
STATES OF JERSEY



WATERFRONT ENTERPRISE BOARD LIMITED: ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2010

**Presented to the States on 5th July 2011
by the Minister for Treasury and Resources**

STATES GREFFE

WATERFRONT ENTERPRISE BOARD LIMITED

**Annual Report & Financial Statements
For the year ended 31 December 2010**

WATERFRONT ENTERPRISE BOARD LIMITED

Operational Overview

Waterfront Enterprise Board Ltd (the "Company", "WEB") was set up as a development agency of the States of Jersey and given full responsibility for the co-ordination and promotion of development in the St Helier waterfront area. The Company which is wholly owned by the States of Jersey was incorporated on 21 February 1996 with 1 million shares of £1 each with the authorised and issued share capital being increased to £20 million on 18 March 1997.

On 13 October 2010 the States of Jersey approved the establishment of the States of Jersey Development Company ("SoJDC"), a successor to WEB with amended Memorandum and Articles of Association. This property company will be a more focused development delivery vehicle with an island wide remit and is expected to operate from April 2011, following the appointment of a new board.

Achievements

Despite difficult global economic conditions, the Company has overcome considerable challenges to produce an increased operating profit, an increase in net asset value and reduced operating costs during 2010.

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 2010 the Company has progressed developments and achieved key planning permissions which will secure significant returns to the Company in the future.

Activities

There are four sites remaining for development on the West of Albert, namely: Esplanade Quarter, Castle Quay Phase 2, Zephyrus and Westwater. All of these sites now have planning permissions.

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 Capelin, will be fully occupied by mid 2011. This property is currently 96% pre-sold.

Lettings of the commercial units have also progressed with key tenants agreed. An M&S convenience store will be opening in Spring/Summer 2011 and additionally, key medical facilities will be available for residents.

Castle Quay Phase 2:

Planning permission for the second phase of Castle Quay was granted in 2010. The plan comprises three towers providing 280 residential units, nearly 2,000 square metres of commercial space and 204 car parking spaces.

Esplanade Quarter:

Outline planning permission for the Esplanade Quarter was granted in August 2010 following the negotiation and completion of a Planning Obligation Agreement.

WATERFRONT ENTERPRISE BOARD LIMITED

Operational Overview (continued)

Esplanade Quarter (continued):

The Company is keen to progress development of this area to create much needed modern, environmentally efficient office space for the Island's important finance sector. The development will be undertaken in a phased manner with Phase 1A comprising 4 office buildings totalling c. 300,000 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 and entering into a Memorandum of Understanding with the Minister for Treasury and Resources (as per SoJDC adopted proposals). 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 but who are seeking modern flexible space with low whole life operating costs.

World acclaimed architects have been appointed to design these build-to-suit offices. During the year, the Design Codes for the Esplanade Quarter have been adopted by the Minister for Planning and Environment within the amended Waterfront Supplementary Planning Guidance.

Liberty Wharf:

Practical completion of the final phase took place during the year and the Company received its final staged land payment. The shopping mall opened in Autumn 2010 with M&S Home as the anchor tenant.

Westwater:

This project comprising 11 luxury apartments facing St. Aubins Bay will be progressed subject to securing the requisite number of pre-sales to underwrite the costs.

Zephyrus:

The Company secured planning permission during the year for 58 apartments, ground floor commercial space and underground parking. Zephyrus and Westwater complete the south-western section of the waterfront development. Once again, the Company has worked closely with the Planning and Environment Department to ensure this development achieves the essential criteria of what Islanders expect from their waterfront.

Financial

The Company generated a profit of £2,076,467 for the financial year ended 31st December 2010 (2009:£530,059).

Cash at bank increased to £7,242,739 (2009:£6,900,438). These funds will be required during 2011 to meet pre-development expenses of the Company's development projects.

The Group, being the Company and its subsidiaries, manages an asset base of £41,613,888 (2009:£39,504,421).

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 2010 these totalled £22,977,019 (2009:£21,861,691). The open market value of these current asset investments is estimated to be £71,000,000 as at 31st December 2010 (2009:£71,000,000).

The Company continues to maximise income from its estate with a resultant income of £869,271, an increase of 17% on the previous year (2009:£745,431).

WATERFRONT ENTERPRISE BOARD LIMITED

Operational Overview (continued)

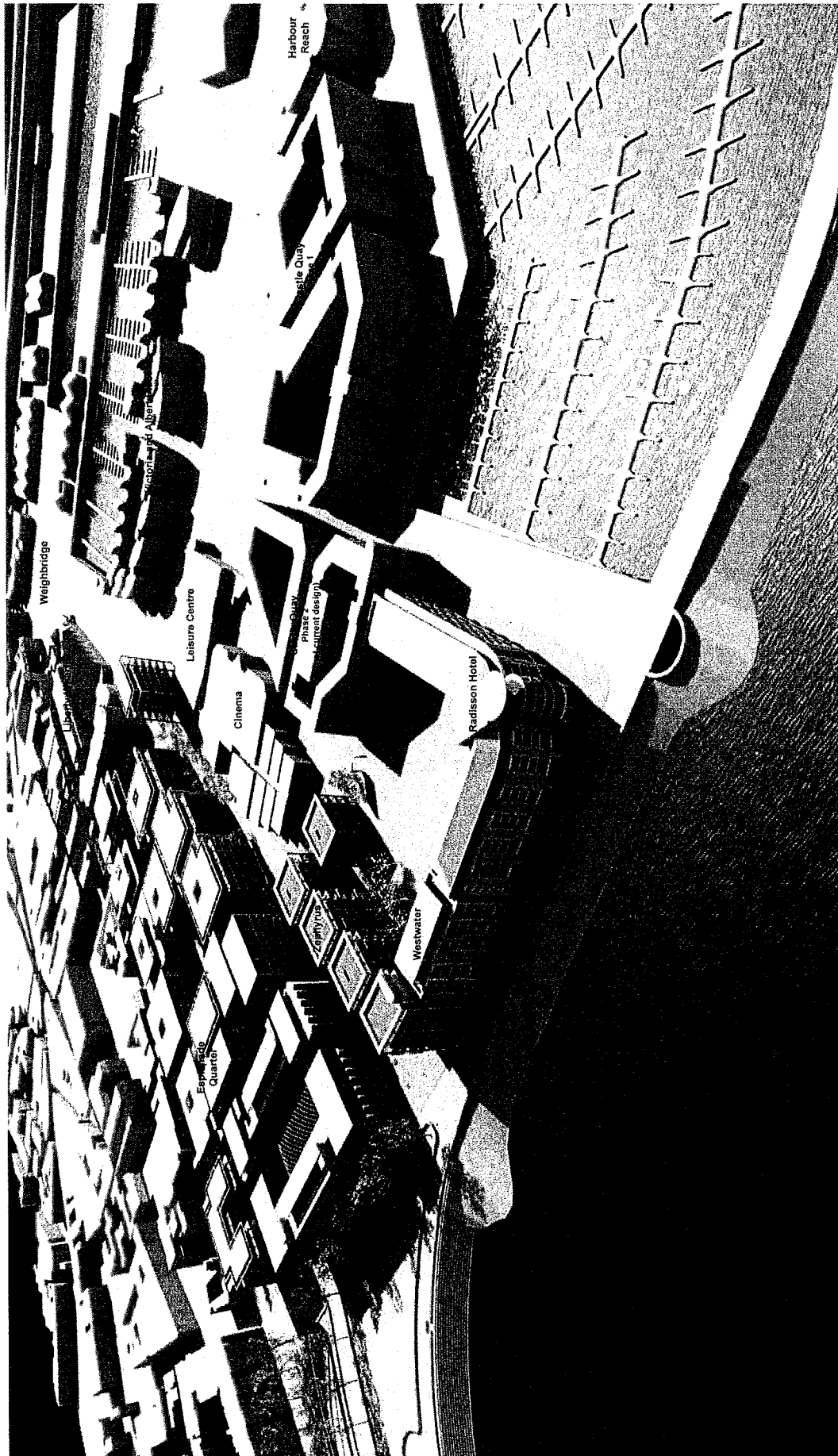
Financial (continued)

During the year the Company made strenuous efforts to reduce operating costs by 2% to £1,346,693 (2009:£1,377,231).

Future

SoJDC will continue the activities previously undertaken by the WEB in the development of the St. Helier Waterfront but will also purchase and develop property assets that are required to achieve the regeneration strategies set by the Regeneration Steering Group.

Building on the corporate structure already in existence within WEB, SoJDC will, in conjunction with the private sector, act as the developer of property assets currently belonging to the Public of Jersey where the asset is not otherwise required to meet States of Jersey needs or where such properties are integral to the delivery of a Regeneration Zone.



WATERFRONT ENTERPRISE BOARD LIMITED

Report of the Directors

The Directors present their report and the audited financial statements for the year ended 31 December 2010.

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 2010 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, a continuation of Waterfront Enterprise Board Limited but with amended Memorandum and Articles of Association. This property company will be a focused development delivery vehicle with an island wide remit. It is expected to operate from April 2011, following the appointment of a new board. The 2011 Annual Report and Financial Statements will, therefore, be prepared in the name of the States of Jersey Development Company Limited operating as a continuation of Waterfront Enterprise Board Limited.

Principal activities

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

Results

The results for the year are set out in the Consolidated Profit and Loss Account on page 13.

Dividend

The Directors do not propose to pay a dividend for the year.

Directors

The Directors who held office during the year were:

Executive Director

Mr S R Izatt (Managing Director)

Non Executive Directors

Jurat J C Tibbo (Acting Chairman)

Mr P J Crespel

Constable D Murphy

Constable J Refault (resigned 17 January 2011)

Deputy E Noel

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 2010 was Mr L R Henry, who continued in office for the whole of the year.

Corporate Governance

A detailed statement on Corporate Governance is set out on pages 8 and 9. A statement on Directors' remuneration is set out on page 10. Both of these statements 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.

WATERFRONT ENTERPRISE BOARD LIMITED

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 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



For and on behalf of
Waterfront Enterprise Board Limited
14 February 2011

Registered Office

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

WATERFRONT ENTERPRISE BOARD LIMITED

Report on Corporate Governance

The Directors are committed to maintaining a high standard of Corporate Governance and fulfilling their responsibilities in accordance with Jersey Company Law and the Memorandum and Articles of Association of the Company. The Board is of the opinion that it has materially complied with these governing statutes.

The Board

The Board currently comprises one executive director (the Managing Director) and four non-executive directors, two of whom are members of the States of Jersey ("States Directors"). Constable Refault served throughout 2010 as a States Director (resigned 17 January 2011). Since the removal of Mr F G Voisin by the States of Jersey on 4 July 2008 Jurat J C Tibbo has performed the role of Acting Chairman as agreed with the Chief Minister of the States of Jersey.

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 17 times during 2010 and was quorate on every occasion with attendance recorded in the minutes of each meeting.

Board Committees

- **Audit Committee**

The Audit Committee currently comprises the two Non-States Non-Executive Directors and one States Non-Executive Director, Deputy E Noel, under the Chairmanship of Jurat J C Tibbo. Meetings are also attended by invitation by the Deputy Treasurer of the States of Jersey, 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 3 times during 2010 and there was full attendance at all these meetings.

- **Remuneration Committee**

The Remuneration Committee currently comprises States Non-Executive Directors, Constable D. Murphy, Deputy E Noel (appointed 12 January 2010) and Constable J. Refault (resigned 17 January 2011) and Non-States Non-Executive Director Mr P. J. Crespel. 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 twice during 2010 and was quorate on both occasions.

- **Internal Control**

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness 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.

WATERFRONT ENTERPRISE BOARD LIMITED

Report on Corporate Governance (continued)

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.

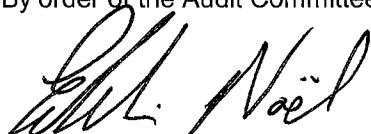
- **Audit Committee**

The Audit Committee reviews the effectiveness of the internal control process 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 Chief Minister acting as the Company's sponsor. 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



Member of the Audit Committee

14 February 2011

WATERFRONT ENTERPRISE BOARD LIMITED

Report of the Remuneration Committee

The Remuneration Committee comprises Mr P J Crespel and the States Non-Executive Directors, Constable D Murphy and Deputy Noel (appointed 12 January 2010) and Constable J Refault (resigned 17 January 2011). The Committee operates under a charter that was ratified by the Board on 25 July 2005.

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 Managing Director's remuneration is a decision taken by the full Board (excluding the Managing Director).

Changes to salaries and remuneration payments are normally effective from either 1 January or 1 June each year.

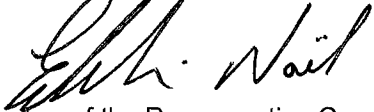
Directors' Remuneration

	Salary & Fees £	Benefits* £	Bonus £	2010 Total £	2009 Total £
Executive Director					
Mr S R Izatt	175,610	11,647	21,951	209,208	229,757
Non Executive Directors					
Jurat J C Tibbo	32,000	-	-	32,000	32,000
Mr P J Crespel	10,000	-	-	10,000	10,000
Deputy E Noel	-	-	-	-	-
Constable J Refault	-	-	-	-	-
Constable D Murphy	-	-	-	-	-
Total	217,610	11,647	21,951	251,208	271,757

*The Managing Director received an accommodation allowance not included in benefits above with the value of £30,990 (2009: £30,990).

In addition to the remuneration disclosed above, pension contributions were paid in respect of the Managing Director to the value of £26,342 (2009: £26,342)

By order of the Remuneration Committee


Member of the Remuneration Committee
14 February 2011

WATERFRONT ENTERPRISE BOARD LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WATERFRONT ENTERPRISE BOARD LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Waterfront Enterprise Board Limited ("the Company") which comprise the consolidated and company balance sheet as of 31 December 2010 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 notes.

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 2010, 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

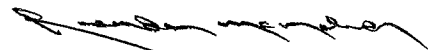
We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises the Operational Overview, the Report of the Directors, 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.

WATERFRONT ENTERPRISE BOARD LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WATERFRONT ENTERPRISE BOARD 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

14 February 2011

WATERFRONT ENTERPRISE BOARD LIMITED

Consolidated Profit and Loss Account For the year ended 31 December 2010

	<i>Note</i>	2010 £	2009 £
Turnover	26	3,390,497	766,505
Operating costs	26	(1,346,693)	(1,377,231)
Profit/(loss) before exceptional items and interest		2,043,804	(610,726)
Operating exceptional items:			
Permanent changes in carrying value of investment properties	3	37,767	985,233
Costs of developing land		(51,927)	(143,362)
Costs of States of Jersey Development Company		(66,100)	-
Costs of providing community benefits		-	(50,000)
Over provision of costs		120	102,007
Operating profit	4	1,963,664	283,152
Finance income	5	112,988	247,078
Finance costs	6	(185)	(171)
Retained profit for the year		2,076,467	530,059

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

There are no material differences between operating profit and retained profit and the historical cost equivalents.

Consolidated Statement of Total Recognised Gains and Losses

	<i>Note</i>	2010 £	2009 £
Profit for the year		2,076,467	530,059
Movement in the unrealised revaluation of investment properties	3,7	33,000	7,000
Total recognised gains and losses for the year		2,109,467	537,059

The notes on pages 17 to 28 form part of these financial statements.

WATERFRONT ENTERPRISE BOARD LIMITED

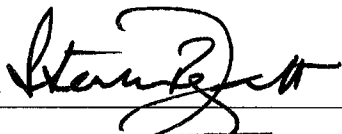
Consolidated Balance Sheet At 31 December 2010

		2010		2009	
	Note	£	£	£	£
Fixed Assets					
Investment properties	7	7,879,000		7,808,233	
Other tangible fixed assets	8	1,346,849		1,397,213	
		9,225,849		9,205,446	
Current Assets					
Current asset investments	9	22,977,019		21,861,691	
Stock		45,769		45,769	
Debtors	10	2,795,468		1,990,881	
Cash at bank and in hand		7,242,739		6,900,438	
		33,060,995		30,798,779	
Creditors (amounts falling due within one year)					
Creditors and accruals	11	(422,956)		(499,804)	
		32,638,039		30,298,975	
Creditors (amounts falling due after more than one year)					
	12	(250,000)		-	
		41,613,888		39,504,421	
Equity shareholders' funds					
Called up share capital	13	20,000,000		20,000,000	
Profit and loss account	14	1,121,423		(955,044)	
Revaluation reserve	14	296,000		263,000	
Capital reserve	14	20,196,465		20,196,465	
	15	41,613,888		39,504,421	

The financial statements on pages 13 to 28 were approved by the Board of Directors

On ¹⁴ February 2011

and signed on their behalf

By  Managing Director

The notes on pages 17 to 28 form part of these financial statements.

WATERFRONT ENTERPRISE BOARD LIMITED

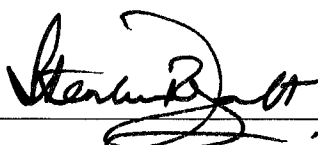
**Company
Balance Sheet
At 31 December 2010**

	Note	2010		2009	
		£	£	£	£
Fixed Assets					
Investment properties	7	7,879,000		7,808,233	
Other tangible fixed assets	8	1,346,849		1,397,213	
		9,225,849		9,205,446	
Current Assets					
Current asset investments	9	22,977,019		21,861,691	
Stock		45,769		45,769	
Debtors	10	2,795,468		1,990,881	
Cash at bank and in hand		7,242,739		6,900,438	
		33,060,995		30,798,779	
Creditors (amounts falling due within one year)					
Creditors and accruals	11	(422,964)		(499,812)	
Net Current Assets		32,638,031		30,298,967	
Creditors (amounts falling due after more than one year)					
	12	(250,000)		-	
Net Assets		41,613,880		39,504,413	
Equity shareholders' funds					
Called up share capital	13	20,000,000		20,000,000	
Profit and loss account	14	1,121,423		(955,044)	
Revaluation reserve	14	296,000		263,000	
Capital reserve	14	20,196,457		20,196,457	
	15	41,613,880		39,504,413	

The financial statements on pages 13 to 28 were approved by the Board of Directors

on ¹⁴ February 2011

and signed on their behalf

by  Managing Director

The notes on pages 17 to 28 form part of these financial statements.

WATERFRONT ENTERPRISE BOARD LIMITED

Consolidated Cash Flow Statement For the year ended 31 December 2010

		2010	2009
		£	£
Net cash inflow from operating activities	Note 16	302,294	1,302,090
Returns on investments and servicing of finance	17	40,007	76,281
Cash inflow before investment activity		342,301	1,378,371
Net cash outflow from non-operating activities	18	-	(96,125)
Increase in cash in the year		342,301	1,282,246

Reconciliation of net cash flow to movement in net funds

	2010	2009
	£	£
Increase in cash in the year	342,301	1,282,246
Net Funds at 1 January	6,900,438	5,618,192
Net Funds at 31 December	7,242,739	6,900,438

Net funds comprise cash

The notes on pages 17 to 28 form part of these financial statements.

WATERFRONT ENTERPRISE BOARD LIMITED

Notes to the financial statements for the year ending 31 December 2010

1 Purpose and financing of the Group and the Company

Share Capital

The Company was formed to manage the development of the St Helier Waterfront area on behalf of the States of Jersey. The Company is responsible for the developments which will be financed from share capital issued by the Company, other capital receipts and grants from the States of Jersey as well as from third party financing where required. The States of Jersey has 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. 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

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

The consolidated financial statements of Waterfront Enterprise Board Limited comprise the financial statements of Waterfront Enterprise Board Limited and its subsidiary undertakings as listed in note 24.

Intra-group transactions are eliminated fully on consolidation.

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.

WATERFRONT ENTERPRISE BOARD LIMITED

Notes to the financial statements for the year ending 31 December 2010 (continued)

2 Principal accounting policies (continued)

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.

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.

WATERFRONT ENTERPRISE BOARD LIMITED

Notes to the financial statements for the year ending 31 December 2010 (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 on an accruals basis.

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 shorter of the lease term or period up to the initial rent review date.

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) Leases

Payments for operating leases are accounted for on an accruals basis.

Receipts from leases received from tenants are accounted for on an accruals basis.

xiii) Cash

Cash comprises cash in hand and bank deposits.

xiv) Banking facility

The Company has an undrawn overdraft facility of £500,000 secured against the Liberty Wharf development agreement.

WATERFRONT ENTERPRISE BOARD LIMITED

Notes to the financial statements for the year ending 31 December 2010 (continued)

2 Principle accounting policies (continued)

xv) Stock

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

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 2010 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 externally by BNP Paribas Real Estate. This revaluation generated a decrease of £(3,233) (2009: increase £827,233) and has been taken to the Profit and Loss Account as a write down.

In 2006 the Company funded a landscaping programme on La Route de la Liberation, the Esplanade and the Castle Street roundabout and 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 2010 the Company revalued its land ownership of the Weighbridge. The revaluation generated an increase of £97,000 (2009: £158,000) and has been taken to the profit and loss account as a partial reversal of the write downs. The latest valuation was performed internally by a qualified RICS Valuation Surveyor.

On 31 December 2010 the Company revalued its interest in the Radisson Waterfront Hotel. The initial external valuation, that was undertaken by CBRE in December 2008, was based on expectations that have subsequently changed; the hotel is trading at beyond occupancy expectations but the commercial rates in the current economic climate are lower than forecast in the valuation. The internal revaluation generated a decrease of £123,000 (2009: £nil) of which £56,000 was assessed as permanent and taken to the profit and loss account and £67,000 was taken to the revaluation reserve. The latest valuation was performed internally by a qualified RICS Valuation Surveyor.

4 Operating profit

	2010	2009
	£	£
Operating profit is stated after charging:		
Auditors' remuneration – audit	31,183	30,500
Directors' remuneration	308,540	329,089
Employees emoluments and associated costs	467,010	501,159
Depreciation	50,364	53,484

WATERFRONT ENTERPRISE BOARD LIMITED

Notes to the financial statements for the year ending 31 December 2010 (continued)

5 Finance income

	2010	2009
	£	£
Bank interest receivable	40,192	76,452
Interest receivable on deferred consideration	72,796	170,626
	112,988	247,078

6 Finance costs

	2010	2009
	£	£
Bank fees and charges	185	171

7 Investment properties

Group and Company	2010	2009
	£	£
At 1 January 2010	7,808,233	6,816,000
Permanent changes in carrying value of investment properties	37,767	985,233
Unrealised revaluation of investment properties	33,000	7,000
At 31 December 2010	7,879,000	7,808,233

Investment properties comprise the following assets:-

Property	Tenure	Description	Valuation as at 31 December 2010
Waterfront car-park	Long Leasehold	500 space car-park located on La Route de Port Elizabeth	External
Liberation Station	Long Leasehold	Bus station located at Liberty Wharf	Internal
Radisson Hotel	Long Leasehold	Financial interest in a 195 bed four star hotel on La Rue de L'Etou	Internal
Weighbridge	Long Leasehold	Public square with alfresco dining	Internal
JEC sub-station	Long Leasehold	Land upon which sub-station is located at Liberty Wharf	Internal

WATERFRONT ENTERPRISE BOARD LIMITED

Notes to the financial statements for the year ending 31 December 2010 (continued)

7 Investment Properties (continued)

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

On 31 December 2010 the Company revalued its ownership of the transportation centre at Liberty Wharf. The revaluation generated an increase of £46,000 (2009: £nil) which was taken to the revaluation reserve.

On 31 December 2010 the Company revalued its land ownership of a JEC sub-station at Liberty Wharf. The revaluation generated an increase of £54,000 (2009: £7,000) which was taken to the revaluation reserve.

The external valuation was undertaken by BNP Paribas Real Estate and has been prepared in accordance with United Kingdom Generally Accepted Accounting Principles (UK GAAP) and with the RICS Valuation Standards – UK Practice Statement 1 (Valuations for Financial Statements). The valuations have been prepared in accordance with the current edition (6th) of the Valuation Standards (the Red Book) issued by the IVSC of the Royal Institution of Chartered Surveyors.

£37,767 was taken to the profit and loss account:- £97,000 related to the reversal of previous write downs and £(59,233) related to permanent diminution in value (see note 3) (2009: £985,233 related to the reversal of previous write downs).

£33,000 was taken to the revaluation reserve:- increases in value of £100,000 and decreases in value £67,000 (see note 3) (2009: £7,000).

8 Other tangible fixed assets

Group and Company

Cost	Leasehold Land and Buildings £	Furniture, fittings and equipment £	Events installations and equipment £	Estate Capital Improvement £	Total £
At 31 December 2010	1,552,025	57,242	31,056	95,716	1,736,039
Depreciation					
31 December 2009	252,025	33,388	17,423	35,990	338,826
Charge for year	-	23,854	4,158	22,352	50,364
At 31 December 2010	252,025	57,242	21,581	58,342	389,190
Net Book Value					
At 31 December 2010	1,300,000	-	9,475	37,374	1,346,849
At 31 December 2009	1,300,000	23,854	13,633	59,726	1,397,213

WATERFRONT ENTERPRISE BOARD LIMITED

Notes to the financial statements for the year ending 31 December 2010 (continued)

9 Current asset investments

	Note	Group		Company	
		2010	2009	2010	2009
		£	£	£	£
Subsidiary undertakings	24	-	-	9,245,572	8,443,663
Freehold land and buildings		9,245,572	8,443,663	-	-
Leasehold land and buildings		13,731,447	13,418,028	13,731,447	13,418,028
		22,977,019	21,861,691	22,977,019	21,861,691

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

10 Debtors

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Amounts due from the States of Jersey	48,535	881	48,535	881
Trade debtors	95,790	12,570	95,790	12,570
Deferred consideration due within one year	-	1,769,000	-	1,769,000
Deferred consideration due after more than one Year	2,513,516	-	2,513,516	-
Other debtors	127,717	197,455	127,717	197,455
Prepayments	9,910	10,975	9,910	10,975
	2,795,468	1,990,881	2,795,468	1,990,881

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 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 2010 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.

11 Creditors: amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Amounts due to subsidiary undertakings	-	-	8	8
Amounts due to the States of Jersey	23,292	25,483	23,292	25,483
Trade creditors	98,488	79,188	98,488	79,188
Other creditors	13,204	13,144	13,204	13,144
Accruals and deferred income	287,972	381,989	287,972	381,989
	422,956	499,804	422,964	499,812

WATERFRONT ENTERPRISE BOARD LIMITED

Notes to the financial statements for the year ending 31 December 2010 (continued)

12 Creditors: amounts falling due after more than one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Accruals and deferred income	250,000	-	250,000	-

13 Called up share capital

Equity share capital

	2010	2009
	£	£
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

14 Reserves

Group	Capital Reserve	Revaluation Reserve	Profit and loss account	Total
	£	£	£	£
At 31 December 2009	20,196,465	263,000	(955,044)	19,504,421
Retained profit for the year	-	-	2,076,467	2,076,467
Movement in the unrealised revaluation of investment properties	-	33,000	-	33,000
At 31 December 2010	20,196,465	296,000	1,121,423	21,613,888

Company	Capital Reserve	Revaluation Reserve	Profit and loss account	Total
	£	£	£	£
At 31 December 2009	20,196,457	263,000	(955,044)	19,504,413
Retained profit for the year	-	-	2,076,467	2,067,467
Movement in the unrealised revaluation of investment properties	-	33,000	-	33,000
At 31 December 2010	20,196,457	296,000	1,121,423	21,613,880

WATERFRONT ENTERPRISE BOARD LIMITED

Notes to the financial statements for the year ending 31 December 2010 (continued)

15 Reconciliation of movements in shareholders' funds

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Retained profit for the year	2,076,467	530,059	2,076,467	530,059
Increase in unrealised revaluation of investment properties	33,000	7,000	33,000	7,000
Opening equity shareholders' funds	39,504,421	38,967,362	39,504,413	38,967,354
Closing shareholders' funds	41,613,888	39,504,421	41,613,880	39,504,413

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

	2010 £	2009 £
Operating profit	1,963,664	283,152
Depreciation (notes 2iv and 8)	50,364	53,484
Costs of providing community benefits	-	96,125
Exceptional Items (note 3)	(37,767)	(985,233)
(Increase) in current asset investments	(1,115,328)	(528,683)
(Increase) in stock	-	(45,769)
(Increase)/decrease in debtors	(731,791)	3,112,961
Increase/(decrease) in creditors	173,152	(683,947)
Net cash inflow from operating activities	302,294	1,302,090

The changes in debtors for the year ended 31 December 2010 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 19.

17 Returns on investments and servicing of finance

	2010 £	2009 £
Bank interest received	40,192	76,452
Bank interest paid	(185)	(171)
Total	40,007	76,281

WATERFRONT ENTERPRISE BOARD LIMITED

Notes to the financial statements for the year ending 31 December 2010 (continued)

18 Net cash outflow from non-operating activities

	2010	2009
	£	£
Costs of providing community benefit	-	(96,125)

19 Major non cash transactions

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

	2010	2009
	£	£
Interest receivable on the net present value of deferred consideration in respect of land and buildings sold (note 5)	(72,796)	(170,626)

20 Pension costs

Salaries and emoluments include pension contributions of £11,054 (2009: £11,138) which relate to one member of staff (2009:1) 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 2010 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 2010 the Company is required to fund additional annual contributions amounting to £5,856 (2009: £5,940). 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 £69,815 (2009: £70,717) which relate to staff who have personal pension plans that are defined contribution schemes. In 2010 the Company had 6 members of staff in such schemes (2009: 6).

WATERFRONT ENTERPRISE BOARD LIMITED

Notes to the financial statements for the year ending 31 December 2010 (continued)

21 Commitments

The Group has commitments at the year end as follows:

	2010	2009
	£	£
Authorised but not yet contracted for	756,885	100,000

22 Legal obligations

The Castle Quay Development Agreement entered into on 25 June 2008 provided Dandara (Jersey) Limited through its subsidiary Castle Quay Developments Limited ("Castle") with an option to purchase Castle Quay Phase 2 at an agreed base price which is subject to indexation based on Jersey Retail Price Index together with planning coverage for improvements in the residential and commercial content and sales coverage in the event of uplifts in end values. The purchase of the Phase 2 site (which is held in Waterfront 6C Limited) is subject to a number of pre-conditions which need to be fulfilled by 25 April 2011. Castle has a further 30 days to complete the purchase. If Castle does not fulfil all Conditions Precedent by 25 April 2011 WEB may serve a notice requiring Castle to fulfil all outstanding Conditions Precedent within (not less than) 6 months of the date of the notice. If Castle failed to fulfil such outstanding Conditions Precedent within the period of time specified in WEB's notice, the provisions of the Development Agreement in respect of Phase 2 would terminate.

23 Related party transactions

The Company intermittently purchases services from the States of Jersey on a commercial basis and during the year £124,890 (2009:£141,304) was expended in this regard.

In September 2007, a new 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 2010 in respect of this contract is £78,889 (2009:£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 £79,582 (2009:£92,488), The Jersey New Waterworks Company Limited £16,457 (2009:£17,814) and Jersey Telecom Limited £10,841 (2009:£9,826).

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 £9,349 (2009:£9,413) 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 £9,139 (2009: £9,003) were collected.

WATERFRONT ENTERPRISE BOARD LIMITED

Notes to the financial statements for the year ending 31 December 2010 (continued)

24 Subsidiaries

The principal activities of the Company are 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	Property Holding	2 ordinary shares of £1 each
Waterfront 6C Limited	Property Holding	2 ordinary shares of £1 each
Waterfront 6D Limited	Property Holding	2 ordinary shares of £1 each
Waterfront 6E Limited	Property Holding	2 ordinary shares of £1 each

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

	2010	2009
	£	£
Turnover		
Proceeds on disposal of land and assets	2,513,516	3,894
Car park receipts	529,357	487,888
Rental income	234,989	192,204
Other income	104,925	65,339
Reimbursement of costs	7,710	17,180
	3,390,497	766,505
Operating Costs		
Cost of land and assets sold	-	232
Salaries and emoluments	775,550	830,248
Premises and establishment	80,334	93,979
Estate Management	326,341	328,588
Legal, consultancy and professional	59,018	31,244
Depreciation of tangible fixed assets	50,364	53,484
Audit	31,183	30,500
Other operating expenses	23,903	8,956
	1,346,693	1,377,231

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