

# Notes to the Financial Statements

## 1 Accounting policies

The following statements outline the main accounting policies applied in the preparation of the financial statements.

### Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with United Kingdom accounting standards.

### Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position and a summary of the financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Business Review Section on pages 7 to 13 and in notes 6 and 19. The Company has considerable financial resources, a wide and varied customer base within Jersey, steady demand for its products and services and a stable and well established treatment and distribution network. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have therefore selected the going concern basis in preparing the financial statements.

### Turnover

Turnover represents the total value of water charges together with minor contracts and rental income. Income from minor contracts is recognised within turnover upon completion of the contracted works. Income arising on minor contracts to be provided in the future is treated as deferred income.

### Stocks of water

In accordance with normal industry practice, no value is placed on stocks of water held within reservoirs, treatment works or the mains network.

### Stock and work in progress

Stock and work in progress is valued at the lower of cost and net realisable value.

### Water charges

Water is billed either as a fixed rate (in advance or arrears) or as a metered charge (in arrears). Both fixed rate and metered water income is recognised for the year up to 31 December.

### Fixed assets and depreciation

Fixed assets under construction are recognised within 'Uncompleted Works' until such time as they are first brought into use. At this point the asset is transferred to 'Property and Completed Works' and depreciation commences. Subsequent qualifying expenditure is transferred directly to 'Property and Completed Works'. Depreciation is charged on a straight line basis in accordance with the rates of depreciation set out below for each major asset type. No depreciation is provided on freehold land.

Asset type	Depreciation period
Water mains - Ductile Iron.....	80 years
- Others.....	50 years
Buildings.....	30-100 years
Impounding reservoirs & dams.....	60-100 years
Pumping plant.....	10-40 years
Reinforced concrete structures.....	100 years
Water Meters.....	10 years
Motor vehicles.....	5-8 years
Mobile plant and tools.....	3-10 years
Reverse osmosis membranes.....	10 years

### Deferred taxation

Deferred taxation is calculated on a full provision basis in accordance with Financial Reporting Standard 19 'Deferred Taxation'. As permitted under Financial Reporting Standard 19, deferred tax balances are not discounted to reflect the time value of money.

### Retirement benefits

The Company values its liability in respect of defined retirement benefits in accordance with FRS 17 and following the projected unit cost method of calculation.

Any surplus or deficit in the defined benefit plan, being the difference between the value of the plan assets and the present value of the plan liabilities, is recognised in the balance sheet as an asset or liability to the extent that any surplus is recoverable through future reduced contributions or that, conversely, any deficit reflects a legal or constructive obligation. The defined benefit asset or liability is shown net of any related deferred tax liability or asset.

### Cash at Bank and liquid resources

Included within liquid resources in the cash flow statement are cash balances held on fixed deposit for a term of one month or greater. These items are included within Bank and Cash in the balance sheet.

### Restatement

In the 2007 financial statements, the Company recognised a liability of £1,065,000 in respect of an amount payable to the Jersey Water Pension Plan in 2009. A deferred tax asset of £213,000 arising on the liability was incorrectly not recognised in the 2007 financial statements. Accordingly, the 2008 balance sheet has been restated to take account of the deferred tax asset. The effect of the restatement is to increase net assets in 2008 by £213,000 and introduce a charge of £213,000 in the statement of total recognised gains and losses upon the reversal of the timing difference in 2009. There is no effect on the net assets of the Company as at 31 December 2009.

## Notes to the Financial Statements - continued

**2 Fixed assets**

	Property and completed works	Uncompleted works	Motor vehicles, mobile plant & equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
Brought forward	80,002	693	2,421	<b>83,116</b>
Additions	1,948	1,140	221	<b>3,309</b>
Disposals	(10)	-	(444)	<b>(454)</b>
Transfers	1,790	(1,728)	(62)	-
	<u>£83,730</u>	<u>£105</u>	<u>£2,136</u>	<u>£85,971</u>
<b>Depreciation</b>				
Brought forward	(21,148)	-	(1,665)	<b>(22,813)</b>
Charge for the year	(1,577)	-	(336)	<b>(1,913)</b>
Provision for impairment	(422)	-	-	<b>(422)</b>
Disposals	1	-	346	<b>347</b>
Transfers	(55)	-	55	-
	<u>£(23,201)</u>	<u>£ -</u>	<u>£(1,600)</u>	<u>£(24,801)</u>
<b>Net book value</b>				
Brought forward	<u>£58,854</u>	<u>£693</u>	<u>£756</u>	<u>£60,303</u>
<b>Carried forward</b>	<u>£60,529</u>	<u>£105</u>	<u>£536</u>	<u>£61,170</u>

Of the £1,913,000 depreciation charge for the year, £336,000 relating to motor vehicles, mobile plant and equipment has been allocated to various cost centres included within the Cost of Sales and Administration Expense categories in the Profit and Loss Account.

During the year, certain assets with a cost of £62,000 and a net book value of £7,000 were re-categorised from motor vehicles, mobile plant and equipment to property and completed works.

At 31 December 2009 capital commitments contracted for amounted to £50,000 (2008: £348,000).

**Revision of useful economic life**

During the year the useful economic life of certain assets within Property and completed works were reviewed and amended. The effect of the change has been to reduce the depreciation charge for the year by £175,000.

**Provision for impairment**

In 2002, the Company constructed a standby water quality improvement plant to enhance the quality of raw water collected from the Le Mourier catchment area through the use of reverse osmosis and ultra-filtration. Whilst the plant remains operational, changes in the Company's water capture, transfer and treatment processes since 2002 have reduced the likelihood of the use of the standby plant in the future. As a result of the consequent impairment review a charge for impairment of £422,000 was recognised, writing off the remaining net book value of the plant.

## Notes to the Financial Statements - continued

### Market value of freehold property

Whilst the Company has not adopted a policy of revaluation and continues to account for fixed assets at depreciated historical cost as permitted by FRS15 - Tangible Fixed Assets, a valuation of freehold property in use within the business (excluding dams, reservoirs, treatment works and storage tanks) was undertaken as at 31 December 2008.

Valuation basis	Property Type	£'000	£'000
Market value	Residential property		<b>2,875</b>
Existing use value	Commercial property (non specialist)	<b>2,007</b>	
	Commercial property (specialist)	<b>208</b>	
	Other freehold land	<b>1,364</b>	
			<b>3,579</b>
<b>Combined total</b>			<b>£6,454</b>

The historical cost net book value of these assets included within Property and Completed Works as at 31 December 2009 was £2,190,000.

The valuation was completed by an external valuer, B Sarre Bsc MSc MRICS of CB Richard Ellis Limited in accordance with the requirements of the RICS Appraisal and Valuation Standards and FRS 15.

### 3 Debtors

	2009 £'000	2008 £'000
Trade debtors	<b>3,836</b>	3,458
Prepayments	<b>394</b>	352
Accrued income and other debtors	<b>712</b>	769
	<b>£4,942</b>	£4,579

### 4 Creditors and accruals

	2009 £'000	2008 £'000
Trade creditors	<b>509</b>	661
Other creditors	<b>340</b>	477
Defined benefit pension scheme contributions	<b>-</b>	1,065
Contract retentions	<b>8</b>	6
Accruals and deferred income	<b>1,810</b>	1,870
	<b>£2,667</b>	£4,079

## Notes to the Financial Statements - continued

**5 Jersey income tax**

	<b>2009</b>	2008
	<b>£'000</b>	£'000
<b>Current tax</b>		
Income tax on the profits for the year	<b>531</b>	240
Over provision for previous years	<b>-</b>	(2)
	<hr/>	<hr/>
Total current tax	<b>531</b>	238
	<hr/>	<hr/>
<b>Deferred tax</b>		
Charge / (Credit) for the year	<b>255</b>	(234)
	<hr/>	<hr/>
Total deferred tax	<b>255</b>	(234)
	<hr/>	<hr/>
<b>Total tax charge for the year</b>	<b>£786</b>	£4
	<hr/> <hr/>	<hr/> <hr/>

**Factors affecting tax charge for year**

The tax assessed for the year is lower than the standard rate of Jersey income tax (20%).  
The differences are explained below:

	<b>2009</b>	2008
	<b>£'000</b>	£'000
Profit before tax	<b>£4,085</b>	£4,034
	<hr/> <hr/>	<hr/> <hr/>
Profit before tax multiplied by the standard rate of Jersey income tax of 20%.	<b>817</b>	807
Tax at 20% on:		
Capital allowances for period in excess of depreciation	<b>(175)</b>	(84)
Capital expenditure, deductible for tax purposes	<b>(143)</b>	(172)
Profit on sale of fixed assets	<b>(128)</b>	(99)
Dividends on non-equity shares - Non deductible	<b>76</b>	76
Provision for impairment of fixed assets	<b>84</b>	-
Effect of transitional provisions	<b>-</b>	(288)
	<hr/>	<hr/>
Current tax charge for year	<b>£531</b>	£ 240
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With effect from the 2009 year of assessment the standard rate of income tax for Jersey companies has changed. For the year ended 31 December 2009, the Company will be taxable at the rate applicable to utility companies of 20%. The comparative figures have been prepared using the previous standard rate of tax of 20% based on average profits under the provisions for transition to a current year basis of taxation.

## Notes to the Financial Statements - continued

**6 Bank loans**

	Repayment Dates	<b>2009</b> <b>£'000</b>	2008 £'000
<b>Facilities drawn down</b>			
HSBC Bank plc	2010	<b>3,650</b>	3,650
HSBC Bank plc	2011	<b>5,250</b>	5,250
HSBC Bank plc	2013	<b>6,000</b>	6,000
		<b>£14,900</b>	£14,900
Loans falling due within one year		<b>3,650</b>	-
Loans falling due between one and two years		<b>5,250</b>	8,900
Loans falling due after two years but less than five years		<b>6,000</b>	6,000
		<b>£14,900</b>	£14,900

The Company has a rolling overdraft facility with HSBC Bank plc. Unconditional guarantees have been given by the States of Jersey for the repayment of the principal and interest on loans up to a maximum of £16.2m taken out to fund the Company's capital works programme.

Subsequent to the year end, the facility for £3,650,000 due for repayment in 2010 was renewed for an additional five years and is now due for repayment in 2015.

**7 Deferred taxation**

	<b>2009</b> <b>£'000</b>	2008 £'000
		Restated
Accelerated capital allowances	<b>5,028</b>	4,773
Other timing differences	-	(213)
Net liability	<b>£5,028</b>	£4,560
Brought forward	<b>4,560</b>	4,794
Amounts charged / (credited) in the profit and loss account	<b>255</b>	(234)
Amounts charged in the statement of total recognised gains and losses	<b>213</b>	-
At 31 December	<b>£5,028</b>	£4,560

## Notes to the Financial Statements - continued

### 8 Pensions

The Company operates two formal pension schemes; a defined contribution scheme and a defined benefit scheme. There are also certain past employees whose pension or pension supplements, which are of a defined benefit nature, have not been funded by the Company's present or previous pension agreements (the 'unfunded scheme'). Where applicable, the liability of the Company in respect of the unfunded scheme is included within the disclosure below relating to the defined benefit section. The defined benefit section of the scheme was closed to new entrants with effect from 1 January 2003.

The defined contribution scheme and defined benefit scheme are both sections of The Jersey Water Pension Plan.

#### Defined contribution section

The defined contribution section of the plan was opened to new members on 1 May 2003. Employer contributions during the period to 31 December 2009 totalled £54,000 (2008: £37,000).

#### Defined benefit section and unfunded scheme

The full FRS17 actuarial valuation as at 31 December 2009 shows a decrease from the 2008 deficit of £1,056,000 to a deficit of £854,000 in 2009.

The major assumptions used by the actuary were:

	<b>2009</b>	2008
Rate of increase in salaries	<b>4.94%</b>	3.93%
Rate of increase in pensions accrued after 1 January 1999	<b>3.50%</b>	2.88%
Discount rate	<b>5.80%</b>	6.10%
Expected return on plan assets	<b>6.18%</b>	5.52%
Inflation assumption	<b>3.94%</b>	2.93%
Life expectancy assumptions		
Current pensioners at 65 - Male	<b>86</b>	86
Current pensioners at 65 - Female	<b>88</b>	88
Future Pensioners at 65 - Male	<b>87</b>	87
Future pensioners at 65 - Female	<b>89</b>	89

The post-retirement mortality assumptions allow for expected increases in longevity.

The overall expected rate of return is based on the weighted average return of each class of asset at the start of each accounting period.

	<b>2009</b>	2008
	<b>£'000</b>	£'000
<b>Reconciliation of the present value of scheme liabilities</b>		
Opening scheme liabilities	<b>13,508</b>	13,966
Current service cost	<b>230</b>	272
Employee contributions	<b>113</b>	55
Interest cost	<b>828</b>	825
Actuarial losses / (gains)	<b>1,769</b>	(1,085)
Past service costs	<b>248</b>	-
Gains on curtailment	<b>(782)</b>	-
Benefits paid	<b>(531)</b>	(525)
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Closing scheme liabilities	<b>£15,383</b>	£13,508
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## Notes to the Financial Statements - continued

	<b>2009</b>	2008
	<b>£'000</b>	£'000
<b>Analysis of funded and wholly unfunded scheme liabilities</b>		
Funded scheme	<b>15,263</b>	13,389
Wholly unfunded scheme	<b>120</b>	119
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Total present value of scheme liabilities	<b>£15,383</b>	£13,508
	<hr/> <hr/>	<hr/> <hr/>
<b>Reconciliation of the fair value of scheme assets</b>		
Opening fair value of scheme assets	<b>12,188</b>	14,191
Expected return	<b>688</b>	932
Employer contributions	<b>926</b>	532
Employee contributions	<b>113</b>	55
Actuarial gains / (losses)	<b>914</b>	(3,013)
Benefits paid	<b>(513)</b>	(509)
	<hr/>	<hr/>
Closing fair value of scheme assets	<b>£14,316</b>	£12,188
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<b>Actual return / (loss) on scheme assets</b>	<b>£1,602</b>	£(2,081)
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<b>Analysis of amounts shown in the balance sheet</b>		
Fair value of plan assets	<b>14,316</b>	12,188
Present value scheme liabilities	<b>(15,383)</b>	(13,508)
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Deficit	<b>(1,067)</b>	(1,320)
Related deferred tax asset	<b>213</b>	264
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Net deficit	<b>£(854)</b>	£(1,056)
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<b>Analysis of amounts recognised in the profit and loss account</b>		
Current service cost	<b>(230)</b>	(272)
Expected return on pension plan assets	<b>688</b>	932
Interest on pension plan liabilities	<b>(828)</b>	(825)
Past service cost	<b>(248)</b>	-
Curtailments	<b>782</b>	-
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Total	<b>£164</b>	£(165)
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Current service costs, past service cost and curtailments are included within administration expenses in the profit and loss account. Expected returns on pension plan assets and interest on pension plan liabilities are shown net within other finance income in the profit and loss account.

## Notes to the Financial Statements - continued

	<b>2009</b>	2008
	<b>£'000</b>	£'000
<b>Analysis of amounts recognised in the statement of total recognised gains and losses</b>		
Actual return less expected return on pension scheme assets	<b>914</b>	(3,013)
Experience (losses) / gains arising on scheme liabilities	<b>(310)</b>	185
Changes in assumptions underlying the present value of scheme liabilities	<b>(1,459)</b>	900
Actuarial loss recognised in the statement of total recognised gains and losses	<b>(855)</b>	(1,928)
Current tax relief	<b>435</b>	38
Movement in deferred tax relating to net liability	<b>(51)</b>	309
Loss recognised in the statement of total recognised gains and losses	<b>£(471)</b>	£(1,581)
<b>Cumulative amounts recognised in the statement of total recognised gains and losses</b>		
	<b>£(3,237)</b>	£(2,766)

**Analysis of scheme assets**

	<b>2009</b>	2008
	<b>% of total fair value of scheme assets</b>	% of total fair value of scheme assets
Equities	<b>46%</b>	48%
Property	<b>8%</b>	-
Corporate bonds	<b>43%</b>	43%
Cash and receivables	<b>3%</b>	9%
	<b>100%</b>	100%

**History of experience gains and losses**

	<b>2009</b>	2008	2007	2006	2005
	<b>£'000</b>	£'000	£'000	£'000	£'000
Present value of scheme assets	<b>14,316</b>	12,188	14,191	12,514	11,655
Present value of scheme liabilities	<b>(15,383)</b>	(13,508)	(13,966)	(15,043)	(15,532)
Gross scheme (deficit) / surplus	<b>£(1,067)</b>	£(1,320)	£225	£(2,529)	£(3,877)

**Experience (losses) / gains on scheme liabilities**

Amount	<b>(310)</b>	185	241	290	136
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**Difference between the expected and actual return on scheme assets**

Amount	<b>914</b>	(3,013)	(288)	(22)	1,108
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## Notes to the Financial Statements - continued

### Funding of the defined benefit pension scheme

The actual funding of the defined benefit pension scheme is determined by the triennial actuarial valuation and this differs from the amount that is required to be charged to the profit and loss account under Financial Reporting Standard 17. During the year, the Company made scheduled retirement benefit contributions into the defined benefit scheme totalling £926,000 (2008: £532,000), no special contributions were made during the year.

Following the results of the latest actuarial valuation as at 1 January 2009, the contribution rate for 2009, 2010 and 2011 was set at 9.9% of Pensionable Salaries plus £445,000 per annum, of which £445,000 represents contributions to reduce the scheme deficit.

## 9 Share capital

### a) Equity share capital

	<b>2009</b>	2008
	<b>£'000</b>	£'000
<b>Authorised</b>		
252,000 ordinary shares of £1	<b>252</b>	252
231,000 'A' ordinary shares of £1	<b>231</b>	231
	<u><b>£483</b></u>	<u>£483</u>
	<u><b>£483</b></u>	<u>£483</u>
<b>Issued and fully paid</b>		
252,000 ordinary shares of £1	<b>252</b>	252
231,000 'A' ordinary shares of £1	<b>231</b>	231
	<u><b>£483</b></u>	<u>£483</u>
	<u><b>£483</b></u>	<u>£483</u>

Ordinary and 'A' ordinary shares carry no right to fixed income and rank after preference shares and other liabilities. Each ordinary share carries one vote in the event of a poll. Each 'A' ordinary share, whilst in the ownership of the States of Jersey, entitles the holder to such additional votes at a poll as brings the total number of votes attaching to the 'A' ordinary shares to twice the number of votes cast in respect of all other shares.

### b) Non-equity preference share capital

	<b>2009</b>	2008
	<b>£'000</b>	£'000
<b>Authorised</b>		
20,000 cumulative preference shares of £5	<b>100</b>	100
20,000 cumulative second preference shares of £5	<b>100</b>	100
100,000 cumulative third preference shares of £5	<b>500</b>	500
100,645 cumulative fourth preference shares of £5	<b>503</b>	503
900,000 cumulative fifth preference shares of £5	<b>4,500</b>	4,500
	<u><b>£5,703</b></u>	<u>£5,703</u>
	<u><b>£5,703</b></u>	<u>£5,703</u>
<b>Issued and fully paid</b>		
17,261 5% cumulative preference shares of £5	<b>86</b>	86
17,402 3.5% cumulative second preference shares of £5	<b>87</b>	87
23,509 3% cumulative third preference shares of £5	<b>118</b>	118
16,036 3.75% cumulative third preference shares of £5	<b>80</b>	80
11,400 5% cumulative third preference shares of £5	<b>57</b>	57
90,877 2% cumulative fourth preference shares of £5	<b>454</b>	454
900,000 10% cumulative fifth preference shares of £5	<b>4,500</b>	4,500
	<u><b>£5,382</b></u>	<u>£5,382</u>
	<u><b>£5,382</b></u>	<u>£5,382</u>

## Notes to the Financial Statements - continued

Preference shares bear interest at the rates indicated above and rank, in the order listed, above ordinary and 'A' ordinary equity shares in the event of winding up.

Upon a poll, every holder of a preference share present at a general meeting in person or by proxy shall have one vote only for all the preference shares held by him, irrespective of the number and class of such preference shares.

### 10 Reserves

	<b>Retained profit £'000</b>
Brought forward per prior year financial statements	<b>38,264</b>
Prior year adjustment	<b>213</b>
Revised brought forward amount	<b>38,477</b>
Profit for the financial year	<b>3,299</b>
Equity dividends	<b>(1,444)</b>
Loss relating to pension plan deficit recognised in the statement of total recognised gains and losses	<b>(471)</b>
Reversal of other deferred tax timing differences	<b>(213)</b>
Carried forward	<b>£39,648</b>

### 11 Reconciliation of movement in equity shareholders' funds

	<b>2009 £'000</b>	2008 £'000 Restated
Profit for the year	<b>3,299</b>	4,030
Equity dividends	<b>(1,444)</b>	(1,256)
Retained profit for the year	<b>1,855</b>	2,774
Loss arising on pension plan	<b>(471)</b>	(1,581)
Reversal of other deferred tax timing differences	<b>(213)</b>	-
Opening equity shareholders' funds	<b>39,762</b>	38,569
Closing equity shareholders' funds	<b>£40,933</b>	£39,762

### 12 Water supply charges

	<b>2009 £'000</b>	2008 £'000
Measured water charges	<b>6,874</b>	6,487
Unmeasured water charges	<b>6,262</b>	6,421
Service charges and other charges for water	<b>630</b>	555
	<b>£13,766</b>	£13,463

## Notes to the Financial Statements - continued

**13 Administration expenses**

	<b>2009</b>	2008
	<b>£'000</b>	£'000
Included in administration expenses are the following:		
Reorganisation costs	<b>(633)</b>	-
Gains on pension curtailment (note 8)	<b>782</b>	-
Net gain on reorganisation	<b>149</b>	-
Directors' fees (note 20)	<b>(105)</b>	(84)
Auditors' fees - Statutory audit	<b>(34)</b>	(30)
- Other services (Tax compliance)	<b>(4)</b>	(4)
- Other services (Pension scheme audit)	<b>(8)</b>	-

**14 Interest payable**

	<b>2009</b>	2008
	<b>£'000</b>	£'000
On loans and overdrafts from banks	<b>£646</b>	£835

**15 Non-equity dividends**

	2009			2008		
	Paid	Payable	Charge for the year	Paid	Payable	Charge for the year
	£'000	£'000	£'000	£'000	£'000	£'000
5% cumulative preference shares	2	2	4	2	2	4
3.5% cumulative second preference shares	2	1	3	2	1	3
3% cumulative third preference shares	3	-	3	3	-	3
3.75% cumulative third preference shares	2	-	2	2	-	2
5% cumulative third preference shares	2	-	2	2	-	2
2% cumulative fourth preference shares	7	-	7	7	-	7
10% cumulative fifth preference shares	<b>360</b>	-	<b>360</b>	360	-	360
Total dividends on non-equity shares recognised in the year	<b>£378</b>	<b>£ 3</b>	<b>£381</b>	£378	£ 3	£381

## Notes to the Financial Statements - continued

**16 Equity dividends**

<b>Ordinary and 'A' ordinary shares</b>	<b>2009</b>	2008	<b>2009</b>	2008
			<b>£'000</b>	£'000
<b>Dividends paid</b>				
Final dividend for the previous year	<b>£1.94</b>	£1.64	<b>937</b>	792
Interim dividend for the current year	<b>£1.05</b>	£0.96	<b>507</b>	464
	<u><b>£2.99</b></u>	<u>£2.60</u>	<u><b>£1,444</b></u>	<u>£1,256</u>
<b>Dividends proposed</b>				
Final dividend for the current year	<b>£2.14</b>	£1.94	<b>1,034</b>	937
Special dividend for the current year	<b>£2.28</b>	-	<b>1,101</b>	-
	<u><b>£4.42</b></u>	<u>£1.94</u>	<u><b>£2,135</b></u>	<u>£937</u>

The proposed final dividend and special dividend are subject to approval by shareholders at the Annual General Meeting and have not been included as a liability in the financial statements.

**17 Earnings per ordinary share**

The calculation of earnings per ordinary share of £1 is based on earnings of £3,299,000 (2008: £4,030,000), being the profit available for distribution to equity shareholders and 483,000 ordinary and 'A' ordinary shares of £1 in issue.

**18 Reconciliation of operating profit to net cash flow from operating activities**

	<b>2009</b>	2008
	<b>£'000</b>	£'000
Operating profit	<b>4,577</b>	4,472
Depreciation	<b>1,913</b>	2,470
Provision for impairment	<b>422</b>	-
Change in order to bring pension charges onto a contribution basis	<b>(1,248)</b>	(278)
Decrease / (Increase) in stock and work in progress	<b>153</b>	(37)
Increase in debtors	<b>(391)</b>	(176)
(Decrease)/ Increase in creditors	<b>(1,284)</b>	391
	<u><b>£4,142</b></u>	<u>£6,842</u>
Net cash inflow from operating activities	<b>£4,142</b>	£6,842

## Notes to the Financial Statements - continued

## 19 Analysis of changes in net debt

	At 1 January 2009 £'000	Cash Flows £'000	Other Changes £'000	At 31 December 2009 £'000
Bank and cash	2,248	543	-	<b>2,791</b>
Liquid resources	2,000	(2,000)	-	-
Total bank and cash per balance sheet	4,248	(1,457)	-	<b>2,791</b>
Debt due within one year	-	-	(3,650)	<b>(3,650)</b>
Debt due after one year	(20,282)	-	3,650	<b>(16,632)</b>
Total	<b>£(16,034)</b>	<b>£(1,457)</b>	<b>£ -</b>	<b>£(17,491)</b>

## 20 Directors' emoluments

	Salary	Fee	Benefits	Total Emoluments	
	<i>(excluding pension contributions)</i>				
	£'000	£'000	£'000	2009 £'000	2008 £'000
<b>Executives</b>					
Howard Snowden <sup>1</sup>	103	12	9	124	116
Helier Smith <sup>2</sup>	94	12	4	110	103
<b>Non-Executives</b>					
Kevin Keen	-	17	-	17	10
Tony Cooke	-	12	-	12	6
Mary Curtis	-	12	-	12	6
Carl Hinault	-	12	-	12	10
Stephen Marie	-	12	-	12	10
David Norman	-	9	-	9	18
Richard Pirouet	-	-	-	-	4
Peter Yates	-	7	-	7	-

<sup>1</sup> For the year ended 31 December 2009 the Company's contribution in respect of Howard Snowden's pension was £9,000.

<sup>2</sup> For the year ended 31 December 2009 the Company's contribution in respect of Helier Smith's pension was £9,000.

Benefits for Mr Snowden consist of full expenses for the use of a motor car, private health care and prolonged disability and death in service insurance. Benefits for Mr Smith consist of motor fuel, private health care and prolonged disability and death in service insurance.

## Notes to the Financial Statements - continued

**21 Related party transactions**

The Company has identified the following material related party transactions:

Counterparty	Value of goods & services supplied by Jersey Water		Value of goods & services purchased by Jersey Water		Amount due to Jersey Water		Amount due by Jersey Water	
	2009	2008	2009	2008	2009	2008	2009	2008
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
The States of Jersey	<b>1,846</b>	2,123	<b>66</b>	58	<b>525</b>	469	<b>1</b>	3
Jersey Electricity Plc	<b>78</b>	69	<b>834</b>	715	<b>28</b>	24	<b>74</b>	61
JT Group Limited	<b>7</b>	6	<b>57</b>	61	<b>3</b>	2	<b>4</b>	3
Jersey Post International Limited	<b>8</b>	8	<b>73</b>	77	<b>2</b>	2	<b>1</b>	1

The States of Jersey is the Company's majority and controlling shareholder. Jersey Electricity Plc is majority owned and controlled by the States of Jersey. JT Group Limited and Jersey Post International Limited are both wholly owned by the States of Jersey. All transactions are undertaken on an arm's length basis.

In addition to the transactions included above with the States of Jersey, the Company made payments of income tax, social security, GST, water resource licence fees and other statutory payments.

The Company leases the site of the La Rosiere Desalination plant from the States of Jersey on a 99 year lease ending in 2067. Under the terms of the lease, the rental, which for 2009 was £25,000 (2008: £21,000) increases every five years in line with the movement on the Jersey Retail Price Index.

**22 Ultimate controlling party**

The ultimate controlling party of The Jersey New Waterworks Company Limited is the States of Jersey.