

Annual Report and Financial Statements

for the year ended 31st December 2002



**The Jersey
New Waterworks
Company Limited**

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DIRECTORS, OFFICERS AND ADVISERS

Directors

David Charles Norman, *FCA, Chairman*

Senator Leonard Norman, *Deputy Chairman*

Howard Neville Snowden,
Eurling, BSc(Eng), MSc., CEng, FCIWEM, FICE, FIMechE, MIEE, Managing Director and Engineer

Constable John Baudin Germain

Carlyle John Le Herissier Hinault

Stephen John Marie, *MICW, MBIFM, ACIOB*

Richard John Pirouet, *FCA*

Secretary

Helier James Bennett Smith, *BA, ACA*

Auditors

Ernst & Young LLP
Unity Chambers
28 Halkett Street
St Helier
Jersey
JE1 1EY

Legal Advisers

Le Gallais & Luce
6 Hill Street
St Helier
Jersey
JE1 1BS

Registered Office

Mulcaster House
Westmount Road
St Helier
Jersey
JE1 1DG

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the one hundred and twenty-first annual general meeting of the shareholders of The Jersey New Waterworks Company Limited will be held at the Company's offices at Mulcaster House, Westmount Road, St. Helier, Jersey, on Friday, 16 May 2003, at 9.00 am.

- To receive and adopt the Financial Statements for the year ended 31 December 2002.
- To declare a final gross dividend of 5.65 pence per share on the ordinary and 'A' ordinary share capital.
- To re-elect RJ Pirouet and HN Snowden, the Directors retiring by rotation.
- To approve the Directors' fees for 2003 of £8,000 for the Chairman, and £4,000 for other Directors (2002: £8,000 and £4,000 respectively).
- To re-appoint Ernst & Young LLP as auditors at a fee to be agreed by the Directors.

By Order of the Board

HJB Smith
Secretary

Registered Office:

Mulcaster House
Westmount Road
St Helier
Jersey
JE1 1DG

7 March 2003

To facilitate the preparation of dividend warrants the share transfer books of the Company will be closed from 2 May 2003 to 16 May 2003, both days inclusive, and, subject to the dividend being confirmed, dividend warrants will be posted on 16 May 2003 to all ordinary and 'A' ordinary shareholders registered on 2 May 2003.

A member of the Company entitled to attend and vote may appoint another person (whether a member or not) as his proxy to attend and, on a poll, vote in his stead. A form of proxy is included with this annual report for use of members who are unable to attend the meeting. All shareholders are requested to complete and return the form of proxy, whether or not they intend to be present at the meeting in person. Proxies must be deposited at the registered office of the Company not less than 48 hours before the time of the meeting.

CHAIRMAN'S STATEMENT

"Take short views, hope for the best, and trust in God"

Revd. Sydney Smith 1771 - 1845

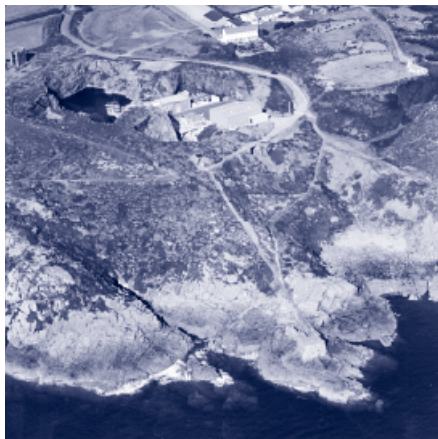
Financial performance

Turnover in 2002 increased by 4.7% or £515,301 compared to the previous year; this reflected our tariff increase of 4% which was augmented by additional re-chargeable works. Cost of sales were £223,565 lower than the previous year, principally due to the shorter running time of the desalination plant, whilst significant increases in Parish rates and insurance premiums contributed to the £312,219 increase in administration costs.

Our pre-tax profit for the year was up just over £1.0 million or 40.9% compared with 2001, however, nearly half of this, £464,473, was from the profit on sale of fixed assets including the one-off proceeds of £410,000 from the sale of Blampied Farm.

Despite our improved profit figure, cash flow remained negative and our net debt rose by £1.6 million to £12.6 million even though our capital programme was underspent at the year end by £1.3 million due largely to the later than expected start on the new wash-water recovery plant at Handois. We are anticipating a further increase in net debt of around £2.0 million in the coming year.

Shareholders will be aware of the need for profits to be at an adequate level so as to generate sufficient cash to fund the capital works needed to maintain the Company's infrastructure and extend its supply network and accordingly we have planned a 4.5% increase in tariffs for 2003.



La Rosiere Desalination Plant

Your Board have also decided, with effect from the 1st July 2003, to remove the option for new domestic customers to be charged for water based on the Parish rating assessment for their particular property. Therefore, from 1st July all customers with new supply agreements from that date will be charged by use of a water meter. This decision follows the successful trial in 2002 of electronically encoded water meters, which allow for fast accurate reading.

Our capital expenditure projection for the period 2003-2012 totals £48.9 million. Your Directors continue to include a contingency of £8.1 million in these numbers for extending the desalination plant although no further work has been done on this project.

Sadly, our responsibilities as Directors deny us the luxury of adopting Revd. Sydney Smith's advice to "take short views, hope for the best and trust in God" and we have included in the 10-year business plan a £1.0 million a year contingency

from 2007 onwards for an extension to Val de la Mare reservoir. Extra water storage may be required in the coming years and if this is the case then Val de la Mare is likely to be the most suitable location; funding needs to be planned now even if the project is in the medium to long term, i.e. 20 years away.

Our pension fund, in common with other defined benefit funds, has been badly affected by recent investment conditions and low annuity rates which has required a £2.4 million charge to reserves reflecting the increased deficit in the fund. Your Board have acted by making an additional payment of £1 million into the fund and closing the defined benefit pension scheme to new entrants. A new defined contribution scheme will be operative for new employees from 2003.

As reported above, the disposal of Blampied Farm was completed during the year after plans for the sympathetic restoration of this old property were approved in principal by the Planning & Environment Committee; we will be pursuing the sale of the Le Mourier Valley Cottages during 2003.

CHAIRMAN'S STATEMENT CONTINUED

The Directors are recommending a final dividend of 5.65 pence per share which, together with the interim dividend of 3.40 pence per share paid in 2002, makes the total dividend of 9.05 pence per share for the year, an increase of 4.5% over 2001.

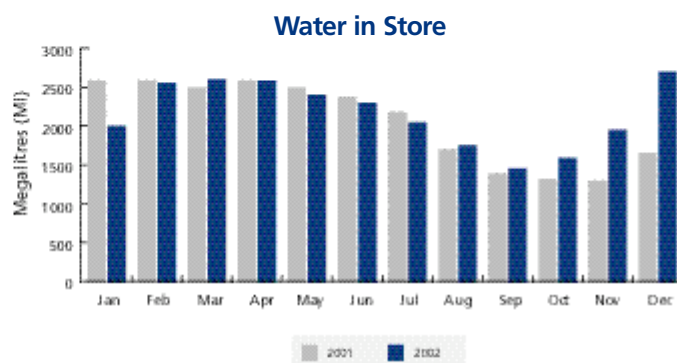
Your Board's policy is to use the bulk of cash generated by profits to fund capital expenditure and whilst this policy remains in place it is also our policy to increase the dividend broadly in line with inflation.

Water resources

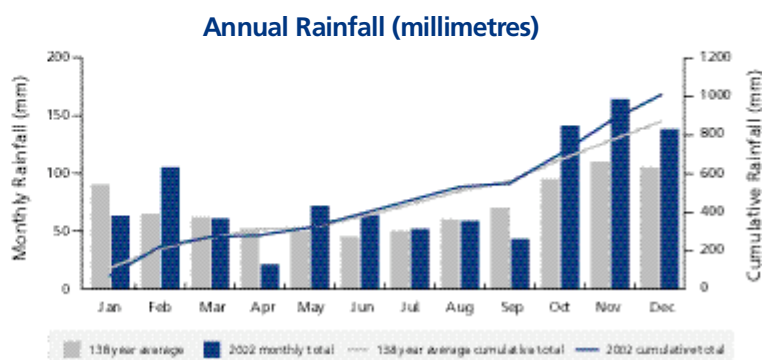
2002 had two significant differences from the previous year, we started with comparatively low levels in our reservoirs and we had high rainfall in May and June.

The winter of 2001/2002 was relatively cold and dry, which resulted in a slow increase in reservoir levels.

The desalination plant was operated from mid November 2001 to mid January 2002 to augment natural water resources and it was not until the end of February that reservoir stocks had recovered to their normal levels for the time of year.



The total rainfall up to the end of April was 22% below the long-term average, and apart from the months of May and June, the monthly rainfall recorded was at or below average levels. By the end of September the total rainfall for the year was at long-term average levels.



The last quarter of the year, proved to be very wet, with 52% of the annual average rainfall falling during this period, which was a very similar situation to the year 2000. By early December all of our reservoirs were full and streams were running to waste.

The desalination plant was operated again in September and October, to enable the reverse osmosis membranes to be cleaned for the first time since the plant was commissioned in 1999.

A small volume of water was produced during this period in order to determine the effectiveness of the cleaning process on the membranes.

CHAIRMAN'S STATEMENT CONTINUED

The total water supplied during the year was 7,207 MI. which is a 1.5 % decrease on the previous year, this reduction was attributed to the relatively wet months of May and June when the demand from garden watering can be particularly high and also the very wet final quarter of the year.

Water quality

The operation of the desalination plant in the winter of 2001/2002, together with the relatively dry start to the year resulted in nitrate levels in our reservoirs being lower than in previous years and although we were still recording levels in excess of 50 mg/l in all streams supplying the reservoirs, by the careful selection and blending of the water taken for treatment, nitrate levels in supply were kept at or below 50 mg/l for the whole year.

The levels of nitrate in water resources did however increase significantly at the end of the year due to the intense periods of rainfall, which in turn increased the rate of nitrate leached from the ground.

Overall, 99.9% of all treated water samples complied with the Maximum Allowable Concentrations (MAC) set out in the England and Wales drinking water regulations.

The weekly analysis for Cryptosporidium in treated water continued, with no non compliant results being reported. The results from this year now give us three consecutive years of monitoring data, all of which have been compliant with the England & Wales Maximum Allowable Concentration (MAC).

The sampling for the herbicide residue Chlorthal was maintained, with the results showing a slow, but overall continuing decline.

We are pleased that the Centre for Research of Environment and Health (CREH) have been appointed by the Water Resources Steering Group, to undertake a study of the Island's water resources in order to determine appropriate Water Quality Objectives (WQO). This work is being funded primarily by the Environment and Public Services Committee, but contributions to the cost of this work are also being made by other stakeholders, including your Company. The setting of WQOs will determine what actions are needed in the catchment areas to improve water quality for the respective water uses.



Handois Water Treatment Works

The Company agreed to sign a revised Memorandum of Understanding (MOU) on water quality, put forward by the Environment and Public Services Committee. The new MOU allows a derogation level of 30% of regulatory samples for nitrate being above 50 mg/l, up to maximum level of 70 mg/l. It is understood that the Environment and Public Services Committee has consulted with the Health & Social Services Committee on this matter.

The Environment and Public Services Committee has also indicated its desire to introduce an amendment to the Water (Jersey) Law 1972, with the aim of defining the wholesomeness of water. Whilst the Company is supportive of measures to improve water quality, your Board considers the introduction of measures to improve the quality of water resources, by the introduction of Water Catchment Management Areas, under the Water Pollution (Jersey) Law 2000 or the future Water Resource Law, which is presently being drafted, would be a more appropriate and sustainable approach.

Your Board remains concerned that the proposed amendment to the Law will impose new standards for nitrates which have no discernible benefits to our customers and for which there is no weight of medical evidence.

Shareholders are reminded that the only resource under our control to combat the high levels of nitrates in surface waters is the use of the desalination plant.

CHAIRMAN'S STATEMENT CONTINUED

Due to our inability to control the levels of nitrates in water resources, the proposed amendment to the Law could force the Company to operate the desalination plant, possibly for long periods, in order to try and maintain levels below or at 50 mg/l which would result in significant additional costs that will need to be borne by customers for whom there will be no discernible benefit. The proposed amendment to the Law allows the Environment and Public Services Committee to give derogations and, if unnecessary costs are to be avoided, it is important that these derogations are granted whilst nitrate levels in raw water resources remain relatively high.

The Company's Reservoirs and Infrastructure

Monitoring of the Company's Reservoirs was performed by the Supervising Engineer, in accordance with the requirements of both the Reservoir (Jersey) Law 1996 and recognised good engineering practice. All of the Supervising Engineer's reports were satisfactory.

A new aeration system was installed in the Val de la Mare Reservoir, which will allow improved mixing of desalinated water with natural waters, generally improve the quality of stored water and will reduce the potential for the formation of algae blooms during the summer.

A stream by-pass pumping system was constructed at Queen's Valley Reservoir to allow the stream to be diverted from the reservoir when nitrate levels are high and when the stream water is not required. The by-pass will also be useful should the stream course become polluted.

The chlorinating equipment at Augrès Water Treatment Works (WTW) was replaced, with the latest micro-processor based control system, ensuring continuing security of operation for this essential treatment process.

The water quality improvement scheme at Le Mourier Reservoir was completed on programme in December and will allow this resource, which has relatively high levels of nitrate, to be brought back into operation when required. The pumping station at Le Mourier will pump water into Handois Reservoir for blending with other water resources which supply Handois WTW.

The final section of the trunk water main between Handois WTW and Les Platons Service Reservoir was completed at the end of the year, as was the installation of mechanical and electrical services at the service reservoir.

Work on commissioning the new pumping station at Handois, the trunk main and the service reservoir will take place during 2003 and will involve the installation of flow meters and pressure reducing valves to regulate the flow of water into existing parts of the distribution system, presently supplied by booster pumping stations.

In August a contract was let for the construction of a wash water recovery plant at Handois WTW. This facility will be completed in 2003 and will significantly improve the quality of wash water leaving the treatment works and entering the downstream reservoirs at Dannemarche and Millbrook. The plant has been designed to treat the wash water produced by Augrès WTW, which will be pumped to the plant at Handois WTW in the future.

The treated water mains extension and renewals programme for 2002 was completed, with some 10.9 km of new mains being laid and 1.2 km of old water mains being replaced. The cost of the mains renewal programme is high, but this work is necessary to improve and maintain the standards of service to our customers.



Augrès Water Treatment Works

CHAIRMAN'S STATEMENT CONTINUED

Many new housing developments were supplied with water during the year and some 1,083 new service connections, representing 1,162 new dwellings were connected to the mains water supply.

The Board is aware that works carried out by the Company in fulfilling its obligations for the supply of water by laying new or renewing old pipework can cause disruption and inconvenience to the public and therefore the Company takes all reasonable measures to minimise such disruption and inconvenience

Board of Directors

The proposal to amend the Articles so that all Directors rank equally was approved by Shareholders in April at an Extraordinary General Meeting.

The States-appointed Directors, Senator Len Norman, Constable John Germain and Mr Carlyle Hinault subsequently resigned and were re-appointed to the Board; their appointments were confirmed by Shareholders at the Annual General Meeting in May as was the appointment of Mr Stephen Marie.

Mr Marie joined the Board in April; he is Managing Director of Le Riche Property and his skills in property management are an asset to your Company.

Deputy Jennifer-Anne Bridge had expressed a wish to resign from the Board in 2001 and did not seek re-election after the extraordinary general meeting. I thank her for her services to the Company.

The Company staff and management

Mr Helier Smith took over as Company Secretary from Mr Barry Querée on the latter's retirement in July. Mr Smith is a chartered accountant and joined us from the finance industry where he had gained a wide range of skills.

The year has proved to be a very busy one for all sections of the Company and I wish to record the Board and Shareholders thanks to all the staff for their hard work for the Company and their commitment to continuing to deliver a quality service to our customers.

DC Norman
Chairman

7 March 2003

STATEMENT OF COMPANY POLICY

The Directors have a fiduciary responsibility, like Directors of all companies, to their shareholders. The Directors also recognise a duty of care for those who work for the Company. However, the Directors accept an over-riding responsibility in their duty to supply water for the whole Island community.

The Company's policy is therefore to secure an adequate supply of good quality water available throughout the Island whilst recognising the need to limit increases in the cost of water and at the same time, providing a reasonable return for its equity shareholders.

ENGINEER'S CERTIFICATE

It is my opinion that the whole of the company's engineering and operational works during the past year have operated in a satisfactory manner and have been maintained in a good state of order and repair.

HN Snowden
Engineer

7 March 2003

DIRECTORS' REPORT

The Directors of the Company present the financial statements for the year ended 31 December 2002.

Activities of the Company

The Company was incorporated in 1882. The principal activities of the Company are the collection, treatment and supply of water for commercial and domestic use throughout the Island.

Results

The results for the year are set out on page 14.

Dividends

In 2002 the Company paid the dividends on preference shares totalling £380,665 (net) (2001: £380,665).

During the year, an interim dividend of 3.4 pence per share (gross) (2001: 3.30 pence) was paid on the Ordinary and 'A' Ordinary shares totalling £13,137 (net) (2001:£12,751(net)). The Directors recommend a final dividend of 5.65 pence (gross) (2001: 5.36 pence) totalling £21,832 (net) (2001: £20,711).

Directors

Changes in Directors

The Directors of the Company on the date the financial statements were approved and throughout the year ended 31 December 2002 were as detailed on page 2 except for Deputy Jennifer-Anne Bridge who resigned with effect from 19 April 2002 and Mr Stephen Marie who was appointed with effect from 19 April 2002.

In accordance with the provisions of Article 74(b), RJ Pirouet and HN Snowden will retire at the annual general meeting and, being eligible, offer themselves for re-election.

Directors' interests

Particulars of the holdings of Directors, including family interests, in the share capital of the Company as at 31 December 2002 are:

	CJ Hinault	SJ Marie	DC Norman	HN Snowden
Ordinary shares				
<i>Beneficial</i>	100	100	190	200
<i>Non beneficial</i>	-	-	7,740	-

Of the many business interests of Mr DC Norman, he is a Director of Norman Limited, C.I. Traders Limited, Nicholl's Service Garage Limited and Iron Stores Jersey Limited. These are all companies with which the Company trades on a regular arms length basis.

Mr Stephen Marie is the Managing Director of Le Riche Property, a division of C.I. Traders Limited, a Group with which the Company transacts on an arms length basis.

Insurance of Directors and officers of the Company

The Company maintains an insurance policy on behalf of all its Directors and Company officers against liability arising from neglect, breach of duty and breach of trust in relation to the Company.

DIRECTORS' REPORT CONTINUED

Substantial holders of shares

Set out below is a table showing details of shareholders beneficially owning 3% or more of the Ordinary Share capital of the Company:

	Beneficial holding of Ordinary shares as at 31 December 2002	% of Ordinary shares held
<i>The States of Jersey</i>	126,000	50.0
<i>Jurat PG Blampied</i>	16,740	6.6
<i>Allied Mutual Insurance Services Limited</i>	13,975	5.5
<i>BR Querée</i>	10,061	4.0
<i>Nordar Limited</i>	7,740	3.1
<i>Lemasco Nominees Limited</i>	7,700	3.1

In addition to the holding above, the States of Jersey also own 100% of the issued 'A' ordinary shares and 100% of the issued 7.5% -10% cumulative fifth preference shares.

The Company enters into normal commercial transactions with the States of Jersey and entities controlled by the States, in that it pays income tax, telephone, electricity and various other charges. Conversely, the Company levies charges at its usual rates for the supply of water and the connection of services to States owned properties.

Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Company and of the profit or loss for the period. In preparing these financial statements the Directors have selected what they consider to be suitable accounting policies and have applied them consistently. They have made judgements and estimates which they believe are reasonable and prudent, and have followed applicable accounting standards. They have prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

HJB Smith
Secretary

7 March 2003

INDEPENDENT AUDITORS' REPORT

to the members of The Jersey New Waterworks Company Limited

We have audited the Company's financial statements for the year ended 31 December 2002 which comprise the Balance Sheet, Profit and Loss Account, Statement of Total Recognised Gains and Losses, Cash Flow Statement and the related notes 1 to 18. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Article 110 of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As described on page 11 the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable Jersey law.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements, which have been prepared in accordance with United Kingdom accounting standards, give a true and fair view and are properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the Company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises the Chairman's Statement, the Statement of Company Policy, the Directors Report and Statistics. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Ernst & Young LLP
Jersey, Channel Islands

11 March 2003

Notes

- 1 The maintenance and integrity of The Jersey New Waterworks Company Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- 2 Legislation in both Jersey and the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

BALANCE SHEET

31 DECEMBER 2002

	Note	2002		2001	
		£	£	£	£
				Restated	
Fixed assets	2		51,087,914		47,697,182
Current assets					
Stores		1,223,920		1,348,936	
Debtors	3	3,022,756		2,844,671	
Bank and cash		451		451	
		<u>4,247,127</u>		<u>4,194,058</u>	
Creditors - Amounts falling due within one year					
Bank overdraft		(2,776,623)		(1,165,386)	
Creditors and accruals	4	(2,140,716)		(1,989,828)	
Contract retentions		(63,633)		-	
Income tax	5	(202,723)		(232,768)	
Loans	6	(950,000)		(750,000)	
		<u>(6,133,695)</u>		<u>(4,137,982)</u>	
Net current (liabilities)/ assets			(1,886,568)		56,076
Total assets less current liabilities			49,201,346		47,753,258
Creditors - Amounts falling due after more than one year					
Contract retentions		-		(40,677)	
Future income tax	5	(67,755)		(244,396)	
Loans	6	(8,900,000)		(9,100,000)	
			(8,967,755)		(9,385,073)
Provisions for liabilities and charges					
Deferred taxation	7		(3,615,715)		(3,309,938)
Net assets excluding pension liability			36,617,876		35,058,247
Pension liability	8		(3,925,839)		(2,404,626)
Net assets			£32,692,037		£32,653,621
Capital and reserves					
Called up share capital	9		5,865,425		5,865,425
Capital redemption reserve			124,025		124,025
			<u>5,989,450</u>		5,989,450
Share premium account			677,600		677,600
Reserves	10		<u>26,024,987</u>		25,986,571
Shareholders' funds	11		£32,692,037		£32,653,621

The financial statements on pages 13 to 27 were approved by the Board of Directors on 7 March 2003 and were signed on its behalf by:

DC Norman
Chairman

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	2002		2001	
		£	£	£	£
				Restated	
Turnover					
Water supply charges		10,799,096		10,408,319	
Rechargeable works income		528,544		421,635	
Other income		221,284		203,669	
			11,548,924		11,033,623
Cost of sales					
Pumping expenses		(699,415)		(651,805)	
Maintenance of reservoirs and works		(1,877,705)		(1,770,011)	
Renewal of mains		(133,444)		(284,669)	
Distribution and analysis of water		(1,325,227)		(1,377,868)	
Desalination station expenses		(534,424)		(774,044)	
Miscellaneous		(280,169)		(215,552)	
		(4,850,384)		(5,073,949)	
Administration					
Administration charges	12	(1,329,504)		(1,176,295)	
Insurances		(378,850)		(219,840)	
		(1,708,354)		(1,396,135)	
Depreciation					
Completed works		(1,368,318)		(1,358,412)	
Expenditure			(7,927,056)		(7,828,496)
Operating profit			3,621,868		3,205,127
Profit on disposal of fixed assets			464,473		-
Interest					
- payable	13	(569,016)		(693,920)	
- receivable		3,776		5,840	
Investment income			-		3,628
(Loss) on redemption of investments			-		(1,064)
Other finance (costs)		8	(53,946)		(59,646)
			(619,186)		(745,162)
Profit before taxation			3,467,155		2,459,965
Jersey income tax		5	(562,895)		(653,370)
Profit available for distribution			2,904,260		1,806,595
Dividends		14	(417,272)		(414,127)
Retained profit for the year			£2,486,988		£1,392,468
Earnings per ordinary share of £1		15	£5.22		£2.95

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	2002 £	2001 £
Profit for the year		2,904,260	1,806,595
Loss arising on pension liabilities	8	<u>(2,448,572)</u>	<u>(299,513)</u>
Total recognised gains and losses for the year		<u>£455,688</u>	<u>£1,507,082</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 £	2001 £
Reported profit before taxation	3,467,155	2,459,965
Realisation of investment revaluation gains of previous years	-	10,391
Historical cost profit before taxation	<u>£3,467,155</u>	<u>£2,470,356</u>
Historical cost profit retained for the year	<u>£2,486,988</u>	<u>£1,402,859</u>

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	2002		2001	
		£	£	£	£
Net cash inflow from operating activities	16		5,541,483		5,730,254
Returns on investments and servicing of finance					
Interest received		3,798		5,840	
Interest paid		(488,097)		(817,114)	
Investment income received		-		3,628	
Non-equity dividends paid		(380,665)		(380,665)	
Pensions and contributions paid		<u>(1,531,524)</u>		<u>(477,254)</u>	
Net cash outflow on returns on investments and servicing of finance			(2,396,488)		(1,665,565)
Taxation					
Jersey income tax paid			(231,963)		(265,443)
Capital expenditure					
Purchase of fixed assets		(4,997,733)		(3,141,482)	
Disposal of fixed assets		493,912		17,605	
Disposal of investments		-		128,717	
Net cash outflow from capital expenditure			(4,503,821)		(2,995,160)
Equity dividends paid			(33,848)		(33,037)
Management of liquid resources					
Loans (granted to)/ repaid by employees		<u>13,400</u>		<u>23,224</u>	
Net cash (outflow)/ inflow from management of liquid resources			13,400		23,224
Financing					
Loans repaid		-		<u>(750,000)</u>	
Net cash outflow from financing			-		(750,000)
(Decrease) / Increase in cash			<u>£(1,611,237)</u>		<u>£ 44,273</u>

Reconciliation of net cash flow to movement in net debt

	Note	2002		2001	
		£	£	£	£
(Decrease)/Increase in cash		(1,611,237)		44,273	
Cash used to repay loans		-		750,000	
Movement in net debt	17	(1,611,237)		794,273	
Net debt brought forward	17	(11,014,935)		(11,809,208)	
Net debt carried forward	17	<u>£(12,626,172)</u>		<u>£(11,014,935)</u>	

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.

Turnover

Turnover represents the total value of water charges together with minor contracts and rental income.

Stocks of water

No value is placed on stocks of water held in reservoirs, which may vary from year to year.

Stores

Stores are valued at the lower of cost and net realisable value.

Water charges

Water is billed either as a fixed rate (in advance) or as a metered charge (in arrears). No revenue is recognised for water supplied between the date of the last quarterly meter reading of the year, which is usually in December, and the year end. Fixed rate income is recognised for the year up to 25 December.

In a change from the previous accounting treatment, fixed rate water charges and service charges billed in advance are shown within Current Liabilities, 'Accruals and Deferred Income'. In prior years the amount has been netted from trade debtors. The change in treatment has resulted in the restatement of certain balance sheet and cash flow captions for the year ended 31 December 2001 but has had no effect on the profit and loss account in either 2001 or 2002.

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 - Iron	80 years
- Others	50 years
Buildings	60 years
Dams	60-100 years
Pumping plant	30 years
Reinforced concrete structures	80 years
Motor vehicles	3-6 years
Mobile plant and tools	3-10 years
Reverse osmosis plants	10 years

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Deferred taxation

Deferred taxation is calculated on a full provision basis in accordance with Financial Reporting Standard 19 'Deferred Taxation'.

Retirement benefits

The Company values its liability in respect of defined retirement benefits in accordance with FRS 17 and following the unit cost method of calculation. In previous years the Company has shown the liability arising from certain unfunded pension arrangements separately to those relating to the formal Defined Benefit Scheme and gross of the related deferred tax asset. In order to clarify the total pension liability of the Company, all pension liabilities are now shown within a single line on the balance sheet and are shown net of the related deferred tax asset in accordance with the requirements of FRS 17. The change in treatment has resulted in the restatement of certain balance sheet and profit and loss captions for the year ended 31 December 2001 but has had no effect on the profit previously report for that period.

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.

2 FIXED ASSETS

	Property and completed works	Uncompleted works	Motor vehicles, mobile plant & equipment	Total
	£	£	£	£
Cost				
Brought forward	55,733,475	1,191,849	1,439,928	58,365,252
Additions	9,500	4,644,080	341,706	4,995,286
Disposals	-	-	(269,668)	(269,668)
Transfers	4,154,620	(4,154,620)	-	-
Carried forward	<u>59,897,595</u>	<u>1,681,309</u>	<u>1,511,966</u>	<u>63,090,870</u>
Depreciation				
Brought forward	(9,758,488)	-	(909,582)	(10,668,070)
Disposals	-	-	251,278	251,278
Charge for the year	(1,368,318)	-	(217,846)	(1,586,164)
Carried forward	<u>(11,126,806)</u>	<u>-</u>	<u>(876,150)</u>	<u>(12,002,956)</u>
Net book value				
Brought forward	£45,974,987	£1,191,849	£530,346	£47,697,182
Carried forward	<u>£48,770,789</u>	<u>£1,681,309</u>	<u>£635,816</u>	<u>£51,087,914</u>

Of the £1,586,164 depreciation charge for the year, £217,846 relating to motor vehicles, mobile plant and equipment has been allocated to various expense accounts included within the cost of sales total of £4,850,384 shown in the profit and loss account.

At 31 December 2002 the capital commitments contracted for amounted to £2,518,422 (2001:£410,002). A further amount of £Nil (2001:£1,039,362) had been authorised.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3 DEBTORS

	2002 £	2001 £ Restated
Trade debtors	2,676,440	2,651,997
Prepayments	241,713	77,851
Loans to employees	99,678	113,078
Other debtors	4,925	1,745
	<u>£3,022,756</u>	<u>£2,844,671</u>

4 CREDITORS AND ACCRUALS

	2002 £	2001 £ Restated
Trade creditors	439,152	546,268
Other creditors	142,559	9,133
Accruals and deferred income	1,537,173	1,411,990
Proposed dividend (net)	21,832	22,437
	<u>£2,140,716</u>	<u>£1,989,828</u>

5 JERSEY INCOME TAX

	2002 £	2001 £ Restated
(a) Profit and loss account charge		
Income tax on the profits for the year	300,351	266,816
(Over) / under provision for previous years	(43,233)	31,826
Transfer to deferred tax	305,777	354,728
	<u>£562,895</u>	<u>£653,370</u>
(b) Current income tax liability	<u>£202,723</u>	<u>£232,768</u>
(c) Future income tax liability	<u>£67,755</u>	<u>£244,396</u>

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:

	2002 £	2001 £
Profit before tax	<u>£3,467,155</u>	<u>£2,459,965</u>
Profit before tax multiplied by the standard rate of Jersey income tax of 20% (2001: 20%).	693,431	491,993
Capital allowances for period in excess of depreciation	(251,913)	(220,077)
Capital expenditure, deductible for tax purposes	(48,273)	-
Profit on sale of fixed assets	(92,894)	(5,019)
Other	-	(81)
Current tax charge for year	<u>£300,351</u>	<u>£266,816</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6 LOANS

	Repayment Dates	2002 £	2001 £
Facilities drawn down			
HSBC Bank plc	2008	3,650,000	3,650,000
HSBC Bank plc	2011	5,250,000	5,250,000
Royal Bank of Canada (Channel Islands) Limited	2003	950,000	950,000
		<u>£9,850,000</u>	<u>£9,850,000</u>
Loans falling due within one year		950,000	750,000
Loans falling due after more than five years		8,900,000	9,100,000
		<u>£9,850,000</u>	<u>£9,850,000</u>

The Company has a rolling overdraft facility, as well as the availability of a standby overdraft facility with the HSBC Bank plc.

Unconditional guarantees have been given by the States of Jersey for the repayment of loans up to a maximum of £16.2m, and for the payment of the interest on these loans, to be negotiated by the Company in relation to the Company's significant major capital works programme.

Prior to the year end the Company entered into negotiations with Royal Bank of Canada (Channel Islands) Limited to extend the repayment terms of the loan such that the payment of £750,000 due in December 2002 would not be repaid until December 2003.

7 DEFERRED TAXATION

	2002 £	2001 £
Capital allowances	<u>£3,615,715</u>	Restated <u>£3,309,938</u>
Brought forward	3,309,938	2,955,210
Transfer from profit and loss account	305,777	354,728
At 31 December	<u>£3,615,715</u>	<u>£3,309,938</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8 PENSIONS

The Company operates a defined benefit pension plan providing benefits based on final pensionable salary. The liabilities of the plan are funded by contributions from the employer. The assets of the plan are held separately from those of the Company, being administered by independent investment advisers. The Trustees of the plan at the year end were Jurat PG Blampied OBE, P Batho, MG Le Brocq, RJ Pirouet, HJB Smith and HN Snowden.

Following the decision made by the Company to establish a new defined contribution section of the pension plan in 2003, the defined benefit section of the plan was closed to new entrants with effect from 1 January 2003.

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. Where applicable, the liability of the Company in respect of these arrangements is included within the pensions disclosure below.

Composition of the defined benefit plan

A full actuarial valuation of the defined benefit plan was carried out as at 31 December 2002. The major financial assumptions used by the actuary were:

	2002	2001	2000
Rate of increase in salaries	5.00%	5.00%	5.50%
Rate of increase in pensions in respect of 1988 guarantee	5.00%	5.00%	5.00%
Rate of increase in pensions accrued after 1 January 1999	3.75%	3.25%	3.75%
Discount rate	5.47%	5.81%	6.00%
Inflation assumption	4.00%	3.50%	4.00%

The assets in the defined benefit plan and the expected rate of return as at 31 December were:

	2002		2001		2000	
	Expected long term rate of return	Value £	Expected long term rate of return	Value £	Expected long term rate of return	Value £
Equities	8.18%	3,783,538	8.10%	4,774,156	8.46%	4,822,128
Corporate bonds	5.47%	1,710,112	5.81%	2,204,174	5.99%	2,470,985
Cash	4.00%	1,047,982	4.00%	140,472	4.00%	280,480
Weighted rate of return on assets	6.80%	£6,541,632	7.31%	£7,118,802	7.50%	£7,573,593

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8 PENSIONS continued	2002 £	2001 £ Restated	2000 £ Restated
Total market value of assets	6,541,632	7,118,802	7,573,593
Present value of total pension liabilities	<u>(11,448,930)</u>	<u>(10,124,585)</u>	<u>(10,308,688)</u>
Pension deficit	<u>(4,907,298)</u>	<u>(3,005,783)</u>	<u>(2,735,095)</u>
Related deferred tax asset	981,459	601,157	547,019
Net total pension liability	<u><u>£(3,925,839)</u></u>	<u><u>£(2,404,626)</u></u>	<u><u>£(2,188,076)</u></u>
Analysis of the amount charged to Operating Profit		2002	2001
		£	£
Current service cost		<u>£318,378</u>	<u>£313,905</u>
Analysis of the amount included in Other Finance Costs		2002	2001
		£	£
Expected return on defined benefit plan assets		535,181	Restated 571,997
Interest on total pension liabilities		<u>(589,127)</u>	<u>(631,643)</u>
Net charge for the year		<u><u>£(53,946)</u></u>	<u><u>£ (59,646)</u></u>
Analysis of amount recognised in Statement of Total Recognised Gains and Losses		2002	2001
		£	£
Actual return less expected return on defined benefit plan assets		<u>(2,011,997)</u>	Restated <u>(1,157,719)</u>
Experience (losses)/ gains arising on the total pension liabilities		<u>(385,605)</u>	614,856
Changes in assumptions underlying the present value of the total pension liabilities		<u>(663,113)</u>	168,472
Actuarial (loss) recognised		<u>(3,060,715)</u>	<u>(374,391)</u>
Current tax relief		231,841	20,740
Movement in deferred tax relating to net liability		<u>380,302</u>	<u>54,138</u>
(Loss) recognised in statement of total recognised gains and losses		<u><u>£(2,448,572)</u></u>	<u><u>£(299,513)</u></u>
Movement in deficit during the year		2002	2001
		£	£
Total pension deficit at beginning of the year		<u>(3,005,783)</u>	Restated <u>(2,735,095)</u>
Deferred tax asset		<u>601,157</u>	<u>547,019</u>
		<u><u>(2,404,626)</u></u>	<u><u>(2,188,076)</u></u>
Movement in year:			
Current service cost		<u>(318,378)</u>	(313,905)
Contributions and pensions paid		1,531,524	477,254
Other finance (costs)		<u>(53,946)</u>	(59,646)
Actuarial (loss)		<u>(3,060,715)</u>	<u>(374,391)</u>
		<u><u>(4,306,141)</u></u>	<u><u>(2,458,764)</u></u>
Movement in deferred tax asset		<u>380,302</u>	<u>54,138</u>
Total pension deficit at end of the year		<u><u>£(3,925,839)</u></u>	<u><u>£(2,404,626)</u></u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8 PENSIONS continued

History of experience gains and losses	2002 £	2001 £	2000 £	1999 £
Difference between the expected and actual return on plan assets:				
Amount	(2,011,997)	(1,157,719)	(1,323,078)	947,418
Percentage of plan assets	(31%)	(16%)	(17%)	12%
Experience gains and losses on total pension liabilities:				
Amount	(385,605)	614,856	-	-
Percentage of the present value of pension liabilities	(3%)	6%	0%	0%
Total amount recognised in statement of total recognised gains and losses:				
Amount	(2,448,572)	(299,513)	(1,664,223)	1,882,255
Percentage of the present value of pension liabilities	(21%)	(3%)	(17%)	21%

Funding of the defined benefit pension plan

The actual funding of the pension plan is determined by the 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 contributions of £494,596 plus an additional contribution of £1,000,000.

The contribution rate in force during 2002 was 21.8% of total salaries, 9.7% of which represented the amortisation of the plan deficit, subject to the results of future actuarial valuations. Following the results of the latest actuarial valuation as at 31 December 2002 the contribution rate for 2003, 2004 and 2005 is set at 22.7% of pensionable salaries, of which 11.2% represents the amortisation of the plan deficit.

As the defined benefit plan is closed to new members from 1 January 2003, under the current unit method, the current service cost will increase as the members of the plan approach retirement.

9 SHARE CAPITAL

	2002 £	2001 £
Authorised		
252,000 ordinary shares of £1	252,000	252,000
231,000 'A' ordinary shares of £1	231,000	231,000
20,000 cumulative preference shares of £5	100,000	100,000
20,000 cumulative second preference shares of £5	100,000	100,000
100,000 cumulative third preference shares of £5	500,000	500,000
100,645 cumulative fourth preference shares of £5	503,225	503,225
900,000 cumulative fifth preference shares of £5	4,500,000	4,500,000
	<u>£6,186,225</u>	<u>£6,186,225</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	2002	2001
	£	£
Issued and fully paid		
252,000 ordinary shares of £1	252,000	252,000
231,000 'A' ordinary shares of £1	231,000	231,000
	<u>£483,000</u>	<u>£483,000</u>
17,261 5% cumulative preference shares of £5	86,305	86,305
17,402 3.5% cumulative second preference shares of £5	87,010	87,010
23,509 3% cumulative third preference shares of £5	117,545	117,545
16,036 3.75% cumulative third preference shares of £5	80,180	80,180
11,400 5% cumulative third preference shares of £5	57,000	57,000
90,877 2% cumulative fourth preference shares of £5	454,385	454,385
900,000 7.5-10% cumulative fifth preference shares of £5	4,500,000	4,500,000
	<u>£5,382,425</u>	<u>£5,382,425</u>
Total issued share capital	<u>£5,865,425</u>	<u>£5,865,425</u>

The cumulative fifth preference shares were entitled to a dividend of 7.5% per annum gross until 31 December 2000, thereafter the dividend is paid at the rate of 10.0% per annum gross.

Votes of shareholders

Upon a poll every shareholder present at a general meeting in person or by proxy shall have one vote for every ordinary share held by him and one vote only for all the preference shares held by him, irrespective of the number and class of such preference shares, except that so long as the States of Jersey hold all the 'A' ordinary shares they shall on a poll at all general meetings of the Company be entitled to so many additional votes as shall bring the total number of votes attached to the said 'A' ordinary shares to twice the total number of votes cast in respect of all other shares.

10 RESERVES

	Retained profit	Capital reserve	Total
	£	£	£
Brought forward	24,081,077	1,905,494	25,986,571
Retained profit for year	2,486,988	-	2,486,988
Transfer of profit on sale of Blampied Farm to capital reserve	(398,947)	398,947	-
Loss relating to pension plan deficit recognised in the statement of total recognised gains and losses	(2,448,572)	-	(2,448,572)
Carried forward	<u>£23,720,546</u>	<u>£2,304,441</u>	<u>£26,024,987</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Profit for the year	2,904,260	1,806,595
Dividends	<u>(417,272)</u>	<u>(414,127)</u>
Retained profit for the year	2,486,988	1,392,468
Loss arising on pension plan	<u>(2,448,572)</u>	<u>(299,513)</u>
Opening shareholders' funds	32,653,621	31,560,666
Closing shareholders' funds	<u><u>£32,692,037</u></u>	<u><u>£32,653,621</u></u>
Equity	27,309,612	27,271,196
Non-equity	<u>5,382,425</u>	<u>5,382,425</u>
	<u><u>£32,692,037</u></u>	<u><u>£32,653,621</u></u>

12 ADMINISTRATION CHARGES

	2002	2001
	£	£
Included in administration charges are the following:		
Directors' fees (note 18)	27,208	16,000
Auditors' fees	20,250	19,000

13 INTEREST PAYABLE

	2002	2001
	£	£
On loans and overdrafts from banks	<u>£569,016</u>	<u>£693,920</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14 DIVIDENDS

Non equity		2002		2001	
		Paid	Payable	Paid	Payable
Amounts are shown net of 20% tax					
		£	£	£	£
5%	cumulative preference shares	1,726	1,726	1,726	1,726
3.5%	cumulative second preference shares	2,436	812	2,436	-
3%	cumulative third preference shares	2,822	235	2,822	-
3.75%	cumulative third preference shares	2,405	401	2,405	-
5%	cumulative third preference shares	2,280	190	2,280	-
2%	cumulative fourth preference shares	7,270	-	7,270	-
7.5-10%	cumulative fifth preference shares	360,000	-	360,000	-
		<u>378,939</u>	<u>3,364</u>	<u>378,939</u>	<u>1,726</u>
Total dividends on non equity shares recognised in the year			<u>£382,303</u>		<u>£380,665</u>

Equity	2002			2001		
	Paid	Proposed	Total	Paid	Proposed	Total
	£	£	£	£	£	£
ordinary shares						
(2002 Total - 9.05 pence per share)	6,854	11,391	18,245	6,653	10,806	17,459
'A' ordinary shares						
(2002 Total - 9.05 pence per share)	<u>6,283</u>	<u>10,441</u>	<u>16,724</u>	<u>6,098</u>	<u>9,905</u>	<u>16,003</u>
Total dividends paid and proposed	<u>£13,137</u>	<u>£21,832</u>	<u>£34,969</u>	<u>£12,751</u>	<u>£20,711</u>	<u>£33,462</u>

Analysis of amount charged in the profit and loss account	2002	2001
	£	£
Equity dividends	34,969	33,462
Non equity dividends	382,303	380,665
	<u>£417,272</u>	<u>£414,127</u>

15 EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share of £1 is based on earnings of £2,904,260 (2001 - £1,806,595), being the profit available for distribution, less preference share dividends of £382,303 (2001 - £380,665) paid and payable, and 483,000 ordinary and 'A' ordinary shares of £1 in issue.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

16 RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2002	2001
	£	£
		Restated
Operating profit	3,621,868	3,205,127
Depreciation	1,586,164	1,574,407
Profit on sale of assets included in cost of sales	-	(25,097)
Service cost of pension plan	318,378	313,905
Decrease in stores	125,016	385,871
(Increase) in debtors	(191,504)	(40,138)
Increase in creditors	81,561	316,179
Net cash inflow from operating activities	<u>£5,541,483</u>	<u>£5,730,254</u>

17 ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2002	Cash Flows	Other Changes	At 31 December 2002
	£	£	£	£
Bank and cash	(1,164,935)	(1,611,237)	-	(2,776,172)
Debt due within one year	(750,000)	-	(200,000)	(950,000)
Debt due after one year	(9,100,000)	-	200,000	(8,900,000)
Total	<u>£(11,014,935)</u>	<u>£(1,611,237)</u>	<u>£ -</u>	<u>£(12,626,172)</u>

18 DIRECTORS' EMOLUMENTS

	Base Salary	Fees	Benefits	Total Emoluments (excluding pension contributions)	
	£	£	£	2002 £	2001 £
Executives					
HN Snowden ¹	71,036	4,000	10,684	85,720	84,144
Non Executives					
DC Norman	-	8,000	-	8,000	8,000
L Norman	-	2,802	-	2,802	-
JB Germain	-	2,802	-	2,802	-
CJ Hinault	-	2,802	-	2,802	-
JA Bridge	-	-	-	-	-
RJ Pirouet	-	4,000	-	4,000	4,000
SJ Marie	-	2,802	-	2,802	-

¹ For the year ended 31 December 2002 the Company's contribution in respect of Mr Snowden's pension was £8,652.

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

ANNUAL STATISTICS

Year	Units	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Additional dwelling units connected	Number	506	581	493	549	459	570	812	591	692	1,162
Total dwelling units on supply	Number	27,812	28,393	28,886	29,435	29,894	30,464	31,276	31,867	32,559	33,721
Service mains laid	metres	6,729	7,694	6,152	11,065	8,553	8,993	9,623	3,569	7,439	10,892
Total length of service mains	Km	351.57	359.26	365.41	376.48	385.03	394.02	403.64	407.21	414.64	425.53
Trunk mains laid	metres	153	283	1,105	1,526	2,164	4,742	1,163	3,131	4,736	1,161
Total length of Trunk mains	Km	51.68	51.97	53.08	54.19	56.35	61.09	62.25	65.38	70.11	71.27
Service mains relaid	metres	160	96	242	466	738	244	300	1,598	1,281	1,178
Annual Rainfall (138 year average - 852.1mm)	mm	827.3	1014.1	874.7	695.3	757.5	984.6	961.4	1026.9	957.8	986.9
Number of employees at end of year	Number	120	120	117	118	118	117	114	113	112	112
Total water supplied	MI	6,556	6,674	6,622	6,834	6,994	7,229	7,269	7,262	7,317	7,207
Maximum day's demand	MI	23.9 18 August	27.5 7 July	26.9 10 August	27.0 21 July	25.7 20 August	27.6 9 August	29.7 29 July	27.0 20 July	29.4 25 June	26.0 28 July
Maximum month's demand	MI	664.9 August	738.1 July	709.7 August	728.2 July	705.3 August	756.8 August	794.1 July	721.7 July	733.1 June	702.5 July

WATER QUALITY REPORT

FOR THE YEAR ENDED 31 DECEMBER 2002

Microbiological quality

Water leaving treatment works

Supply point & average daily volume distributed from Works (MI/d)	No. of samples	% samples exceeding prescribed concentration or value	
		Total coliforms	Faecal coliforms
Handois (10.3 MI/d)	1043	0	0
Augrès (9.4 MI/d)	365	0	0
Total (19.7 MI/d)	1408	0	0

Water in service reservoirs

Capacity of Reservoirs (MI)	No. of samples	% samples exceeding prescribed concentration or value	
		Total coliforms	Faecal coliforms
Westmount 9 MI	362	0	0

Water in distribution

Zone	No. of samples	% samples exceeding prescribed concentration or value (number of samples exceeding concentration of value)	
		Total coliforms	Faecal coliforms
Zone 1: East			
Random consumer taps	68	0	0
Fixed points	430	0	0
Total	498	0	0
Zone 2: West			
Random consumer taps	57	1.75 (1)	0
Fixed points	279	0.36 (1)	0
Total	336	0.60 (2)	0

Samples exceeding prescribed concentrations were immediately resampled for three consecutive days - recheck samples were clear.

WATER QUALITY REPORT

FOR THE YEAR ENDED 31 DECEMBER 2002

Physical and chemical quality

Water in distribution

Parameter	Prescribed maximum concentration or value (PCV)	Concentration or value			No. of samples taken	No. of samples exceeding PCV
		Minimum	Mean	Maximum		
pH Value	6.5 - 9.5	7.3	7.4	8.0	227 ^f	0
Conductivity	1500 µSm/cm at 20°C	462	564	650	140	0
Turbidity	4 N.T.U.	0.11	0.30	2.08	141	0
Nitrate	50 mg NO ₃ /l	27	40	48	52	0
Nitrite ¹	0.1 mg NO ₂ /l	0.002	0.034	0.227	140	9 (6%)
Ammonia	0.5 mg NH ₄ /l	<0.01	0.08	0.37	141	0
Iron ²	200 µg Fe/l	<10	38	440	76	1 (1%)
Aluminium	200 µg Al/l	<20	<20	76	189	0
Manganese ³	50 µg Mn/l	<20	<20	51	143	1 (<1%)
Colour	20 Hazen Units	<0.69	4.3	5	141 ^f	0
Copper	3000 µg Cu/l	<4	71	963	76	0
Lead	50 µg Pb/l	<1	5	47	76	0
Zinc	5000 µg Zn/l	<6	49	434	76	0
Chloride	400 mg Cl/l	47	63	82	141	0
Dissolved Solids	1500 mg/l	226	393	469	140	0
Oxidizability	5 mg O ₂ /l	<0.1	0.40	1.08	136	0
Total Hardness	mg CaCO ₃ /l no value	116	143	189	140	-
Alkalinity	mg CaCO ₃ /l no value	42	59	81	140	-
Residual Chlorine	mg Cl ₂ /l no value	<0.02	0.21	0.52	200 ^f	-

mg/l = milligrams per litre
 µg/l = micrograms per litre
 < = indicates the concentration is below the detection level of the test
 f = in addition to the "compliance" chemical samples several hundred examinations were made for bacteriological and operational sampling purposes, all results were below the P.C.V.

1 Nitrite : provisional guideline of 3 mg NO₂/l set by World Health Organisation Quality Guidelines 1995.

2 Iron : provisional maximum tolerable daily intake (PMTDI) give a value of 2000 µg Fe/l given by the World Health Organisation Guideline 1993 - no health-based value for iron in drinking water is proposed.

3 Manganese : provisional health-based guideline of 500 µg Mn/l set by World Health Organisation Quality Guidelines 1999.

WATER QUALITY REPORT

FOR THE YEAR ENDED 31 DECEMBER 2002

Chemical quality

Pesticides detected results in µg/litre - Water in distribution

Parameter	Prescribed maximum concentration or value (PCV)	E&W/WHO advisory limits	Concentration value			No. of samples	No. of samples exceeding EU PCV	No. of samples exceeding E&W/WHO advisory limit
			Min	Mean	Max			
Atrazine µg/l	0.1	E&W 2 WHO 2	<0.01	<0.01	0.022	7	0	0
Simazine µg/l	0.1	E&W 10 WHO 2	<0.01	<0.01	0.014	7	0	0
Propazine µg/l	0.1	E&W 20	<0.01	<0.01	0.011	7	0	0
Trietazine µg/l	0.1	0.1	<0.01	<0.01	0.012	7	0	0
Terbutryn µg/l	0.1	*E&W 700	<0.01	<0.01	0.013	7	0	0
Terbutylazine µg/l	0.1	*E&W 10	<0.01	<0.01	0.016	7	0	0
Cyanazine µg/l	0.1	0.1	<0.01	0.033	0.165	52	2	2
2,4-D µg/l	0.1	E&W 1000 WHO 30	<0.01	<0.01	0.011	51	0	0
Mecoprop µg/l	0.1	E&W 10	<0.01	<0.01	0.016	52	0	0
Triclopyr µg/l	0.1	0.1	<0.01	<0.01	0.024	52	0	0
Linuron µg/l	0.1	E&W 10	<0.01	<0.01	0.045	52	0	0
Diuron µg/l	0.1	0.1	<0.01	<0.01	0.063	52	0	0
Methabenzthiazuron µg/l	0.1	0.1	<0.01	<0.01	0.020	52	0	0
Dalapon µg/l	0.1	0.1	<0.01	0.013	0.067	9	0	0

µg/l = micrograms per litre

< = indicates the concentration is below the detection level of the test.

E&W = England and Wales advisory limits quoted in 'Water Quality Regulations 1989'.

*E&W = 'likely advisory value', has been calculated by the Company consultants using a formula given in the 'Water Regulations 1989'. The calculations confirm the low toxicity of these particular pesticides.

WHO = advisory limits quoted in 'World Health Organisation Quality Guidelines 1993'.

NB - In addition to the above parameters, examinations were carried out for a further sixty-six types of pesticides, the results of which were below the detection level of the tests.

NOTES



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