

Balance Sheet

31 December 2004

| | Note | 2004 | | 2003 | |
|---|------|---------------------|---------------------|--------------|--------------|
| | | £ | £ | £ | £ |
| Fixed assets | 2 | | 57,150,673 | | 56,612,193 |
| Current assets | | | | | |
| Stores | | 1,127,941 | | 1,086,344 | |
| Debtors | 3 | 3,623,179 | | 3,166,015 | |
| Bank and cash | | 49,905 | | 451 | |
| | | 4,801,025 | | 4,252,810 | |
| Creditors - Amounts falling due within one year | | | | | |
| Bank overdraft | | - | | (492,730) | |
| Creditors and accruals | 4 | (3,045,562) | | (2,053,754) | |
| Contract retentions | | (76,969) | | (42,420) | |
| Income tax | | (2,162) | | (68,355) | |
| Loans | 6 | (3,650,000) | | - | |
| | | (6,774,693) | | (2,657,259) | |
| Net current (liabilities) / assets | | | (1,973,668) | | 1,595,551 |
| Total assets less current liabilities | | | 55,177,005 | | 58,207,744 |
| Creditors - Amounts falling due after more than one year | | | | | |
| Contract retentions | | - | | (127,044) | |
| Future income tax | | - | | (27,076) | |
| Loans | 6 | (11,250,000) | | (14,900,000) | |
| | | | (11,250,000) | | (15,054,120) |
| Provisions for liabilities and charges | | | | | |
| Deferred taxation | 7 | | (4,538,477) | | (3,947,410) |
| Net assets excluding pension liability | | | 39,388,528 | | 39,206,214 |
| Pension liability | 8 | | (3,119,207) | | (3,598,473) |
| Net assets | | | £36,269,321 | | £35,607,741 |
| Capital and reserves | | | | | |
| Called up share capital | 9 | | 5,865,425 | | 5,865,425 |
| Capital redemption reserve | | | 124,025 | | 124,025 |
| | | | 5,989,450 | | 5,989,450 |
| Share premium account | | | 677,600 | | 677,600 |
| Reserves | 10 | | 29,602,271 | | 28,940,691 |
| Shareholders' funds | 11 | | £36,269,321 | | £35,607,741 |

The financial statements on pages 20 to 34 were approved by the Board of Directors on 11 April 2005 and were signed on its behalf by:

DC Norman
Chairman

Profit and Loss Account

For the year ended 31 December 2004

| | Note | 2004 | | 2003 | |
|---|------|-------------|--------------------|-------------|-------------|
| | | £ | £ | £ | £ |
| Turnover | | | | | |
| Water supply charges | | 11,745,741 | | 11,118,956 | |
| Rechargeable works income | | 501,160 | | 586,230 | |
| Other income | | 166,267 | | 292,867 | |
| | | | 12,413,168 | | 11,998,053 |
| Cost of sales | | | | | |
| Pumping expenses | | (590,849) | | (622,116) | |
| Maintenance of reservoirs and works | | (2,034,529) | | (1,902,205) | |
| Distribution and analysis of water | | (1,868,874) | | (1,774,918) | |
| Desalination station expenses | | (302,213) | | (779,204) | |
| Miscellaneous | | (304,674) | | (291,986) | |
| | | | (5,101,139) | | (5,370,429) |
| Administration | | | | | |
| Administration charges | 12 | (1,965,978) | | (1,650,328) | |
| Insurances | | (381,203) | | (413,217) | |
| | | | (2,347,181) | | (2,063,545) |
| Depreciation | | | | | |
| Completed works | | (1,736,383) | | (1,515,143) | |
| Expenditure | | | | | |
| | | | (9,184,703) | | (8,949,117) |
| Operating profit | | | | | |
| | | | 3,228,465 | | 3,048,936 |
| Profit on disposal of fixed assets | | | | | |
| | | | 520,469 | | 216,447 |
| Interest | | | | | |
| - payable | 13 | (828,947) | | (694,447) | |
| - receivable | | 14,058 | | 3,001 | |
| Other finance costs | | | | | |
| | 8 | (96,396) | | (181,339) | |
| | | | (911,285) | | (872,785) |
| Profit before taxation | | | | | |
| | | | 2,837,649 | | 2,392,598 |
| Jersey income tax | | | | | |
| | 5 | (684,167) | | (396,735) | |
| Profit available for distribution | | | | | |
| | | | 2,153,482 | | 1,995,863 |
| Dividends | | | | | |
| | 14 | (1,380,665) | | (417,026) | |
| Retained profit for the year | | | | | |
| | | | £772,817 | | £1,578,837 |
| Earnings per ordinary share of £1 | | | | | |
| | 15 | | £3.67 | | £3.34 |

There is no material difference between the reported profit for 2004 and 2003 and the profit prepared under the historical cost basis.

Statement of Total Recognised Gains and Losses

For the year ended 31 December 2004

| | Note | 2004 £ | 2003 £ |
|---|------|--------------------------|--------------------------|
| Profit for the year | | 2,153,482 | 1,995,863 |
| (Loss) / gain arising on pension liabilities | 8 | (111,237) | 197,908 |
| Total recognised gains and losses for the year | | <u>£2,042,245</u> | <u>£2,193,771</u> |

Cash Flow Statement

For the year ended 31 December 2004

| | Note | 2004 | | 2003 | |
|--|------|----------------------|--------------------|----------------------|-------------------|
| | | £ | £ | £ | £ |
| Net cash inflow from operating activities | 16 | | 3,819,981 | | 4,348,297 |
| Returns on investments and servicing of finance | | | | | |
| Interest received | | 12,274 | | 3,001 | |
| Interest paid | | (817,334) | | (660,021) | |
| Non-equity dividends paid | | (380,665) | | (380,665) | |
| Net cash outflow on returns on investments and servicing of finance | | | (1,185,725) | | (1,037,685) |
| Taxation | | | | | |
| Jersey income tax paid | | | (69,000) | | (207,723) |
| Capital expenditure | | | | | |
| Purchase of fixed assets | | (2,580,923) | | (6,183,028) | |
| Disposal of fixed assets | | 531,511 | | 313,184 | |
| Net cash outflow from capital expenditure | | | (2,049,412) | | (5,869,844) |
| Equity dividends paid | | | (37,134) | | (35,356) |
| Management of liquid resources | | | | | |
| Loans repaid by employees | | 63,474 | | 36,204 | |
| Net cash inflow from management of liquid resources | | | 63,474 | | 36,204 |
| Net cash inflow / (outflow) before financing | | | 542,184 | | (2,766,107) |
| Financing | | | | | |
| New loans | | - | | 6,000,000 | |
| Loans repaid | | - | | (950,000) | |
| Net cash inflow from financing | | | - | | 5,050,000 |
| Increase in cash | | | £542,184 | | £2,283,893 |
| Reconciliation of net cash flow to movement in net debt | | | | | |
| | Note | 2004 | | 2003 | |
| | | £ | | £ | |
| Increase in cash | | 542,184 | | 2,283,893 | |
| Cash inflow from increase in debt | | - | | (6,000,000) | |
| Cash outflow on repayment of debt | | - | | 950,000 | |
| Movement in net debt | 17 | 542,184 | | (2,766,107) | |
| Net debt brought forward | 17 | (15,392,279) | | (12,626,172) | |
| Net debt carried forward | 17 | £(14,850,095) | | £(15,392,279) | |