WATERFRONT ENTERPRISE BOARD LIMITED

Annual Report & Accounts
For the year ended 31 December 2009

Operational Overview

Waterfront Enterprise Board Ltd (the "Company") 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 is wholly owned by the States of Jersey. The Company was incorporated on 21 February 1996 with 1 million shares of £1 each. On 18 March 1997, the Company's authorised share capital was increased to £20 million.

The objectives of the Company are set out in the Articles of Association:

i) To promote, co-ordinate and implement a comprehensive strategy for the development of the St. Helier Waterfront area as shown on Map No: 3-92 approved by the States on 10th November, 1992 (the "Waterfront").

ii) To exercise administrative control over the use of the land and the adjacent shore and water areas in the Waterfront and to liaise and consult with all relevant committees of the States of Jersey and other governmental and regulatory authorities in relation to investment in infrastructure projects in and development of the Waterfront.

Achievements

Despite challenging circumstances operationally and economically the Company has increased asset value while controlling costs.

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 as a whole.

The Company has worked closely with its partners in government and industry to ensure quality development of this landmark area, to provide return on investment and create a vibrant long-term benefit to all Islanders.

Developments

Some key developments have progressed satisfactorily during 2009 but there have been significant delays to others that have been caused by factors beyond the Company's control. Despite this, the Company has continued to work solely in the best interests of the public of Jersey by ensuring good design, robust development terms and significant return on investment.

Castle Quay Phase 1: This development by Dandara Jersey Limited is on time and on budget. Public interest in the project is significant with most of the units pre-sold and the first residents are expected to move in this year. Lettings of the commercial units have also proved attractive with key tenants agreed, including world-renowned chef and restaurateur Marco Pierre White who will open two signature restaurants and a bar on the site: La Maree, The Rib Room and Oyster Bar. This commitment and international presence will add greatly to the contribution the Waterfront makes to the vitality of Island life.

Castle Quay Phase 2: The planning application for the second phase of Castle Quay was submitted to the Minister for Planning and Environment on 16 December 2009. The plan comprises three towers providing 280 residential units, nearly 2,000 square metres of commercial space and 204 car parking spaces.

Operational Overview (continued)

Esplanade Quarter: The Company is keen to progress development of the Esplanade Quarter that will create much needed modern, environmentally efficient office space for the Island's important finance sector. However, the Company also has a responsibility to safeguard the interests of the States and public of Jersey and was not prepared to continue working with the developer of the site. Harcourt Developments Limited was unable to satisfy the Company as to its financial capability to complete the project or to agree the terms of the draft Development Agreement. Accordingly the Company decided it was in the public interest to terminate negotiations with Harcourt in July 2009. The Company remains committed to the development of this important site. Following extensive public consultation and a rigorous independent inspection, the Minister for Planning and Environment has indicated he is minded to approve the Esplanade Quarter planning application subject to a number of conditions. The Company has concentrated on meeting these conditions and has worked closely with officers of the Planning and Environment and Transport and Technical Services departments to agree a draft Planning Obligation Agreement for the development. Final approval for the scheme is still awaited from the Minister.

Liberty Wharf: It is expected that this development will be completed and occupied during 2010, with key areas already let to major international businesses.

Westwater: Work on this high quality residential scheme of 11 luxury apartments was halted when the developer was unable to satisfy the conditions precedent of the Development Agreement. The Company believes that this development is of significant value to the overall site and is considering undertaking the project in its own name, subject to securing the requisite number of pre-sales to underwrite the costs.

Zephyrus: The Company worked with the internationally renowned firm Hopkins Architects to design the Zephyrus development that comprises 58 modern apartments, ground floor commercial space and underground parking. Zephyrus and Westwater complete the western section of the Waterfront development to complement and soften the impact of the Waterfront hotel. 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. A thorough and detailed application was submitted on a 'fast-track' basis in July 2009. Once planning permission is granted a suitable developer will be sought for the project.

Financial

Delays caused by factors beyond the Company's control have had an impact on income for 2009. Despite this, a profit of £530,059 has been achieved for the financial year.

Cash at bank increased by £1.3million in the year, and at year-end stood at £6.9million.

The Company was unable to carry out a number of land sale transactions as a result of the delays mentioned above and therefore concentrated on maximising income from its estate with a resultant profit of £373,250. Investment properties also increased in value as a result, notably the Waterfront Car Park with an increase of £827,233 and the Weighbridge up by £158,000.

The Group, being the Company and its subsidiaries, manages an asset base of £39,504,421 which is an increase of £537,059 on the previous financial year.

The Group's current asset investments are carried at the opening market value at the date of acquisition plus subsequent expenditure incurred. As at 31 December 2009 these totalled £21,861,691 (2008: £21,333,008). The open market value of these current asset investments based on third party valuations, where available, at 31 December 2009 totalled £71,000,000 (2008: £61,350,000). These valuations assume the progression of the developments as detailed on pages 1 and 2 upon receipt of planning permissions.

The Company made strenuous efforts to control and, where possible, reduce operating costs.

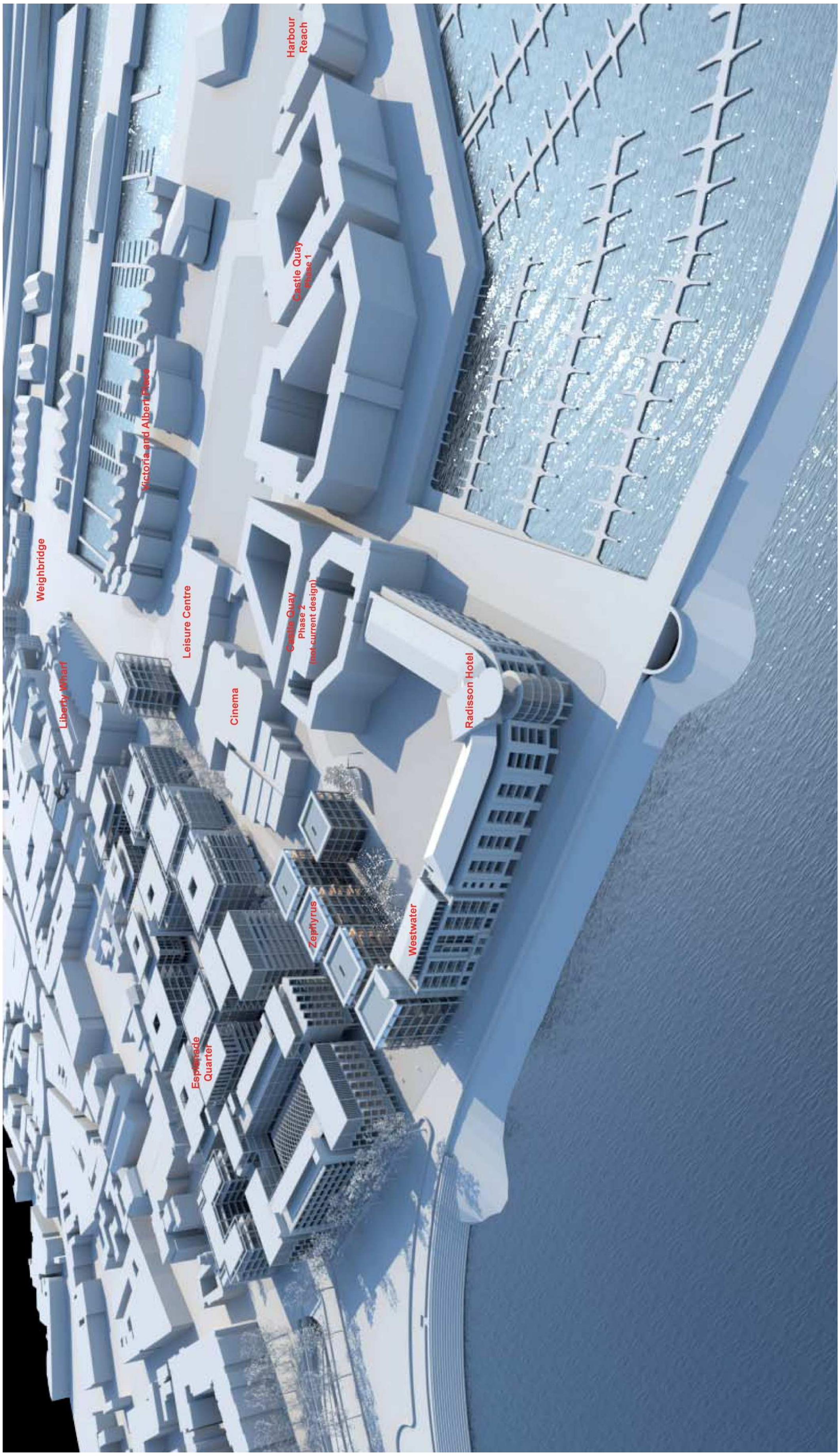
Operational Overview (continued)

Future

Westwater and Zephyrus, subject to final consent, will provide much needed residential and commercial space that would otherwise need to be built on alternative sites in the Island. These two developments alone will contribute approximately £35million to the construction industry.

The Company believes it has a significant role to play not only in the future economic prosperity of the Island, but also in contributing to the provision of land for development within the urban area thereby protecting the Island's countryside. The Company has an established team of professionals with international experience able to progress the development of the Waterfront. The Company accepts that it must work hard to realise an acceptable return on investment for the public of Jersey by developing the waterfront site to its full potential, and recognises it also has a responsibility to demonstrate to residents and government that the development strategy meets their economic, aesthetic and environmental aspirations.

The Company remains committed to achieving these aims throughout 2010 and beyond.


Harbour Reach
Castle Quay Phase 1
Victoria and Albert Place
Weighbridge
Leisure Centre
Castle Quay Phase 2 (not current design)
Liberty Wharf
Cinema
Radisson Hotel
Zephyrus
Westwater
Esplanade Quarter

Zephyrus, Westwater and the Radisson Hotel

Report of the Directors

The Directors present their report and the audited financial statements for the year ended 31 December 2009.

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 2009 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.

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 14.

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) reappointed 1 September 2009
Mr P J Crespel reappointed 1 September 2009
Senator P Routier retired 31 March 2009
Mrs J Huet retired 31 March 2009
Constable D Murphy appointed 1 April 2009
Constable J Refault appointed 1 April 2009
Deputy E Noel appointed 1 April 2009

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 2009 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 9 and 10. A statement on Directors' remuneration is set out on page 11. 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. 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.

By order of the Board

S R Izatt

For and on behalf of
Waterfront Enterprise Board Limited
11 February 2010

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, in accordance with Jersey Company Law and in accordance with its Memorandum and Articles of Association. 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 five non-executive directors, three of whom are members of the States of Jersey ("States Directors"). 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 15 times during 2009 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 (appointed 21 April 2009), 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 2009 and there was full attendance at all these meetings.

- **Remuneration Committee**

  The Remuneration Committee currently comprises two States Non-Executive Directors, Constable D Murphy and Constable J Refault, and 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 on 27 January 2009, was attended by Senator P Routier and Mr P J Crespel and was quorate.

- **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.

Report on Corporate Governance (continued)

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

- **Board Reports**

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

- **Financial Information and Control**

The Company prepares budgets and business plans on an annual basis which are submitted to the Shareholders. The performance of the business against these budgets and business plans is 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

P J Crespel

Acting Chairman of the Audit Committee
11 February 2010

Report of the Remuneration Committee

The Remuneration Committee comprises Mr P J Crespel and two of the States Non-Executive Directors, Senator P Routier (retired 31 March 2009), Mrs J Huet (retired 31 March 2009), Constable D Murphy (appointed 21 May 2009) and Constable J Refault (appointed 21 April 2009). 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.

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

Directors' Remuneration

	Salary & Fees £	**Benefits* £**	**Bonus £**	**2009 Total £**	2008 Total £
Executive Director					
Mr S R Izatt	175,610	11,647	42,500	229,757	211,291
Non Executive Directors					
Mr F G Voisin	-	-	-	-	15,478
Jurat J C Tibbo	32,000	-	-	32,000	21,785
Mr P J Crespel	10,000	-	-	10,000	10,000
Senator P Routier	-	-	-	-	-
Deputy J Huet	-	-	-	-	-
Deputy E Noel	-	-	-	-	-
Constable J Refault	-	-	-	-	-
Constable D Murphy	-	-	-	-	-
Total	**217,610**	**11,647**	**42,500**	**271,757**	258,554

*The Managing Director received an accommodation allowance not included in benefits above with the value of £30,990 (2008: £30,000).

In addition to the remuneration disclosed above, pension contributions were paid in respect of the Managing Director to the value of £26,342 (2008: £25,500)

By order of the Remuneration Committee

P J Crespel

Chairman of the Remuneration Committee
11 February 2010

PRICEWATERHOUSECOOPERS

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 which comprise the consolidated and company balance sheet as of 31 December 2009 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 and fair presentation of these financial statements in accordance with United Kingdom Accounting Standards and with the requirements of Jersey law. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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.

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 2009, 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
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 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 110 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.

PricewaterhouseCoopers CI LLP

PricewaterhouseCoopers CI LLP
Chartered Accountants
Jersey, Channel Islands
12 February 2010

Consolidated Profit and Loss Account
For the year ended 31 December 2009

	Note	**2009** **£**	2008 £
Turnover	*26*	**766,505**	12,160,089
Operating costs	*26*	**(1,377,231)**	(4,938,442)
(Loss)/profit before exceptional items and interest		**(610,726)**	7,221,647
Operating exceptional items: permanent changes in carrying value of properties	*3*	**985,233**	18,556
Costs of developing land		**(143,362)**	(1,646,682)
Costs of assets written down		**-**	(76,909)
Costs of providing community benefits	*2xvi)*	**(50,000)**	(219,472)
Over provision of costs	*2xvi)*	**102,007**	-
Operating Profit	*4*	**283,152**	5,297,140
Finance income	*5*	**247,078**	359,118
Finance costs	*6*	**(171)**	(92,846)
Retained profit for the year		**530,059**	5,563,412

All the items included in the retained profit for 2009 and 2008 relate to continuing operations.

There are no material differences between profit on ordinary activities before taxation and the historical cost equivalents.

Consolidated Statement of Total Recognised Gains and Losses

	Note	**2009** **£**	2008 £
Profit for the year		**530,059**	5,563,412
Unrealised surplus/(deficit) on revaluation of properties	*3,7*	**7,000**	(314,650)
Total recognised gains and losses for the year		**537,059**	5,248,762

The notes on pages 18 to 30 form part of these financial statements.

Consolidated Balance Sheet
At 31 December 2009

	Note	2009 £	2009 £	2008 £	2008 £
Fixed Assets					
Investment properties	*7*		**7,808,233**		6,816,000
Other tangible assets	*8*		**1,397,213**		1,450,697
			9,205,446		8,266,697
Current Assets					
Current asset investments	*9*	**21,861,691**		21,333,008	
Stock	*2xv)*	**45,769**		-	
Debtors	*10*	**1,990,881**		4,933,216	
Cash at bank and in hand		**6,900,438**		5,618,192	
		30,798,779		31,884,416	
Creditors (amounts falling due within one year)					
Creditors and accruals	*11*	**(499,804)**		(1,183,751)	
Net Current Assets			**30,298,975**		30,700,665
Net Assets			**39,504,421**		38,967,362
Equity shareholders funds					
Called up share capital	*12*		**20,000,000**		20,000,000
Profit and loss account	*13*		**(955,044)**		(1,485,103)
Revaluation reserve	*13*		**263,000**		256,000
Capital reserve	*13*		**20,196,465**		20,196,465
	14		**39,504,421**		38,967,362

The financial statements on pages 14 to 30 were approved by the Board of Directors

On 11 February 2010

and signed on their behalf

S R Izatt

By__________________________ Managing Director

The notes on pages 18 to 30 form part of these financial statements.

Company
Balance Sheet
At 31 December 2009

	Note	2009 £	2009 £	2008 £	2008 £
Fixed Assets					
Investment properties	*7*		**7,808,233**		6,816,000
Other tangible assets	*8*		**1,397,213**		1,450,697
			9,205,446		8,266,697
Current Assets					
Current asset investments	*9*	**21,861,691**		21,333,008	
Stock	*2xv)*	**45,769**			
Debtors	*10*	**1,990,881**		4,933,216	
Cash at bank and in hand		**6,900,438**		5,618,192	
		30,798,779		31,884,416	
Creditors (amounts falling due within one year)					
Creditors and accruals	*11*	**(499,812)**		(1,183,759)	
Net Current Assets			**30,298,967**		30,700,657
Net Assets			**39,504,413**		38,967,354
Equity shareholders funds					
Called up share capital	*12*		**20,000,000**		20,000,000
Profit and loss account	*13*		**(955,044)**		(1,485,103)
Revaluation reserve	*13*		**263,000**		256,000
Capital reserve	*13*		**20,196,457**		20,196,457
	14		**39,504,413**		38,967,354

The financial statements on pages 14 to 30 were approved by the Board of Directors

on 11 February 2010

and signed on their behalf

S R Izatt

by ___________________________ Managing Director

The notes on pages 18 to 30 form part of these financial statements.

Consolidated Cash Flow Statement
For the year ended 31 December 2009

	Note	2009 £	2008 £
Net cash inflow from operating activities	*15*	**1,302,090**	9,680,705
Returns on investments and servicing of finance	*16*	**76,281**	(14,442)
Cash inflow before investment activity		**1,378,371**	9,666,263
Costs of providing community benefits	*17*	**(96,125)**	(121,463)
Capital expenditure and financial investment	*18*	**-**	(2,280,707)
Cash inflow before financing		**1,282,246**	7,264,093
Financing		**-**	(1,646,058)
Increase in cash in the year		**1,282,246**	5,618,035

Reconciliation of net cash flow to movement in net funds

	£
Increase in cash in the year	1,282,246
Net Funds at 1 January 2009	5,618,192
Net Funds at 31 December 2009	6,900,438

Net funds comprise cash

The notes on pages 18 to 30 form part of these financial statements.

Notes to the accounts for the year ending 31 December 2009

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 to date and the fair value of these assets to a capital reserve in order to reflect the further contribution they represent 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 freehold and leasehold assets, 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 accounts at market value in accordance with SSAP 19 "Investment Properties". Unrealised surpluses less unrealised deficits on valuation of investment properties are credited directly to the revaluation reserve.

Notes to the accounts for the year ending 31 December 2009 (continued)

2 Principal accounting policies (continued)

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

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

iv) Tangible assets

Freehold and leasehold land and buildings are carried at cost and depreciated over their useful economic lives.

If land and buildings are managed on the understanding that the Company will never receive legal title to the asset but the Company's management of the asset for and on behalf of the States of Jersey generates income to be enjoyed by the Company, then the cost of developing that asset will be amortised on a straight line basis over the number of years that the income is expected to continue, and is subject to impairment reviews.

If an asset is held on the understanding that the Company will in due course receive legal title to the asset then expenditure incurred in the course of bringing the asset to its present location and condition is shown at cost and is not amortised. When at some future date legal title to the asset is acquired, then the asset will be re-classified as either an investment property or as a current asset investment depending upon the Directors' plans in relation to the asset.

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

Other tangible fixed assets are stated at cost less accumulated depreciation. In order to comply with the States of Jersey Financial Reporting Manual, all tangible assets with a cost of less than £10,000 are to be written off through the profit and loss account. In 2008 all assets with a cost of less than £10,000 were written off resulting in an exceptional operating cost charged to the profit and loss account of £76,909. For assets with a cost of £10,000 or more, 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	5 years
Events installations and equipment	5 – 10 years
Estate capital improvements	5 years
Computer equipment	3 years

Notes to the accounts for the year ending 31 December 2009 (continued)

2 Principal accounting policies (continued)

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 the established carrying value or net realisable value.

The established carrying value 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 realisation of the consideration is deferred until a future date or dates. If the realisation of the deferred consideration is reasonably certain then the asset is recognised at the net present value of the estimated future cash flows. 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.

vii) Pension costs

Employer's contributions to pension costs are charged to the Profit and Loss Account as they become payable (see note 20).

viii) Taxation

The Company is exempt from paying Income Tax. 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, rental income and car park receipts received.

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.

Notes to the accounts for the year ending 31 December 2009 (continued)

2 Principle accounting policies (continued)

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 are accounted for on an accruals basis.

Any leases that the company has entered into (in the capacity of lessee or lessor) and which contain incentives are accounted for in accordance with UITF 28 ‘Operating Lease Incentives’ with the incentives allocated to match the effect of increased rentals receivable or payable in later periods.

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 and debtor.

xv) Stock

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

xvi) Operating exceptional items

During the year the Company made a contribution of £50,000 to Transport and Technical Services Department for the regeneration of La Motte Street shown as Costs of providing community benefits.

Payments concluded during the year resulted in the Company over-providing for costs at the year ended 2008. This resulted in £102,007 being reversed through the profit and loss account. The Company overprovided for the following amounts:- £48,358 in final costs of developing the Weighbridge, £51,844 for settling a final account with CTP in relation to the Leisure Complex and £1,805 for the Company’s liability for a rent review on its former offices.

Notes to the accounts for the year ending 31 December 2009 (continued)

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

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

As explained in note 7 on 31 December 2009 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 £827,233 (2008: £215,500) and has been taken to the profit and loss account as a partial reversal of the write down in 2004.

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. As explained in note 7 on 31 December 2009 the Company revalued its land ownership of the Weighbridge. The revaluation generated an increase of £158,000 (2008:£nil) 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 2009 the Company revalued its land ownership of a JEC sub-station at Liberty Wharf. The revaluation generated an increase of £7,000 (2008:£6,350) which was taken to the revaluation reserve. The latest valuation was performed internally by a qualified RICS Valuation Surveyor.

4 Operating profit

	2009	2008
Operating profit is stated after charging:	**£**	£
Auditor's remuneration – audit	**30,500**	33,000
Professional fees	**-**	130,275
Directors' remuneration	**329,089**	314,054
Employees emoluments and associated costs	**501,159**	471,046
Depreciation	**53,484**	71,851

5 Finance income

	2009	2008
	£	£
Bank interest receivable	**76,452**	78,404
Interest receivable on deferred consideration	**170,626**	280,714
	247,078	359,118

Notes to the accounts for the year ending 31 December 2009 (continued)

6 Finance costs

	2009	2008
	£	£
Bank interest payable	**-**	85,082
Bank fees and charges	**171**	7,764
	171	92,846

7 Investment properties

Group and Company	**2009**	2008
	£	£
At 31 December 2008	**6,816,000**	6,792,094
Transfer of assets from Other Tangible Assets	**-**	320,000
Revaluation surplus/(deficit)	**992,233**	(296,094)
At 31 December 2009	**7,808,233**	6,816,000

Included with Investment Properties are the following assets:-

Property	**Tenure**	**Description**	**Valuation as at 31 December 2009**
Waterfront car-park	Long Leasehold	500 space car-park located on La Route de Port Elizabeth	Internal
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'Etau	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

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

The following amount was taken to the profit and loss account:- £985,233 related to the reversal of previous write downs (see note 3) (2008: reversal of previous write down £215,500 and diminution in value £(196,944)).

The following amount was taken to the revaluation reserve:- increases in value of £7,000 (see note 3) (2008: increase in value of £6,350 and a decrease in value of £321,000).

Notes to the accounts for the year ending 31 December 2009 (continued)

8 Other tangible fixed assets

Group

Cost	Interest in Land and Buildings £	Furniture, fittings and equipment £	Events installations and equipment £	Estate Capital Improvement £	Total £
At 31 December 2008 and **at 31 December 2009**	**1,552,025**	**57,242**	**31,056**	**95,716**	**1,736,039**
Depreciation					
31 December 2008	240,652	14,309	13,211	17,170	285,342
Charge for year	11,373	19,079	4,212	18,820	53,484
At 31 December 2009	**252,025**	**33,388**	**17,423**	**35,990**	**338,826**
Net Book Value					
At 31 December 2009	**1,300,000**	**23,854**	**13,633**	**59,726**	**1,397,213**
At 31 December 2008	1,311,373	42,933	17,845	78,546	1,450,697

Company

Cost	Interest in Land and Buildings £	Furniture, fittings and equipment £	Events installations and equipment £	Estate Capital Improvement £	Total £
At 31 December 2008 and **at 31 December 2009**	**1,552,025**	**57,242**	**31,056**	**95,716**	**1,736,039**
Depreciation					
31 December 2008	240,652	14,309	13,211	17,170	285,342
Charge for year	11,373	19,079	4,212	18,820	53,484
At 31 December 2009	**252,025**	**33,388**	**17,423**	**35,990**	**338,826**
Net Book Value					
At 31 December 2009	**1,300,000**	**23,854**	**13,633**	**59,726**	**1,397,213**
At 31 December 2008	1,311,373	42,933	17,845	78,546	1,450,697

Note: Other tangible fixed assets are the same for the Company as the Group.

Notes to the accounts for the year ending 31 December 2009 (continued)

9 Current asset investments

	Note	Group		Company	
		2009	2008	**2009**	2008
		£	£	**£**	£
Subsidiary undertakings	*24*	**-**	-	**8,443,663**	8,067,664
Freehold land and buildings		**8,443,663**	8,067,664	**-**	-
Leasehold land and buildings		**13,418,028**	13,265,344	**13,418,028**	13,265,344
		21,861,691	21,333,008	**21,861,691**	21,333,008

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	
	2009	2008	**2009**	2008
	£	£	**£**	£
Amounts due from subsidiary undertakings	**-**	-	**-**	-
Amounts due from the States of Jersey	**881**	26,438	**881**	26,438
Trade debtors	**12,570**	1,076,563	**12,570**	1,076,563
Deferred consideration due within one year	**1,769,000**	3,685,000	**1,769,000**	3,685,000
Other debtors	**197,455**	134,420	**197,455**	134,420
Prepayments	**10,975**	10,795	**10,975**	10,795
	1,990,881	4,933,216	**1,990,881**	4,933,216

Note: deferred consideration relates to guaranteed considerations receivable following disposal of interests in land and buildings.

11 Creditors: amounts falling due within 1 year

	Group		Company	
	2009	2008	**2009**	2008
	£	£	**£**	£
Amounts due to subsidiary undertakings	**-**	-	**8**	8
Amounts due to the States of Jersey	**25,483**	247,215	**25,483**	247,215
Trade creditors	**79,188**	152,086	**79,188**	152,086
Other creditors	**13,144**	28,525	**13,144**	28,525
Accruals and deferred income	**381,989**	755,925	**381,989**	755,925
	499,804	1,183,751	**499,812**	1,183,759

Notes to the accounts for the year ending 31 December 2009 (continued)

12 Called up share capital

Equity share capital

	2009	2008
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

13 Reserves

Group	*Capital Reserve*	*Revaluation Reserve*	*Profit and loss account*	*Total*
	£	£	£	£
At 31 December 2008	20,196,465	256,000	(1,485,103)	**18,967,362**
Retained profit for the year	-	-	530,059	**530,059**
Revaluation of Investment Property	-	7,000	-	**7,000**
At 31 December 2009	**20,196,465**	**263,000**	**(955,044)**	**19,504,421**

Company	*Capital Reserve*	*Revaluation Reserve*	*Profit and loss account*	*Total*
	£	£	£	£
At 31 December 2008	20,196,457	256,000	(1,485,103)	**18,967,354**
Retained profit for the year	-	-	530,059	**530,059**
Revaluation of Investment Property	-	7,000	-	**7,000**
At 31 December 2009	**20,196,457**	**263,000**	**(955,044)**	**19,504,413**

14 Reconciliation of movements in shareholders' funds

	Group		**Company**	
	2009	2008	**2009**	2008
	£	£	**£**	£
Retained profit for the year	**530,059**	5,563,412	**530,059**	5,551,861
Increase/(decrease) in revaluation reserve	**7,000**	(314,650)	**7,000**	(314,650)
Opening equity shareholders' funds	**38,967,362**	33,718,600	**38,967,354**	33,730,143
Closing shareholders' funds	**39,504,421**	38,967,362	**39,504,413**	38,967,354

Notes to the accounts for the year ending 31 December 2009 (continued)

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

	2009	2008
	£	£
Operating profit	**283,152**	5,297,140
Depreciation (notes 2iv and 8)	**53,484**	71,851
Write down of assets	**-**	76,909
Costs of providing community benefits (note 2xvi)	**96,125**	121,463
Exceptional Items (note 3)	**(985,233)**	(18,556)
Loss on disposal of tangible fixed asset	**-**	7,094
(Increase)/Decrease in current asset investments	**(528,683)**	2,227,290
(Increase) in stock	**(45,769)**	-
Decrease/(Increase) in debtors	**3,112,961**	(725,192)
(Decrease)/Increase in creditors	**(683,947)**	976,024
Cost of developing land	**-**	1,646,682
Net cash inflow from operating activities	**1,302,090**	9,680,705

The changes in debtors for the year ended 31 December 2009 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.

16 Returns on investments and servicing of finance

	2009	2008
	£	£
Bank interest received	**76,452**	78,404
Bank interest paid	**(171)**	(92,846)
Total	**76,281**	(14,442)

17 Costs of providing community benefits

	2009	2008
	£	£
Costs of providing community benefit (note 2xvi)	(96,125)	(121,463)

Notes to the accounts for the year ending 31 December 2009 (continued)

18 Net capital expenditure and financial investment

	2009	2008
	£	£
Purchase of tangible fixed assets	**-**	(2,297,284)
Disposal of tangible fixed assets	**-**	16,577
Total	**-**	(2,280,707)

19 Major non cash transactions

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

	2009	2008
	£	£
Revaluation of investment property (exceptional item shown in note 7)	**(985,233)**	(18,556)
Interest receivable on the net present value of deferred consideration in respect of land and buildings sold (note 5)	**(170,626)**	(280,714)

20 Pension costs

Salaries and emoluments include pension contributions of £11,138 (2008: £10,564) which relate to one member of staff who is a member (2008:1) 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 accounts for the year ended 31 December 2009 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 2009 the Company is required to fund additional annual contributions amounting to £5,940 (2008: £5,532). 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 £70,717 (2008: £69,150) which relate to staff who have personal pension plans that are defined contribution schemes. In 2009 the Company had 6 members of staff in such schemes (2008: 6).

Notes to the accounts for the year ending 31 December 2009 (continued)

21 Commitments

The Group has commitments at the year end as follows:

	2009	2008
	£	£
Authorised but not yet contracted for	**100,000**	250,000

The 2009 figure relates to a financial contribution towards the cost of a new youth and community centre that the Company has agreed to provide.

22 Related party transactions

The Company intermittently purchases services from the States of Jersey on a commercial basis and during the year £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 2009 in respect of this contract is £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 £92,488, The Jersey New Waterworks Company Limited £17,814 and Jersey Telecom Limited £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 £9,413 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 £9,003 were collected.

23 Contingent asset

In 2008 the Company sold Waterfront 6A Limited to Castle Quays Development Limited (a wholly owned subsidiary of Dandara (Jersey) Limited). The share sale and development agreement provides the Company with a financial interest in the end quantum of development space and the end sales values by way of potential planning and sales overages should these materialise.

Notes to the accounts for the year ending 31 December 2009 (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.

26 Detailed analysis of turnover and operating costs

	2009	2008
	£	£
Turnover		
Proceeds on disposal of land and assets	**3,894**	11,459,803
Car park receipts	**487,888**	460,749
Rental income	**192,204**	122,431
Other income	**65,339**	80,181
Reimbursement of costs	**17,180**	36,925
	766,505	12,160,089
Operating Costs		
Cost of land and assets sold	**232**	3,336,801
Salaries and emoluments	**830,248**	785,100
Premises and establishment	**93,979**	108,314
Estate Management	**328,588**	364,114
Legal, consultancy and professional	**31,244**	208,538
Depreciation of tangible fixed assets	**53,484**	71,851
Audit	**30,500**	33,000
Other operating expenses	**8,956**	30,724
	1,377,231	4,938,442

Notes: ‘Rental income’ has been reclassified as income from investment properties. ‘Other income’ is ad hoc income from other tangible fixed assets or current asset investments. The 2008 car park receipts figure has been restated to £460,749 from £497,674 as £36,925 related to insurance receipts. These have been separately categorised as ‘Reimbursement of costs’.