is considered to be the likely proceeds on disposal.

The Company has prepared consolidated financial statements in accordance with FRS2 "Accounting for subsidiary undertakings".

The consolidated financial statements of The States of Jersey Development Company Limited comprise the financial statements of The States of Jersey Development Company Limited and its subsidiary undertakings as listed in note 24.

Intra-group transactions are eliminated fully on consolidation.

Notes to the financial statements for the year ending 31 December 2011 (continued)

2 Principal accounting policies (continued)

iii) Investment properties

Investment properties are reflected in the financial statements at market value in accordance with SSAP 19 "Investment Properties". Unrealised surpluses less unrealised deficits on revaluation of investment properties are credited directly to the Revaluation Reserve.

In the event that there is a permanent impairment of investment properties below original cost, the permanent impairment below original cost is taken to the Profit and Loss Account in the year when recognised.

Any increases in value that reverse previously recognised permanent impairments are taken to the Profit and Loss Account to the extent that they reverse the previously recognised permanent impairments below cost and the excess over cost is taken to the Revaluation Reserve.

iv) Tangible fixed assets

Leasehold land and buildings are carried at cost and impairment reviews are undertaken annually.

Any expenditure on developing assets from which the Company expects to derive no economic benefits is taken to the Profit and Loss Account in the year in which it is incurred.

Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided to write off the cost of the assets over their estimated useful lives in equal annual instalments as follows:

Furniture, fittings and equipment	3 – 5 years
Events installations and equipment	5 – 10 years
Estate capital improvements	5 years

v) Current asset investments

Current asset investments comprise freehold and long leasehold land and buildings which the Company intends to develop or to sell to a third party for re-development and are stated at the lower of cost and net realisable value. Net realisable value is considered to be the likely proceeds on disposal.

The cost is determined by the opening market value at the date of acquisition and subsequent expenditure incurred after acquisition.

On acquisition the difference between the market value and the cost incurred by the Company in relation to the asset prior to acquisition is taken to a capital reserve account. Any decrease in value is taken to the Profit & Loss Account.

Acquisition and disposal is considered to have taken place when a legally binding, unconditional and irrevocable contract has been entered into.

vi) Deferred consideration

Deferred consideration arises when freehold or leasehold land and buildings previously classified as a current asset investment are sold but receipt of the consideration is deferred until a future date or dates. If the receipt of the deferred consideration is virtually certain then the asset is recognised at the net present value of the estimated future cash flows in accordance with Financial Reporting Standard (FRS) 12. The unwinding of the discount is recognised annually in the Profit and Loss Account as finance income. If the realisation of deferred consideration is less than reasonably certain, because it is subject to the outcome of relevant future events, but is nevertheless probable, then the future value of these contingent assets is disclosed.

Notes to the financial statements for the year ending 31 December 2011 (continued)

2 Principal accounting policies (continued)

vii) Pension costs

Employer's contributions to pension costs are charged to the Profit and Loss Account as they become payable (see note 20). Contributions to the Public Employees Contributory Retirement Scheme, a defined benefit scheme, are accounted for as if it were a defined contributions scheme.

viii) Taxation

The Company is exempt from paying Income Tax in Jersey. On 19 October 2007 the Minister for Treasury and Resources exempted the Company and its associated enterprise 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.

ix) Turnover

Turnover represents the value of the consideration received on the disposal of current asset investments when the rights and rewards of ownership are transferred by the Company, rental income, car park receipts and other income. Turnover is recognised as follows:-

- Income from car park receipts is recognised on a cash basis.
- Rental income comprises income from operating leases net of GST and is recognised on a straight line basis over the lease term.
- Other income is recognised on an accruals basis.
- Disposal of a current asset investments are recognised when a legally binding, unconditional and irrevocable contract has been entered into.

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 UITF 28 "Operating Lease Incentives" and are recognised on a straight line basis over the lease term.

x) Bank interest

Bank interest is accounted for on an accruals basis.

xi) Legal, consultancy and professional costs

Legal, consultancy and other professional fees relating to investigations, other studies and land/buildings previously sold are written off in the Profit and Loss Account. Costs relating to current asset investments are capitalised.

xii) Cash

Cash comprises cash in hand and bank deposits.

xiii) Stock

Stock consists of raw materials which are held at the lower of cost and net realisable value.

Notes to the financial statements for the year ending 31 December 2011 (continued)

3 Operating exceptional items: permanent changes in carrying value of investment properties

As explained in note 2(iii) assets acquired which the Company intends to retain as investment property are shown in the financial statements at market value.

On 31 December 2011 the Company revalued the underground car park in La Rue du Port Elizabeth, the Waterfront Car Park. The leasehold tenure of the car park was acquired in 2004 when the market value of this property together with the related infrastructure costs identified a deficit of £6,260,516 that was expected to be permanent and was therefore charged to the Profit and Loss Account in that year. The latest valuation was performed internally by a qualified RICS Valuation Surveyor. This revaluation generated an increase of £501,059 (2010: decrease £3,233) and has been taken to the Profit and Loss Account.

In 2008 the Company undertook the regeneration of the Weighbridge. The costs of the landscaping, developing the new public square together with associated road and pedestrian crossings works, exceeded the commercial value. The deficit of £1,951,290 was expected to be permanent and was therefore charged to the Profit and Loss Account between 2007 and 2008. On 31 December 2011 the Company revalued its land ownership of the Weighbridge. The revaluation identified a reduction in value of £105,000 (2010:increase £97,000) and has been taken to the Profit and Loss Account. The latest valuation was performed internally by a qualified RICS Valuation Surveyor.

On 31 December 2011 the Company revalued its interest in the Radisson Waterfront Hotel. The internal revaluation generated an increase of £103,000 (2010:decrease £123,000) of which £56,000 was taken to the Profit and Loss Account to reverse the 2010 write down and £47,000 was taken to the Revaluation Reserve. The latest valuation was performed internally by a qualified RICS Valuation Surveyor.

4 Operating profit

	2011	2010
Operating profit is stated after charging:	**£**	£
Auditors' remuneration – audit	**32,656**	31,183
Directors' remuneration	**552,900**	308,540
Employees emoluments and associated costs	**435,856**	467,010
Depreciation	**24,650**	50,364

5 Finance income

	2011	2010
	£	£
Bank interest receivable	**75,975**	40,192
Interest receivable on deferred consideration	**25,135**	72,796
	101,110	112,988

6 Finance costs

	2011	2010
	£	£
Bank fees and charges	**306**	185

Notes to the financial statements for the year ending 31 December 2011 (continued)

7 Investment properties

Group and Company	2011	2010
	£	£
At 1 January	**7,879,000**	7,808,233
Additional investment property/capital improvements	**302,941**	-
Permanent changes in carrying value of investment properties	**452,059**	37,767
Unrealised revaluation of investment properties	**39,000**	33,000
At 31 December	**8,673,000**	7,879,000

Investment properties comprise the following assets:-

Property	Tenure	Description	Valuation as at 31 December 2011
Waterfront car-park	150 Year Leasehold	500 space car-park located on La Route de Port Elizabeth	Internal
Liberation Station	150 Year Leasehold	Bus station located at Liberty Wharf	Internal
Radisson Hotel	150 Year Leasehold	Financial interest in a 195 bed four star hotel on La Rue de L'Etau	Internal
Weighbridge	150 Year Leasehold	Public square with alfresco dining	Internal
JEC sub-station	150 Year Leasehold	Land upon which sub-station is located at Liberty Wharf	Internal
Castle Quay	999 Year Leasehold	Car parking spaces in the basement of Castle Quay	Internal

Internal valuations were undertaken by a qualified RICS valuation surveyor who is an employee of the Company.

On 31 December 2011 the Company revalued its ownership of the transportation centre at Liberty Wharf. The revaluation identified a deficit of £6,000 (2010: increase £46,000) which was taken to the Revaluation Reserve.

On 31 December 2011 the Company revalued its land ownership of a JEC sub-station at Liberty Wharf. The revaluation identified a deficit of £2,000 (2010: increase £54,000) which was taken to the Revaluation Reserve.

£452,059 was taken to the Profit and Loss Account:- £557,059 related to the reversal of previous write downs and £(105,000) related to permanent diminution in value (see note 3) (2010: £37,767).

£39,000 was taken to the Revaluation Reserve:- increases in value of £47,000 and decreases in value £8,000 (see note 3) (2010: £33,000).

Notes to the financial statements for the year ending 31 December 2011 (continued)

8 Other tangible fixed assets

Group and Company

Cost	Leasehold Land and Buildings £	Events installations and equipment £	Estate Capital Improvement £	Total £
At 31 December 2011	**1,552,025**	**31,056**	**95,716**	**1,736,039**
Depreciation				
31 December 2010	252,025	21,580	58,342	389,189
Charge for year	-	2,000	22,650	24,650
At 31 December 2011	**252,025**	**23,580**	**80,992**	**413,839**
Net Book Value				
At 31 December 2011	**1,300,000**	**7,476**	**14,724**	**1,322,200**
At 31 December 2010	1,300,000	9,475	37,374	1,346,849

9 Current asset investments

	Note	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Subsidiary undertakings	*24*	**-**	-	**9,536,533**	9,245,572
Freehold land		**9,536,533**	9,245,572	**-**	-
Leasehold land		**15,090,609**	13,731,447	**15,090,609**	13,731,447
		24,627,142	22,977,019	**24,627,142**	22,977,019

In the opinion of the Directors the net realisable value of the current asset investments is not less than their carrying values.

Note: As from 1 January 2012 the Company will receive the net car parking revenue from the Esplanade public car park. This car park will continue to be operated by Transport and Technical Services Department and the Company will dividend the receipts to the States of Jersey Treasury on an annual basis.

10 Debtors

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Amounts due from the States of Jersey	**25,112**	48,535	**25,112**	48,535
Trade debtors	**46,502**	95,790	**46,502**	95,790
Deferred consideration	**1,835,831**	2,513,516	**1,835,831**	2,513,516
Other debtors	**273,436**	127,717	**273,436**	127,717
Prepayments	**12,712**	9,910	**12,712**	9,910
	2,193,593	2,795,468	**2,193,593**	2,795,468

Note: In accordance with Financial Reporting Standard (FRS) 12, in the event the deferred consideration is virtually certain then the asset is recognised at the net present value of the estimated future cash flows. The

Notes to the financial statements for the year ending 31 December 2011 (continued)

10 Debtors (continued)

deferred consideration relates to Castle Quay Phase 1 overages receivable following disposal of interests in land and buildings.

The directors' consider receipt of the deferred consideration virtually certain based on legally binding pre-sales agreements in place at the year end. It is expected that the whole deferred consideration will be received during 2012. The deferred consideration as at 31 December 2011 is the directors' best estimate based on the terms of the Development Agreement, the value of the legally binding pre-sale agreements, Jersey Retail Price Index projections and having applied a discount. In accordance with the Castle Quay Development Agreement 25% of overages receivable are held in escrow until 2 years post practical completion of each sub-phase. These escrow amounts can be used to offset negative overage positions and receipt of the funds in escrow is therefore not certain and has not been provided for. As at 31 December 2011 £464,332 was held in escrow (2010:£nil). Additional overages may be payable in respect of car parking spaces at Castle Quay Phase 1. The Company is currently negotiating this position with the developer.

11 Creditors: amounts falling due within one year

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Amounts due to subsidiary undertakings	**-**	-	**8**	8
Amounts due to the States of Jersey	**26,480**	23,292	**26,480**	23,292
Trade creditors	**170,338**	98,488	**170,338**	98,488
Other creditors	**14,554**	13,204	**14,554**	13,204
Accruals and deferred income	**316,322**	287,972	**316,322**	287,972
	527,694	422,956	**527,702**	422,964

12 Creditors: amounts falling due after more than one year

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Accruals and deferred income	**-**	250,000	**-**	250,000

13 Called up share capital

Equity share capital

	2011	2010
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

Notes to the financial statements for the year ending 31 December 2011 (continued)

14 Reserves

Group	*Capital Reserve*	*Revaluation Reserve*	*Profit and Loss Account*	*Total*
	£	£	£	£
At 31 December 2010	20,196,465	296,000	1,121,423	**21,613,888**
Retained profit for the year	-	-	815,331	**815,331**
Movement in the unrealised revaluation of investment properties	-	39,000	-	**39,000**
At 31 December 2011	**20,196,465**	**335,000**	**1,936,754**	**22,468,219**

Company	*Capital Reserve*	*Revaluation Reserve*	*Profit and Loss Account*	*Total*
	£	£	£	£
At 31 December 2010	20,196,457	296,000	1,121,423	**21,613,880**
Retained profit for the year	-	-	815,331	**815,331**
Movement in the unrealised revaluation of investment properties	-	39,000	-	**39,000**
At 31 December 2011	**20,196,457**	**335,000**	**1,936,754**	**22,468,211**

15 Reconciliation of movements in shareholders' funds

	Group		**Company**	
	2011	2010	**2011**	2010
	£	£	**£**	£
Retained profit for the year	**815,331**	2,076,467	**815,331**	2,076,467
Increase in unrealised revaluation of investment properties	**39,000**	33,000	**39,000**	33,000
Opening equity shareholders' funds	**41,613,888**	39,504,421	**41,613,880**	39,504,413
Closing shareholders' funds	**42,468,219**	41,613,888	**42,468,211**	41,613,880

Notes to the financial statements for the year ending 31 December 2011 (continued)

16 Reconciliation of operating profit for the year to net cash inflow from operating activities

	2011	2010
	£	£
Operating profit	**767,468**	1,963,664
Depreciation (notes 2iv and 9)	**24,650**	50,364
Exceptional Items (note 3)	**(505,000)**	(37,767)
(Increase) in current asset investments	**(1,650,123)**	(1,115,328)
Decrease/(Increase) in debtors	**627,010**	(731,791)
(Decrease)/Increase in creditors	**(145,262)**	173,152
Net cash (outflow)/ inflow from operating activities	**(881,257)**	302,294

The changes in debtors for the year ended 31 December 2011 as disclosed above do not correspond to the changes in the corresponding values as disclosed in the consolidated balance sheet. These differences arise as a result of non cash transactions as set out in note 18.

17 Returns on investments and servicing of finance

	2011	2010
	£	£
Bank interest received	**75,975**	40,192
Bank interest paid	**(306)**	(185)
Total	**75,669**	40,007

18 Major non cash transactions

During the year the Group recorded the following major non cash transactions:

	2011	2010
	£	£
Interest receivable on the net present value of deferred consideration in respect of land and buildings sold (note 5)	**(25,135)**	(72,796)

Notes to the financial statements for the year ending 31 December 2011 (continued)

19 Pension costs

Salaries and emoluments include pension contributions of £11,174 (2010: £11,054) which relate to one member of staff (2010:1) who is a member of the Public Employees Contributory Retirement Scheme (PECRS). 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 2011 for further details of the scheme. Contributions are accounted for within this Company as a defined contribution scheme, as it is a multi-employer scheme.

The Actuarial valuation of the scheme as at 31 December 2007, dated 2 July 2009, indicated that the Scheme had a deficit of £63.2m.

As an admitted body to PECRS the Company 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 of 1 January 2011 the Company is required to fund additional annual contributions amounting to £5,976 (2010: £5,856). This figure is subject to annual adjustment by reference to the percentage increase of the average pensionable earnings of all members of the scheme.

It is the understanding of the Directors that the Company will not be required to fund any other part of the deficit relating to the PECRS pension scheme.

Salaries and emoluments include pension contributions of £69,770 (2010: £69,815) which relate to staff who have personal pension plans that are defined contribution schemes. In 2011 the Company had 6 members of staff in such schemes (2010:6).

20 Commitments

The Group has commitments at the year end as follows:

	2011	2010
	£	£
Authorised but not yet contracted for	**1,147,642**	756,885

21 Contingent Asset

Under the terms of the lease between the Company and Jersey Waterfront Hotel Holdings Limited ("JWHHL"), JWHHL were entitled to two years discounted rent. The value of this discount was reimbursable in the event JWHHL achieved a surplus after the deduction of all allowable costs. The reimbursable amount totals £112,638 and its payment is contingent upon the waterfront hotel's performance.

22 Legal action

Harcourt Developments Limited 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. The Company will defend the action brought about by Harcourt and does not envisage the action will delay any of its current plans and activities.

Notes to the financial statements for the year ending 31 December 2011 (continued)

23 Related party transactions

Directors received £552,900 in 2011 comprising salary, emoluments, pension, bonus and benefits (2010: £308,540).

The Company intermittently purchases services from the States of Jersey on a commercial basis and during the year £18,257 (2010:£124,890) was expended in this regard.

In September 2007, a lease was entered into for the new Liberation Station, whereby rental income receivable from the States of Jersey is at a level the Directors consider to be equivalent to market rates. The total recognised in the Profit and Loss Account for the year ended 31 December 2011 in respect of this contract is £78,889 (2010:£78,889).

Balances with the States of Jersey at the balance sheet date are disclosed in notes 10 and 11.

The Company intermittently purchases goods and services on a commercial basis from corporate bodies that are wholly or partially owned by the States of Jersey. During the year purchases were made from the following corporate bodies: The Jersey Electricity Company Limited £66,223 (2010:£79,582), The Jersey New Waterworks Company Limited £9,933 (2010:£16,457) and Jersey Telecom Limited £10,402 (2010:£10,841).

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 £15,205 (2010:£9,349) were collected.

The Company has a related party relationship with Jersey Telecom Limited who lease the location of a GSM mast located on La Rue de L'Etau from the Company on a commercial basis. During the year rentals totalling £9,391 (2010: £9,139) were collected.

The Company has a related party relationship with the Port 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 £40,177 (2010: £21,600) was received.
In addition the Company reimburses the Port of Jersey for the electricity used to operate the Steam Clock and surrounding lights. The total cost for 2011 was £7,972 (2010: £10,028).

24 Subsidiaries

The principal activities of the Company are land and property holding, development and 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 5A – B Limited	Dormant Company	2 ordinary shares of £1 each
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

Notes to the financial statements for the year ending 31 December 2011 (continued)

25 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.

26 Detailed analysis of turnover and operating costs

	2011 £	2010 £
Turnover		
Proceeds on disposal of land and assets	**940,177**	2,513,516
Car park receipts	**610,068**	529,357
Rental income	**292,956**	234,989
Other income	**98,091**	104,925
Reimbursement of costs	**24,117**	7,710
	1,965,409	3,390,497
Operating Costs		
Salaries and emoluments	**988,756**	775,550
Premises and establishment	**104,333**	80,334
Estate Management	**392,401**	326,341
Legal, consultancy and professional	**67,040**	59,018
Depreciation of tangible fixed assets	**24,650**	50,364
Audit	**32,656**	31,183
Other operating expenses	**18,004**	23,903
SoJDC establishment costs	**75,101**	-
	1,702,941	1,346,693

Notes: 'Rental income' is income from investment properties. 'Other income' is ad hoc income from other tangible fixed assets or current asset investments.