

## BALANCE SHEET

31 DECEMBER 2003

	Note	2003		2002	
		£	£	£	£
				Restated	
<b>Fixed assets</b>	2		<b>56,612,193</b>		<b>52,226,873</b>
<b>Current assets</b>					
Stores		<b>1,086,344</b>		1,223,920	
Debtors	3	<b>3,166,015</b>		3,022,756	
Bank and cash		<b>451</b>		451	
		<b>4,252,810</b>		<b>4,247,127</b>	
<b>Creditors - Amounts falling due within one year</b>					
Bank overdraft		<b>(492,730)</b>		(2,776,623)	
Creditors and accruals	4	<b>(2,053,754)</b>		(2,140,716)	
Contract retentions		<b>(42,420)</b>		(63,633)	
Income tax	5	<b>(68,355)</b>		(202,723)	
Loans	6	<b>-</b>		(950,000)	
		<b>(2,657,259)</b>		<b>(6,133,695)</b>	
<b>Net current assets / (liabilities)</b>			<b>1,595,551</b>		<b>(1,886,568)</b>
<b>Total assets less current liabilities</b>			<b>58,207,744</b>		<b>50,340,305</b>
<b>Creditors - Amounts falling due after more than one year</b>					
Contract retentions		<b>(127,044)</b>		-	
Future income tax	5	<b>(27,076)</b>		(67,755)	
Loans	6	<b>(14,900,000)</b>		(8,900,000)	
			<b>(15,054,120)</b>		<b>(8,967,755)</b>
<b>Provisions for liabilities and charges</b>					
Deferred taxation	7		<b>(3,947,410)</b>		<b>(3,615,715)</b>
<b>Net assets excluding pension liability</b>			<b>39,206,214</b>		<b>37,756,835</b>
Pension liability	8		<b>(3,598,473)</b>		<b>(3,925,839)</b>
<b>Net assets</b>			<b>£35,607,741</b>		<b>£33,830,996</b>
<b>Capital and reserves</b>					
Called up share capital	9		<b>5,865,425</b>		<b>5,865,425</b>
Capital redemption reserve			<b>124,025</b>		<b>124,025</b>
			<b>5,989,450</b>		<b>5,989,450</b>
Share premium account			<b>677,600</b>		<b>677,600</b>
Reserves	10		<b>28,940,691</b>		<b>27,163,946</b>
<b>Shareholders' funds</b>	11		<b>£35,607,741</b>		<b>£33,830,996</b>

The financial statements on pages 18 to 32 were approved by the Board of Directors on 4 May 2004 and were signed on its behalf by:

**DC Norman**  
Chairman

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2003

	Note	2003		2002	
		£	£	£	£
				Restated	
<b>Turnover</b>					
Water supply charges		11,118,956		10,799,096	
Rechargeable works income		586,230		528,544	
Other income		292,867		221,284	
			11,998,053		11,548,924
<b>Cost of sales</b>					
Pumping expenses		(622,116)		(699,415)	
Maintenance of reservoirs and works		(1,902,205)		(1,877,705)	
Distribution and analysis of water		(1,774,918)		(1,325,227)	
Desalination station expenses		(779,204)		(534,424)	
Miscellaneous		(291,986)		(280,169)	
		(5,370,429)		(4,716,940)	
<b>Administration</b>					
Administration charges	12	(1,650,328)		(1,329,504)	
Insurances		(413,217)		(378,850)	
		(2,063,545)		(1,708,354)	
<b>Depreciation</b>					
Completed works		(1,515,143)		(1,384,572)	
<b>Expenditure</b>					
			(8,949,117)		(7,809,866)
<b>Operating profit</b>					
			3,048,936		3,739,058
<b>Profit on disposal of fixed assets</b>					
			216,447		464,473
<b>Interest</b>					
- payable	13	(694,447)		(569,016)	
- receivable		3,001		3,776	
<b>Other finance costs</b>					
	8	(181,339)		(53,946)	
			(872,785)		(619,186)
<b>Profit before taxation</b>					
			2,392,598		3,584,345
<b>Jersey income tax</b>					
	5	(396,735)		(562,895)	
<b>Profit available for distribution</b>					
			1,995,863		3,021,450
<b>Dividends</b>					
	14	(417,026)		(417,272)	
<b>Retained profit for the year</b>					
			£1,578,837		£2,604,178
<b>Earnings per ordinary share of £1</b>					
	15		£3.34		£5.46

There is no material difference between the reported profit for 2003 and 2002 and the profit prepared under the historical cost basis.

## **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

FOR THE YEAR ENDED 31 DECEMBER 2003

	Note	2003 £	2002 £ Restated
Profit for the year		<b>1,995,863</b>	3,021,450
Gain / (loss) arising on pension liabilities	8	<b>197,908</b>	(2,448,572)
<b>Total recognised gains and losses for the year</b>		<b><u>£2,193,771</u></b>	<b><u>£572,878</u></b>
Prior year adjustment (as explained in note 1)		<b><u>1,138,959</u></b>	
<b>Total gains and losses recognised since last annual report</b>		<b><u>£3,332,730</u></b>	

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2003

	Note	2003		2002	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	16		<b>4,348,297</b>		<b>4,143,403</b>
<b>Returns on investments and servicing of finance</b>					Restated
Interest received		3,001		3,798	
Interest paid		(660,021)		(488,097)	
Non-equity dividends paid		(380,665)		(380,665)	
<b>Net cash outflow on returns on investments and servicing of finance</b>			<b>(1,037,685)</b>		<b>(864,964)</b>
<b>Taxation</b>					
Jersey income tax paid			(207,723)		(231,963)
<b>Capital expenditure</b>					
Purchase of fixed assets		(6,183,028)		(5,131,177)	
Disposal of fixed assets		313,184		493,912	
<b>Net cash outflow from capital expenditure</b>			<b>(5,869,844)</b>		<b>(4,637,265)</b>
<b>Equity dividends paid</b>			<b>(35,356)</b>		<b>(33,848)</b>
<b>Management of liquid resources</b>					
Loans repaid by employees		36,204		13,400	
<b>Net cash inflow from management of liquid resources</b>			<b>36,204</b>		<b>13,400</b>
<b>Net cash outflow before financing</b>			<b>(2,766,107)</b>		<b>(1,611,237)</b>
<b>Financing</b>					
New loans		6,000,000		-	
Loans repaid		(950,000)		-	
<b>Net cash inflow from financing</b>			<b>5,050,000</b>		<b>-</b>
<b>Increase / (Decrease) in cash</b>			<b>£2,283,893</b>		<b>£(1,611,237)</b>

### Reconciliation of net cash flow to movement in net debt

	Note	2003	2002
		£	£
Increase / (Decrease) in cash		2,283,893	(1,611,237)
Cash inflow from increase in debt		(6,000,000)	-
Cash outflow on repayment of debt		950,000	-
<b>Movement in net debt</b>	17	<b>(2,766,107)</b>	<b>(1,611,237)</b>
<b>Net debt brought forward</b>	17	<b>(12,626,172)</b>	<b>(11,014,935)</b>
<b>Net debt carried forward</b>	17	<b>£(15,392,279)</b>	<b>£(12,626,172)</b>