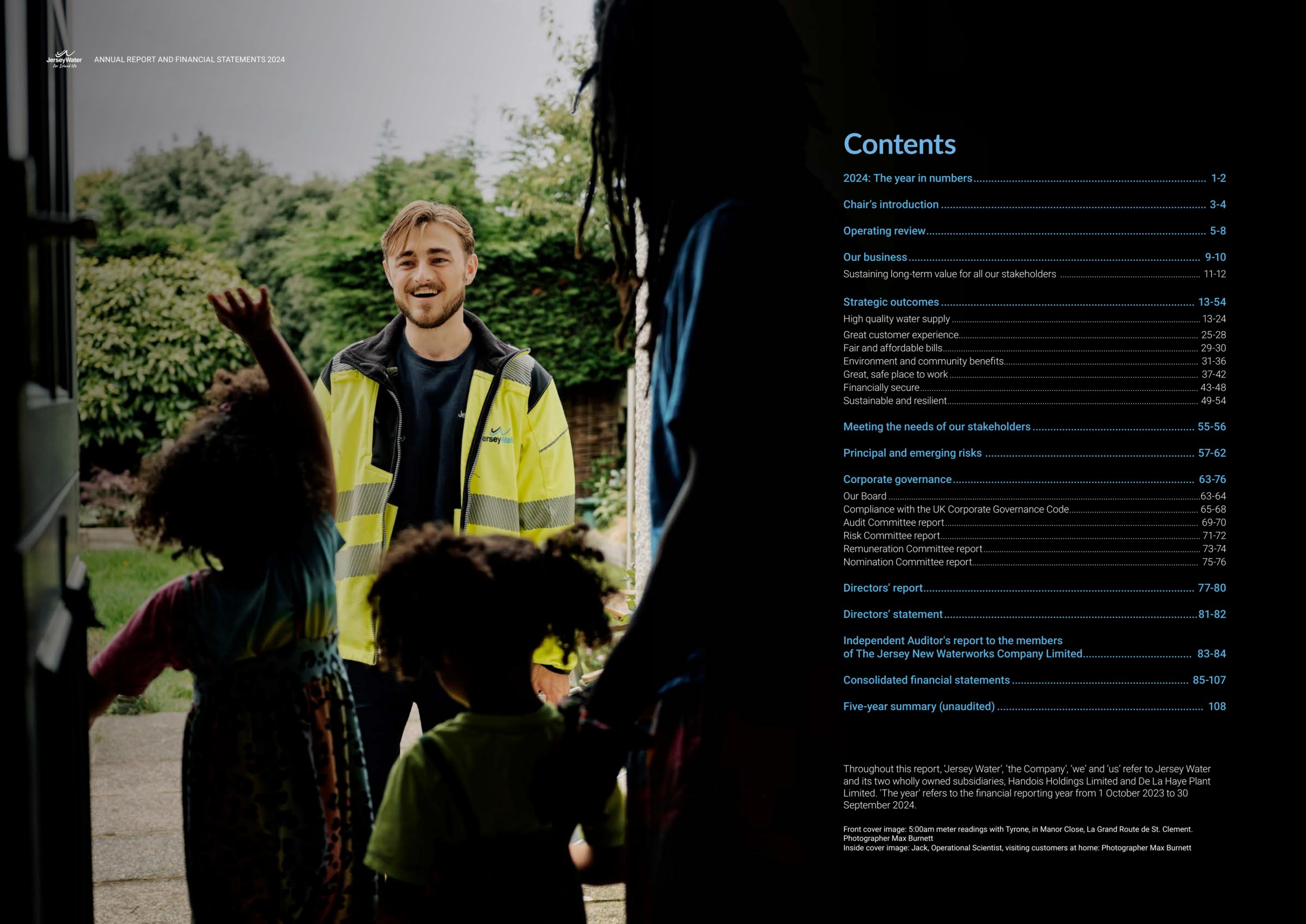


2024 Annual Report and Financial Statements

The Jersey New Waterworks Company Limited





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Throughout this report, 'Jersey Water', 'the Company', 'we' and 'us' refer to Jersey Water and its two wholly owned subsidiaries, Handois Holdings Limited and De La Haye Plant Limited. 'The year' refers to the financial reporting year from 1 October 2023 to 30 September 2024.

Front cover image: 5:00am meter readings with Tyrone, in Manor Close, La Grand Route de St. Clement. Photographer Max Burnett
 Inside cover image: Jack, Operational Scientist, visiting customers at home: Photographer Max Burnett

2024: The year in numbers



Zero minutes lost customer water supply
(2023: Zero)*



6,879 million litres of water supplied per year
(2023: 6,777 million litres)



£19,610 Raised for Macmillan Jersey
(2023: £34,600 for Teenage Cancer Trust Jersey)

10.9% tariff increase
(2023: 6%)



Zero nitrate or pesticides failures in treated water
(2023: Zero)



116 litres of water per person per day
(2023: 116)



70+ trees planted by employees



83.1% customer satisfaction index
(2023: 83.6%)



99.95% Overall water quality compliance
(2023: 99.98%)

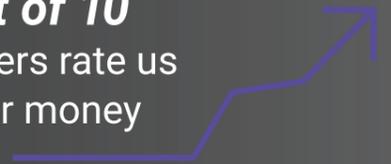
3 new outdoor water refill points
(2023: One)

new outdoor water refill points (2023: One)



15 murals for water-themed public art project with ArtHouse Jersey

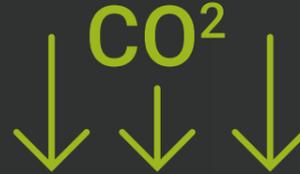
7.4 out of 10 customers rate us value for money
(2023: 7.3)



100% compliance with UK and EU standards for PFAS
(2023: 100%)



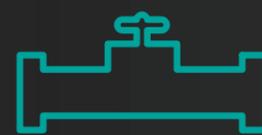
6% drop in total carbon emissions



£1,421k Profit before tax
(2023: £1,432k)



96.7% of employees agree it's a great place to work
(2023: 94.3%)



1.47km of mains replaced
(2023: 1.78km)



78 community events and organisations supported
(2023: 79)



£21,069k Turnover
(2023: £19,397k)

One silver accreditation from Investors in People



2.060 million litres daily leakage
(2023: 2.181 million litres)



Refills at airport water fountains
(saving as many plastic bottles)

280+ THOUSAND



£5,499k Capital expenditure
(2023: £5,100k)



99 employees
(2023: 98)



500m of mains extensions
(2023: 1.4km)



£1,320k Dividend paid
(2023: £2,296k)

* Average time lost per property based on loss of supply events that last longer than three hours.

Chair's introduction

Heather MacCallum
Chair

2024 was a year that was marked by significant achievements, opportunities and the occasional challenge for Jersey Water to which our team responded with resilience and dedication.

A year of strong performance

We achieved another solid year of operational performance in 2024, against a shifting economic and political landscape globally.

During the year, our focus remained firmly on ensuring the security and reliability of the Island's water supply, improving our infrastructure, and enhancing the service and experience we provide for our customers. Our delivery in these areas was reflected in our annual results: our drinking water remains among the best in the world; our low leakage rates once again rank among the top water companies in the UK; and our customers continue to be satisfied with our levels of service and consider us value for money.

Demonstrating our adaptability, we responded to unforeseen challenges, such as Storm Ciarán, and made positive progress with our strategic projects and business planning activities. In addition to our day-to-day operations of supplying water, we completed the preparatory work to update our five-year Water Resources and Drought Management Plan to futureproof Jersey's water supply; we reached key milestones for the redevelopment of our new home-to-be in Rue de Pres trading estate; we introduced strategic changes to our leadership structure; and, after a comprehensive refinancing exercise, we secured the finance to deliver the next phases of our capital investment programme.

After a year of positive progress delivering against our business plan and meeting our stakeholders' needs, our priorities for 2025 remain broadly the same. In addition to finalising our next business plan for 2026 to 2030 and starting the phased move to our new



headquarters at Rue des Pres, we will publish our updated Water Resources and Drought Management Plan early in 2025. This plan will determine the investment that we will need to make in our infrastructure and operations over the next 40 years, to ensure that we can continue to respond to and address the Island's future water supply-demand needs.

Protecting our water quality and supply

Managing risk around water supply and water quality is always a critical focus for us, whether that's mitigating and minimising levels of nitrates, pesticides and lead, or supporting the Government of Jersey to address the environmental pollution caused by PFAS (per- and polyfluoroalkyl substances). While we already demonstrate full compliance in all these areas, it was well-documented in 2024 that new regulatory requirements for PFAS will come into effect over the coming years in the UK, EU and USA. We do already meet nearly all of these future standards, but we will need to put in place additional treatment processes to guarantee consistent compliance.

We have been and will continue to proactively investigate treatment solutions for PFAS in drinking water and we will take all necessary steps to ensure our mains supply remains clean, safe and compliant with any regulatory standard adopted by the Government of Jersey. (See pages 21 to 24 for more information about PFAS).

Similar to the investment required to deliver our Water Resources and Drought Management Plan, there will be cost implications associated with treatment solutions and compliance for PFAS. While both are yet to be quantified, water charges will need to increase to accommodate these critical developments for water quality and water resources. Once the Government has determined and set the future limits for PFAS in drinking water in Jersey, we will then be able to decide upon and deliver the most appropriate treatment solution to meet those requirements.

Financially and operationally dependable

Jersey Water continues to be in a strong financial and operational position, enabling us to move forward with confidence.

Our financial performance this year reflects the balanced approach we are taking to carefully manage our financial resources and the strategic investments we are making in our infrastructure, so that we remain resilient for the future, always mindful of the impact that this has on customers' bills. Partly as a result of cost management initiatives, operational profit has improved, whilst our overall profit reflects the effect of the higher cost of debt of recent years. Our refinancing exercise resulted in a new revolving credit facility and ensures that the financial resources are in place to support our business plans.

Our dividend policy aligns with our focus on the long-term stability and sustainability of Jersey Water. Again, by balancing

necessary investment in the water supply infrastructure and other strategic initiatives with fair returns for our investors, we are building our financial and operational resilience. This is to position Jersey Water for the future, ultimately benefitting all our stakeholders. We greatly appreciate our shareholders' trust and support, as we work towards strengthening our financial performance and long-term value.

Dedicated to delivering a critical public service

During 2024, we made strategic changes to the Board of Directors and our senior leadership team, to support our current and future operational requirements, as well as deliver further efficiencies.

I am delighted to welcome Andy Isham to the Board, who joins us as Chair of our Audit Committee, an appointment that will be voted on at our Annual General Meeting in February 2025. Andy replaces two UK based non-executive directors, Anthony Ferrar and Jo Dow, who stood down as Board members earlier in the year. I am grateful to Anthony and Jo for their contributions and support during their respective terms. In the coming years, we will be concentrating on succession planning for the Board, with the recruitment of new members in preparation for those retiring.

The appointment of Mark Manton to Chief Water Operations Officer was an important strategic senior leadership change for the company, following Julie Taylor's departure as Operations Director in July. An established and committed member of the Jersey Water family, Mark has joined the Executive team to lead the operational side of the business.

On behalf of the Board, I would like to recognise the immense efforts from everyone at Jersey Water during 2024 and thank each employee for their dedication and service. Together, their hard work and professionalism continues to drive our success. They have expertly responded to challenges and accomplished many achievements, of which they should be rightly proud. Our people provide a critical service for our Island and high levels of service for our valued customers and shareholders, to whom I also extend my gratitude for their trust and confidence in Jersey Water.

Looking ahead, 2025 presents new opportunities, and no doubt its share of challenges. We remain committed to delivering for all our stakeholders today, while working to secure water for tomorrow. With the strong foundations that we are building, I am confident that Jersey Water is well-positioned to continue serving and making a positive impact for island life, for generations to come.

Heather MacCallum

Chair

5 December 2024

Operating review

Helier Smith
Chief Executive

Industry leading operational performance; resilience and continuity of service after Storm Ciarán; positive progress on the redevelopment of our new headquarters; top UK ratings for customer service; silver accreditation from Investors in People; and a water-themed public art project - 2024 was certainly varied.

It was another wet year for the Island; even wetter than 2023. From October 2023 to September 2024, we had 1,217mm of rainfall – nearly 20% more than the five-year average. Heading into the winter months, our reservoirs were already at 70% capacity at the end of September 2024, positioning us well as we entered the next financial year.

With this wetter than usual backdrop, operationally we had a year of many highlights and the odd challenge thrown in to test our resilience. Performance wise, the quality of our water remained on par with some of the best in the world, with continued high rates of regulatory compliance (99.95% in 2024, 99.98% five-year average). We improved our already industry-leading rates for leakage (5.5% further reduction on 2023) and cut our average response time for fixing supply disruptions by 96%¹. We also received positive public reaction to the additional water refill points we installed during the year.

In the face of adversity, I am always impressed by our team's ability to respond to incidents, no matter what their nature. More than a year on and Storm Ciarán was certainly a test for all Island agencies; I was immensely proud of how our team stepped up to ensure we remained operational and, as a critical service provider, demonstrated our preparedness and coordination, alongside the Government of Jersey and the emergency services.

Beyond supplying the water for today, we are always focused on meeting Jersey's water supply needs for the future. To address the Island's

supply-demand challenges for the next 40 years and beyond, we are working on our latest Water Resources and Drought Management Plan, due to be published in early 2025. So, in 2024 we undertook a substantial amount of work to reforecast the potential daily deficit the Island will face by 2065 and the options available to Jersey Water to address it. As this is an issue that affects the whole Island, throughout this process we are keeping politicians and civil servants informed of our studies and we will share our published plan with the wider public in 2025. We anticipate that the results will feed into the Government of Jersey's Island Plan and Water Strategy.

The emerging risks posed by water scarcity and drought resilience, as well as the environmental contamination caused by PFAS chemicals, are critical water-related challenges for Jersey, that will require significant investment. Strong partnerships with other Island agencies are required to respond to these complex issues; they cannot be solved by Jersey Water in isolation. By working together collaboratively with the Government and subject matter experts, we can develop effective solutions to protect our Island's water supply and ensure its long-term sustainability for the community. Engaging with our stakeholders is key to strengthening these partnerships and has become an increasingly essential element of our day-to-day activities across the company.

We always put the customer at the heart of everything we do, and it's noticed. The results of our annual customer survey have once again put

¹ <https://www.discoverwater.co.uk/loss-of-supply> - Average time lost per property based on loss of supply events that last for longer than three hours: 2024: one second; 2023: 28 seconds, compared to a UK national average of 26 minutes



us among the top companies in the July 2024 UK Customer Satisfaction Index, alongside the likes of John Lewis and Marks and Spencer. With a customer satisfaction rating of 83.1 (2023:83.6), for the seventh consecutive year we placed well above the average for UK companies and utilities. Our customers also still consider their bills to be affordable, fair and value for money (2024: 7.4, 2023: 7.3 out of 10).

Keeping the voice of the customer very much at the forefront of our activities, towards the end of 2024, we commissioned an independent public consultation to ask both customers and other members of the community for their views on Jersey Water and what they expect from us. The results of this survey will help inform our plans for the future.

Sustainability now underpins all our current and future activities, as we focus on driving operational excellence and building our resilience. In 2024, we made positive progress on our journey, with our overall carbon emissions dropping by 6%. This was mainly due to using less electricity across our operations.

The construction of our new Jersey Water headquarters and operational hub began to take shape in 2024. To be known as Douet House, the redevelopment is on track for completion in early 2026. We will start our phased move into the building in 2025, bringing most of our operations together under one roof for the first time. This is a significant project for us and marks a new and improved future for Jersey Water.

While we build our new home, we have been strengthening our culture. 96.7% of our employees said that Jersey Water is a great place to work, averaged from our regular Pulse surveys and the Investors in People survey (compared to 94.3% in our 2023 Pulse surveys). This has been recognised by Investors in People who awarded us silver accreditation for the third time since 2018 and shortlisted us for an award, this time for our leadership and management. With that in mind, I very much look forward to working closely with my new fellow executive colleague, Mark Manton, in his new role as Chief Water Operations Officer.

Security is high up on our agenda, at a time when critical national infrastructure globally has increasingly become a target for cyber-attacks. With more than ten water companies around the world having been affected by a nefarious cyber-related incident in the last year alone, never has there been more need for us to ensure we are resilient. 2024 has seen us strengthen our controls, increase employee training and awareness, and collaborate with fellow UK water companies to bolster our preparedness.

Hand in hand with the security of our systems is the safety of our people. During the year, we refreshed our approach to health and safety, updating our policies and procedures, and restructuring our dedicated function to support our employees

with their health and safety requirements. I'm pleased to report we have increased the number of site inspections by 171% and we halved the number of workplace accidents (2024: four, 2023: eight).

Similar to our operational performance, there was a solid improvement in our operating financial performance, demonstrating our stability and commitment to strengthening our profitability and returns for shareholders for the longer-term. Our operating profit was 42% higher than the previous year at £2,801k (2023: £1,979k), which reflects both positive growth and the focused efforts that we have made to reduce our costs at every opportunity. These effective cost management initiatives helped to offset inflationary increases across the business, highlighting our continued drive to build resilience and maintain efficiency. Our revenue growth was largely due to our 10.9% tariff increase (1 January 2024), as we saw little change in the overall demand for water. Despite positive progress to manage our expenditure more tightly, our overall profit was down on the prior year (2024: £943k, 2023: £1,342k). This was primarily due to increased financing costs, and non-cash movements on our interest rate hedging derivative (swap). A positive achievement was our refinancing and obtaining a Green Use of Proceeds revolving credit facility. This will facilitate our capital investment programme and the redevelopment of our new headquarters. We also further reduced our exposure to interest rate risk, with a swap of £20m (previously £7.5m), providing greater certainty for our financing costs.

We are proposing a final dividend payment of 11.561 pence per share. This represents 5% growth on last year's return and reflects our focus on maintaining a solid, sustainable operating and financial position, which in turn will enhance future value for our shareholders.

As 2024 draws to a close, it has certainly been a year that has brought both opportunities and challenges, to which our inspiring and dedicated employees have duly risen. Their adaptability in the face of change and their commitment to excellence have been critical to our performance during the year. It is, after all, our people who make our purpose; it is their drive, diligence and determination to deliver the highest standards that make Jersey Water what it is. In my 22 years with the company, I feel honoured to work alongside such a caring and ambitious team, who together serve our Island. With the support and guidance of our talented Board and a new dynamic for our leadership team, we enter 2025 in a strong position.

Helier Smith
Chief Executive
5 December 2024



£21,069k

Turnover
2023: £19,397k

£1,421k

Profit before tax
2023: £1,432k



Mark, Chief Water Operations Officer with Ashley, Operations Controller

Our business

Our purpose

Supplying the water for our Island to thrive, today and every day.

What we do

We collect, treat and supply 18.8 million litres of clean water every day to more than 40,000 households and 3,600 businesses in our community.

Our values

WE CARE

We care for colleagues, our customers and more widely for the environment we serve. We act thoughtfully and with kindness at all times.

WE ARE AMBITIOUS

Good is not enough and we are constantly seeking to improve, tackle challenges and demonstrate excellence. We are not afraid to innovate and take bold decisions that will benefit Jersey today and tomorrow.

WE WORK TOGETHER

We recognise the power, strength and solutions that come from teamwork, both inside and outside the company. We work with our colleagues, our customers and our stakeholders, and are proud to be a partner for positive change.



Joggers at Val de la Mare reservoir

CUSTOMER OUTCOMES

We have four customer outcomes which we devised in 2020 to focus our activities over the five-year period to 2025. The outcomes ensure that our customers are at the heart of everything we do.



High quality water supply

We aim to deliver a reliable supply of safe, high quality water to our customers, now and in the future.



Great customer experience

We prioritise high standards of service, always. Our customers are unable to choose their water supplier, but if they could, we would want it to be us.



Fair and affordable bills

Every customer should feel that we offer good value for money and keep charges for water fair and affordable.



Environment and community benefit

We have a responsibility to future generations for the decisions we make today. We strive to have a positive impact on the environment and the Island community we serve.

Sustaining long-term value for our stakeholders

Our challenges

- Population growth and demographics
- Economic uncertainty
- Climate change
- Skills shortage and succession
- Planning for generations to come
- Technological advances
- Intensive farming practices
- Pressures on land use
- Biodiversity loss
- Affordability and stakeholder expectations
- Pollution

The action we take

| | |
|---|--|
| Ensure we meet the needs of our customers by providing a great customer experience | Challenge ourselves to keep prices for water down while protecting our ability to invest for the future |
| Develop and deploy plans that protect drinking water quality from catchment to tap | Develop our company culture and remain a great place to work so that we can attract the necessary skills and talent |
| Plan for and implement additional water resources to address future needs | Use technology to drive efficiency, improve service and build resilience |
| Maintain our network assets to reduce bursts and leakage | Manage the risks that could challenge our business both now and in the future |
| Support community events and protect the environment | Work with stakeholders to deliver community and Island benefit |

The outcomes we deliver



The community benefit

- Provide households and businesses with access to a reliable, safe water supply
- Help make Jersey resilient to the impact of climate change
- Improve the ecological quality of our land, water catchments and Island streams
- Help Jersey to meet net zero targets by reducing our environmental impact
- Contribute to Island life by supporting community initiatives and educating Islanders about water use



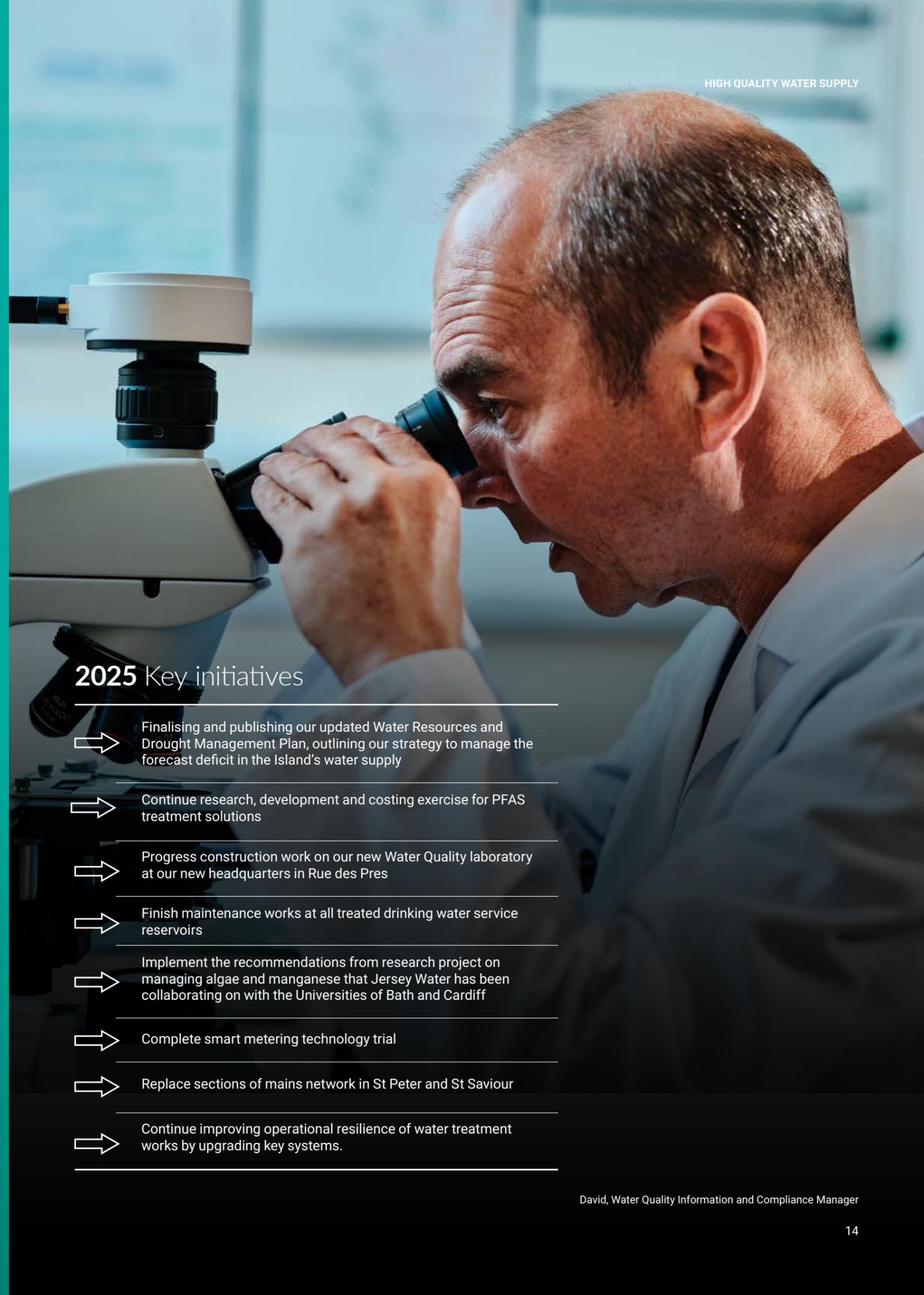
High quality water supply

| Key results | Actual 2023 | Actual 2024 | Target 2024 |
|--|---------------|---------------|----------------|
| Water quality compliance % | 99.98% | 99.95%* | > 99.98% |
| Customer contact regarding the acceptability of the water (zonal rate per 1,000) | 0.96 | 1.09 | <1.1 |
| Leakage (million litres per day) | 2.181 | 2.060 | <2.181 |
| Water supplied (million litres per year) | 6,777 | 6,879 | NA |
| Per capita consumption (PCC litres per day) | 116 | 116 | <115 |
| Length of mains renewed (km) | 1.78 | 1.47 | 1.68 |
| Supply interruptions (customer minutes lost) | 00:28 seconds | 00:01 seconds | <02:00 minutes |
| Water restrictions | None | None | None |
| Number of new connections made in the year | 307 | 239 | 185 |

2024 Highlights

| | |
|---|--|
| <p>99.95 % Water quality compliance 2023: 99.98%</p> | <p>Completed assessment to understand and model the impact of an outage at our water treatment works on our supply resilience</p> |
| <p>100% compliance with regulatory standards for per- and polyfluoroalkyl substances (PFAS) and lead 2023: 100%</p> | <p>Final design for new Water Quality laboratory at our new Rue des Pres home</p> |
| <p>ZERO Nitrate or pesticide failures in treated water 2023: Zero</p> | <p>Improved operational resilience of water treatment works by upgrading key systems</p> |
| <p>Started work to update our Water Resources and Drought Management Plan</p> | <p>Started comprehensive maintenance on Les Platons service reservoir, to be completed in 2025</p> |
| <p>Completed outline design for extending the desalination plant to increase production capacity and improve drought resilience</p> | <p>Installed 1,000 trial smart meters and an extra 200 remote monitoring devices on mains network to more quickly detect leaks and burst mains</p> |
| | <p>Installed three outdoor water refill points around Island.</p> |

*See page 15 to 24 for more information about our water quality compliance.

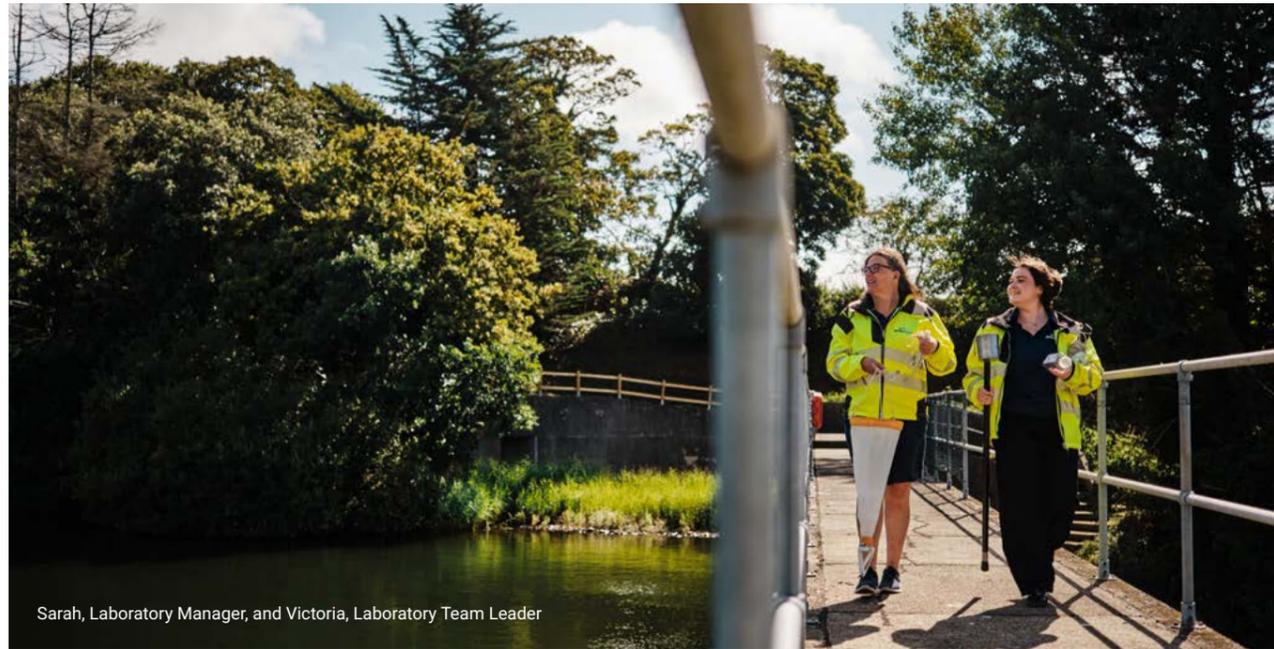


2025 Key initiatives

- ⇒ Finalising and publishing our updated Water Resources and Drought Management Plan, outlining our strategy to manage the forecast deficit in the Island's water supply
- ⇒ Continue research, development and costing exercise for PFAS treatment solutions
- ⇒ Progress construction work on our new Water Quality laboratory at our new headquarters in Rue des Pres
- ⇒ Finish maintenance works at all treated drinking water service reservoirs
- ⇒ Implement the recommendations from research project on managing algae and manganese that Jersey Water has been collaborating on with the Universities of Bath and Cardiff
- ⇒ Complete smart metering technology trial
- ⇒ Replace sections of mains network in St Peter and St Saviour
- ⇒ Continue improving operational resilience of water treatment works by upgrading key systems.

The quality of our drinking water remains among the best in the world

We are committed to supplying high quality drinking water 24 hours a day, 365 days a year and providing excellent service to our customers. Our dedicated Operations team works around the clock to ensure that the water is safe to drink and delivered to our customers' taps. We sample and analyse the water we supply at all stages of the process to make sure that it meets stringent quality standards.



Sarah, Laboratory Manager, and Victoria, Laboratory Team Leader

Supplying safe drinking water

2024 was another year for excellent water quality. 99.95% of all our samples, whether from our treatment works, our service reservoirs or customer taps, met the regulatory requirements. 100% of the tests of treated drinking water at our Handois and Augrès treatment works were compliant. These results are from more than 14,851 sampling tests that our Water Quality team conducted during the year, including 243 randomly selected customer properties. From all our tests, eight samples returned results that were outside of the regulatory requirements and this meant that we did not quite meet our internal water quality compliance target for the year. None of these failures posed a risk to public health and, as ever, we thoroughly investigated all of these failures to prevent any from reoccurring in the future.

Nitrate levels have reduced significantly over the last 15 years, thanks to focused efforts by the farming community to minimise the use of fertilisers. This is evident from the lower levels detected in our treated drinking water (41.2 milligrams per litre (mg/l) maximum detected in drinking water in 2024), which remains below the Jersey regulatory standard of 50mg/l. For more than a decade, we have been fully compliant with the regulatory

levels for nitrates. As a precautionary measure, we applied for an extension to the dispensation from the Government of Jersey's Environment Department in December 2023, for use in exceptional circumstances if there was a severe pollution incident that affected our ability to supply water to the Island. We have not needed to use the dispensation for more than ten years, thanks to collaborative efforts by Jersey Water, the Government and the farming community to reduce nitrate levels (under the banner of the Action for Cleaner Water Group). Our aim is to get to a place where we will not need one in the future. We remain committed to working with the Government and the farming community, to achieve these water quality improvements and protect the Island's catchments.

In 2024, we maintained our compliance with regulatory requirements for pesticides for the eighth consecutive year. We detected 36 cases of elevated concentrations of pesticide in stream and reservoir water. By carefully selecting which reservoir to use and appropriate treatment, there were no breaches of the pesticide limit in treated drinking water, which for Jersey is 0.1 micrograms per litre (µg/l). We have also worked closely with the Action for Cleaner Water Group regarding these detections of pesticides.

In January 2025, the current dispensation for oxadixyl expires. This fungicide was banned in 2003 and concentrations in stream water, and subsequently our reservoirs, have gradually reduced. We are also able to remove oxadixyl at the treatment works through the addition of powdered activated carbon. As a result of these two actions, treated drinking water has been compliant with the standard since 2016, so we will not be applying for a renewal of this dispensation.

Similarly, we remain 100% compliant with the current Jersey standard for lead in drinking water, which is 10 µg/l. In 2036, the EU legislation will change to 5µg/l and we are predominantly already compliant with this new regulation, thanks to our orthophosphate dosing. The only way to be fully compliant will be to remove lead pipes all the way from the water main to the kitchen tap. In 2024, we replaced a further 147 lead pipes on our mains network and when customers upgraded their own pipework.

Algae blooms and manganese in our storage reservoirs are a perennial issue for our Operations teams due to their effect on water quality and treatment processes. For the past three years, we have been participating in a UK industry-wide research project with Cardiff and Bath universities on algae management. As a result of this research, we have changed our management practices, using fewer chemicals and less resource to treat algae, which is leading to better results for water quality.

Throughout 2024, the results of our poly and perfluoroalkyl substances (PFAS) testing continued to provide assurance that the drinking water supply is not only fully compliant with the water quality limits set by the EU and UK Drinking Water Inspectorate but 68% lower than the maximum permissible standard. As PFAS pollution continues to be a topic of increasing concern, not just in Jersey but around the world, we are taking action in line with other companies globally to deal with these man-made chemicals that have permeated the environment. We continue to closely monitor the levels of PFAS in streams, reservoirs and our treated drinking water through an extensive sampling and analysis programme. As well as minimising levels, we are investigating potential treatment options for PFAS in drinking water, should this become necessary.

For more information on water quality, including PFAS, read our 2024 water quality report on our website.

Getting water to your taps

Every day, we supply approximately 19 million litres of water to businesses and homes across the Island. Making sure that service is continuous and of the highest quality is a full-time operation.

Particularly critical is the need for our water supply infrastructure to be resilient. So, in 2024, we completed detailed assessments of both our water treatment works to understand how we keep both sites running smoothly and reliably in the future, and what the impact would be of a planned or unplanned shutdown at



David, MEICA Engineer



Treatment process optimisation by jar testing



Jack, MEICA Engineer



Paul, Head of Water Network

either site. This work explored the actions we would need to take to ensure we could continue to supply water across the Island. The results have identified several improvements, and we will be looking to address these as part of our risk management activities to increase our future supply resilience.

To mitigate the risk of operational interruptions, in 2024 we made important investments at our Handois water treatment works, to replace outdated equipment with modern, more reliable technology and add back-up solutions to key processes. Action included:

- Maintenance on our filtrations systems – we topped-up our filters with anthracite to keep them working efficiently. These filters provide a consistent, reliable barrier against impurities in treated drinking water, therefore maintaining high water quality for our customers;
- Upgrades to our ultraviolet disinfection system – this system kills bacteria and pathogens found in raw water, such as cryptosporidium. We replaced soon-to-be obsolete equipment parts, to avoid costly repairs and downtime in the future; and
- Back-up systems for wash water processing - we invested in a second centrifuge (which separates water and sediments) for our wash water handling and processing. This gives us a standby solution for this critical part of our operations, so we can keep recycling high quality water to the environment, protecting stream flows, and minimising the waste product that is created from treatment. This will improve the overall resilience of our wastewater treatment process for the future.

During the year, we also carried out maintenance work on our treated drinking water service reservoir at Les Platons, which supplies most of the Island geographically. In June, routine weekly water quality sampling of the tanks detected coliform bacteria, so as a precaution we took half of the nine million capacity tank sequentially out of service, to drain, inspect and thoroughly clean it. While coliforms do not present a public health risk, we will always investigate and take action. In October 2024, we completed the same exercise on the other half of the reservoir tank.

Making and maintaining connections to mains water

Delivering high quality water to our customers remains our primary purpose. Today, we supply water to nearly all Island homes and businesses, with approximately 3,000 domestic properties not connected to mains water.

We are very much aware of the demand for mains water in some parts of the Island. We therefore regularly review and prioritise opportunities to extend our mains network,

endeavouring to partner with other utilities to share the costs. The pace at which we can undertake our mains extension programme is constrained by our resources and, while we are eager to accelerate these works where we can to connect more properties to mains water, they are subject to these financial and operational constraints.

In 2024, we installed a further 500m of treated water main along La Rue De la Mare Ballam in St John, giving 23 extra properties the option to connect to mains water. Over the 12 months, we added a total of 239 new connections, of which the 23 above were part of our mains extension project and 216 were at the request of developers or private customers.

Every year, our small Network team works hard to maintain our existing mains network, renewing old pipework and fixing burst mains, as and when they occur. Between October 2023 and September 2024, we replaced 1.47km of old main, which was slightly below our target due to financial constraints. We targeted additional investment to install more remote monitoring devices across the network and adopt new working practices. We can now detect leaks and locate and repair burst mains, quicker than ever before, minimising supply interruptions so reducing disruptions, ultimately saving water and money for our customers.

In 2024, we dealt with seven burst water mains, half as many as the year before (2023: 15). The most impressive we have seen for more than 30 years was at Kensington Place in April when onlookers got to see a 20-foot water fountain!



Kensington Place burst main

Over the last ten years, we have held one of the lowest rates for leakage in the UK water sector, with 2024 being no exception. In fact, our team improved on their performance, reducing leakage to 2.060 million litres per day (ML/d), against a target of 2.181 million.



Jon, Water Network Technical Support Officer

We also significantly improved on our already-industry leading rates for the average length of time that customers go without water due to interruptions to their supply. This is calculated when a disruption to supply, caused by either a burst, leak or planned works, lasts beyond a three-hour period. In a year, we went from averaging 28 seconds lost per property per day to one second. In the UK, the average is 26 minutes lost². Reducing the frequency and the length of customer disruptions remains a top priority for us.

Smart meters are an evolving technology that gives customers, and Jersey Water, access to real-time information on how much water they are using on a daily basis. To find the best smart metering solution, we have embarked on three trials. During 2024, we started our third trial, which will continue into 2025. Already delivering positive results, by September 999 meters had been installed and connectivity appeared to be good. 98.1% of meters were connected and 90% of meters are sending data every day, which we are able to monitor and report on. This trial will inform our metering strategy for the future.

Partnering to deliver excellent service

For 30 years, Jayen Limited has supported us with our mains network services, helping us to maintain and extend the network, respond to incidents, fix bursts and leaks, and other tasks that ensure we deliver excellent service to our customers. Our contract with Jayen was up for renewal in 2024 so we completed a comprehensive and impartial tender process to award the new contract. Jayen successfully demonstrated they could deliver best value for money, and we now have a three-year service contract in place, with the option to extend to five years.

Since 2020, we have had a strong working relationship with engineering consultants, WISP Water Industry Special Projects Global Ltd, who have supported us on a number of key projects. These have primarily been with the designs to expand the desalination plant and also reviewing the condition and resilience of our existing treatment works. In 2024, we entered into a three-year support agreement to provide us with additional engineering expertise. Establishing this partnership ensures we have access to the necessary specialist resources and knowhow when needed.

Supporting the Island's incident response

As part of Jersey's critical infrastructure, we ensure that we are trained in and prepared to respond to incidents that affect water supply, supporting the emergency services and other Island agencies as required.

Storm Ciarán in November 2023 demonstrated just how important this collaboration and coordination is when it comes to an Island-wide incident. Then, we were involved in extensive and proactive planning to ensure the Island was as prepared

as it could be. On the night, members of our water supply team battled the elements to travel between sites checking on our operations; teammates even camped out at our water treatment works. In the days that followed, our employees were on the roads supporting the community efforts to clear trees and debris, as well as responding to the damage at on our own properties. We remain immensely proud of everyone at Jersey Water for the important role we played both during and after the storm. There were tremendous efforts and personal sacrifices made across the organisation to ensure we remained operational throughout and kept supplying water to our customers.

Our work to support the Government of Jersey with its flood planning for the Grands Vaux area continued in 2024. We worked with the Met Office, Infrastructure and Environment Department, the parishes and emergency services to ensure a coordinated response to any potential flooding in the valley, caused by exceptional rainfall events. We added additional monitoring to the streams in the valley to bolster our existing early warning systems. On more than one occasion during the year, we alerted the Government of Jersey about rising stream levels so that both the Infrastructure and Environment Department and the



Assessing Storm Ciarán damage at Val de la Mare arboretum



Our webinar broadcast from the desalination plant



HIGH QUALITY WATER SUPPLY

La Rosiere desalination plant

parishes were able to ready their response, which thankfully in 2024 was not needed. A big part of our work has been stakeholder engagement, and, during the reporting period, we supported the Government with its third residents' meeting, gave representatives from the Parish of St Saviour a tour of the reservoir and our operations, and hosted our annual educational visit for Grands Vaux primary school classes.

In 2024, we also took part in multi-agency interoperability incident training with the Government of Jersey's Emergency Planning team, emergency services and other Island agencies

Planning for our future water supply

Looking at the reporting period, it was another wet year overall, with above-average rainfall for seven of the months; from October 2023 to September 2024, there was 1,217mm of rain, which was wetter than the same period the year before and 19.6% more than the five-year average. This increased rainfall meant we had sufficient water in storage so needed to pump less to move water between reservoirs. From an operational and environmental perspective, this saved energy.

Jersey's per capita water use in 2024 remained at 116 litres per person per day. While slightly higher than our target for the year, it remains significantly lower than the UK average of 146 litres and was no cause for concern. In October 2024, our water storage capacity was at 70%, 5% higher than the five-year average.

Understanding and addressing the Island's water supply challenges is a key part of our role. To continue to deliver high quality water, we need to make sure we protect our supply, today and in the future. Population growth and climate change forecasts suggest that water demand by 2045 during dry periods will rise by 15%, from 21 million litres per day in 2019-2020 to nearly 24 million.

We last published a report on our water resources and drought

management planning in 2021. Our next plan – to be published in 2025 - will provide an up-to-date assessment of how Jersey Water currently meets the supply-demand balance and outline our strategy to manage the forecast deficit in the Island's water supply.

In order to be able to respond to demographic trends and environmental challenges, including future climate change projections, this plan is critical to ensure Jersey has a sustainable and resilient water supply to serve our Island now and for future generations. Managing our water resources effectively day-to-day and developing long-term solutions to tackle the deficit is how we protect our environment, while at the same time deliver benefit for our community.

The work undertaken in 2024 into early 2025 will provide a clear outlook on the Island's projected water deficit for the next 40 years up until 2065, and evaluate the options we have, as an Island, to address the supply-demand balance.

In June, we invited key political and civil service stakeholders, including Ministers and other States Members, to an introductory webinar - broadcast from our desalination plant – so that they could hear more about the process, as we anticipate the results from our studies will feed into the Government of Jersey's Island Plan and Water Strategy.

One of the solutions on the table is to expand the capacity of the desalination plant. As committed to in our 2021 plan, we have now completed the outline design that will allow us to supply an additional 5.4 megalitres per day. The proposed design includes a remineralisation process so that water quality is optimised, and we have also worked on minimising any environmental impact of the development.

For more detail on our work on water resource management and Jersey's future water supply needs, see pages 53 to 54

² <https://www.discoverwater.co.uk/loss-of-supply> - Average time lost per property based on loss of supply events that last for longer than three hours: 2024: one second; 2023: 28 seconds, compared to a UK national average of 26 minutes

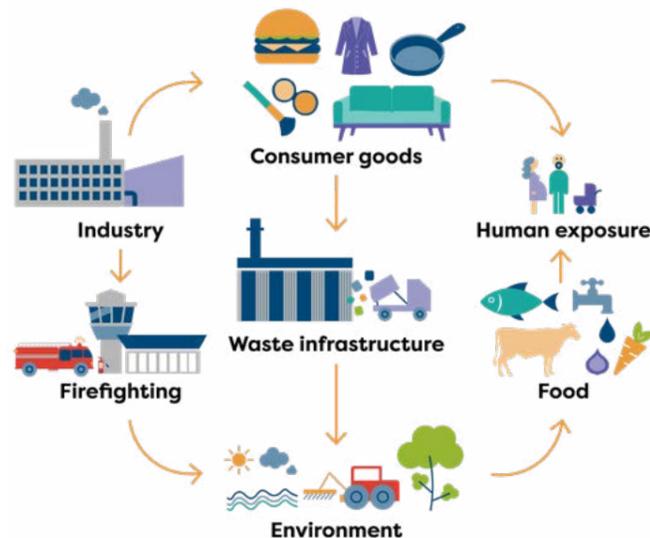
PFAS: Tackling this environmental pollution

Public concern, understanding and expectations about PFAS chemicals are growing. At Jersey Water, we are very aware of and share Islanders' worries about the extent of the pollution in Jersey and what is being done to remove it from our natural environment. While globally PFAS pollution extends beyond water sources – also being found in the air, sea and soil – we want to reassure our community that we are focused on doing everything we can to minimise these chemicals in our water supply, in addition to already being fully compliant with the UK and EU regulations for PFAS.

PFAS pollution is not an issue that is unique to Jersey. Around the world, countries are facing the effect that these man-made chemicals are having on our environment and the implications for public health. Although PFAS pollution was not created by the water industry, water companies globally are being looked to, to help tackle it and find solutions to treat it, where necessary, to preserve water supply sources.

There are many ways in which people can be exposed to PFAS (see diagram below); these so called 'forever chemicals' – because they are extremely difficult to degrade - have been in production since the 1940s. Today, they are still found everywhere, in our homes and everyday products.

Scientific studies have found that drinking water normally accounts for a small proportion of a person's potential exposure, approximately 20%, with the rest coming from food, other drinks, and products that we use in everyday life.



What are PFAS?

PFAS (poly and perfluoroalkyl substances, which include PFOS and PFOA) are man-made chemicals not naturally found in the environment – air, sea, soil and rainwater. There are at least 5,000 of these synthetic chemicals that are found everywhere in our homes and everyday products. For example, cosmetics, food packaging, non-stick cookware and water-resistant clothing.

Often referred to as 'forever chemicals', they take decades, if not centuries, to breakdown in the environment.

What we are doing to manage PFAS in our Island's water

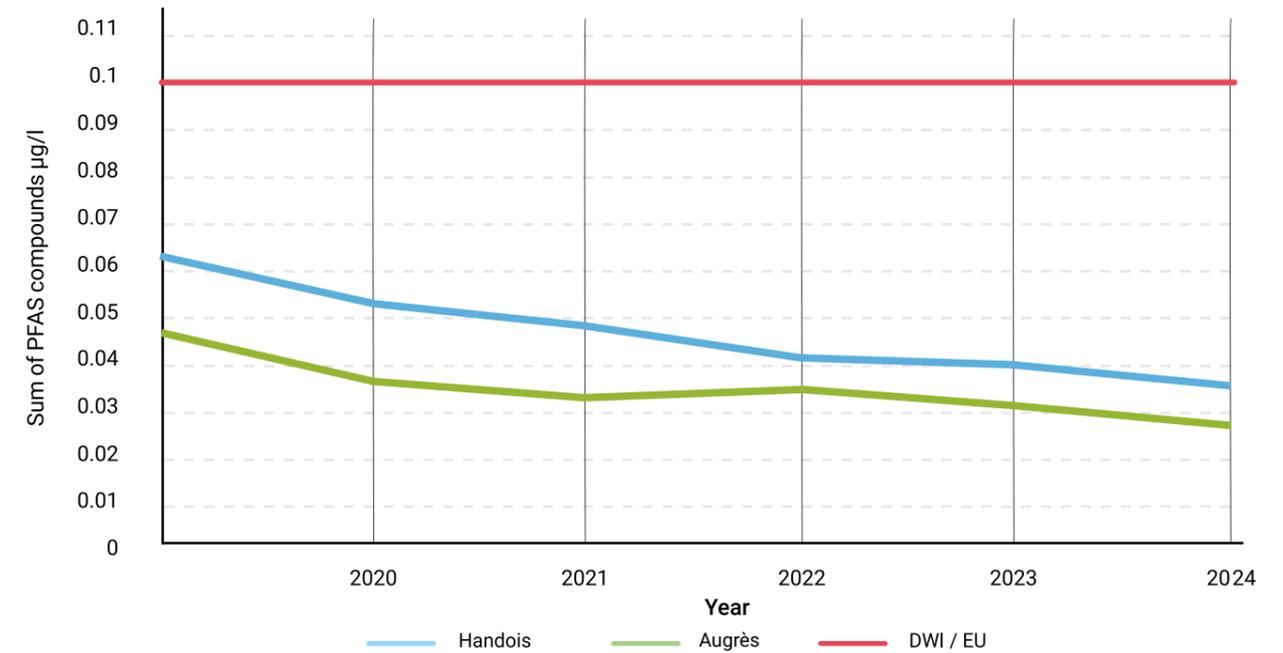
Since 1989, we have been monitoring, sampling and managing PFAS concentrations in our raw water reservoirs and treated drinking water supplies.

The number of PFAS compounds that we can test for has increased substantially over the years, as laboratory capabilities have improved. Today, we test for 48 different PFAS compounds, using a fully accredited UK laboratory. Out of all PFAS, these 48 are the compounds that are most likely to be found in drinking water, as determined by the UK's Environment Agency and the UK's Drinking Water Inspectorate (DWI) – the regulator for England and Wales). Of these 48, eight have been detected in our treated water supply in Jersey, and are below the regulatory limit.

Over the last five years, we have increased independent testing for PFAS by 75%. In 2024 alone, 16,656 tests were conducted at our accredited contract laboratories in the UK, at a total cost of nearly £100,000, demonstrating our commitment to understanding and minimising this contamination. These tests evidenced that we continue to remain fully compliant with the regulatory requirements for PFAS in drinking water set by the European Union (EU) and the UK's Drinking Water Inspectorate (DWI). In fact, we are 68% lower than the maximum permissible standard.

We keep following best practices and ensure that we do not use water sources that have been identified as highly contaminated with PFAS. This has led to a noteworthy reduction in PFAS concentrations in drinking water. (See graph on opposite page).

This shows that, in 2024, PFAS concentrations in drinking water were on average 68% lower than the standards set in EU and UK.



The graph above shows the annual average concentration of total PFAS detected in the drinking water from both of our Handois and Augrès treatment works since 2019. This is compared against the UK Drinking Water Inspectorate and the EU Directive, which illustrates that PFAS in drinking water in Jersey is considerably less than the regulatory requirement

Widely documented, the main source of PFAS pollution to Island streams and groundwater is from the historic use of firefighting foams containing PFAS at the airport. This led to the contamination of Jersey Water boreholes in St Ouen's Bay and a stream source at Pont Marquet. We took the most contaminated borehole out of service more than 15 years ago and the other sources in 2022. Our current operating policy is to only use these affected sources during the most severe drought and only in conjunction with the desalination plant. This significantly dilutes the PFAS concentrations, ensuring that our treated drinking water remains fully compliant.

Full compliance with current regulation

Drinking water in Jersey is regulated under the Water (Jersey) Law 1972 (as amended). Under this Law, there is a legal requirement for Jersey Water to maintain a supply of "wholesome" water. That means water that does not contain any micro-organism, parasite or substance at a concentration or value which would constitute a potential danger to human health.

In the absence of any specific health-based water quality standards relating to PFAS in Jersey, we look to regulation and best practice in the UK by the DWI and the EU, as a benchmark to determine our approach to ensuring drinking water remains "wholesome".

Over the last 15 years, we have adopted a precautionary approach and taken significant steps to protect the quality of our drinking water from PFAS contamination. The water we supply has been consistently compliant with drinking water quality standards for PFAS throughout that time.

The mains water supply is rigorously and frequently sampled and tested for PFAS concentrations to ensure that our drinking water meets with the requirements set by the EU and the UK. The trace concentrations found in mains water fall well within these current regulatory requirements.



Victoria, Laboratory Team Leader



Max and Jack, Operational Scientists

The average total PFAS concentration for drinking water in 2024 was 0.032 (micrograms per litre (µg/l)) For context, this is equivalent to one and a half teaspoons of sugar in 100 Olympic-sized swimming pools, and is 68% lower than both the EU and UK regulatory requirement of 0.1µg/l. The highest level we detected (0.051µg/l) was also well below the standard, in fact 49% lower. These results demonstrate that we continue to do everything we can to minimise PFAS.

68% Lower
than both EU and UK regulatory requirements

Current compliance

The table below shows our current levels of compliance with the UK’s existing regulatory requirements, and also the new standards that the UK, EU and USA will adopt between now and 2031. Our current performance against these new standards shows that full PFAS compliance is very nearly already achieved.

While the Government of Jersey determines the regulation that we will need to comply with, we will continue to ensure that we follow wider guidance, and we develop our treatment capability to meet these requirements, both now and in the future.

| Country | Regulatory guidance | Legal regulation | Standard or parametric value in drinking water | Contaminant level | Implementation date | Jersey Water compliance and performance 2024 |
|--------------------------|---------------------|------------------|---|--|---------------------|---|
| England and Wales | ✓ | | Sum of 48 PFAS compounds should be <0.1µg/l | Maximum result* | In place | 100% |
| | ✓ | | Individual 48 PFAS compounds should be <0.01µg/l | Maximum result* | March 2031 | 99.8% of individual PFAS compounds were less than <0.01µg/l |
| European Union | | ✓ | Sum of 20 PFAS compounds should be <0.1µg/l | Maximum result* | January 2026 | 100% |
| United States of America | | ✓ | PFOS <0.004µg/l | (12-month average for minimum 4 samples)** | April 2029 | 100% |
| | | | PFOA <0.004µg/l | | | 0% (12-month average is 0.006µg/l so 0.002µg/l away from full compliance) |
| | | | PFHxS <0.01µg/l | | | 100% |
| | | | PFNA <0.01µg/l | | | 100% |
| | | | HFPO-DA <0.01µg/l | | | 100% |
| | | | Hazard mixture <1 (unitless) | | | 100% |

*No single result shall be greater than the parametric value **12-month average result must not be greater than the value



Water samples

Meeting future regulation

The scientific knowledge and understanding of the risks associated with PFAS are developing at pace; water quality regulations around the world vary and are rapidly evolving. We will soon see updated regulations come into effect for compliance in the EU in 2026, in the UK in 2031 and in the USA by 2029 (see above table). The latter is taking a zero-tolerance stance for PFAS for six compounds. These six compounds fall within the 48 we already test for here in Jersey.

We are supporting the Government of Jersey as the Environment and Public Health Departments work through the wider public health issues associated with PFAS and consider the adoption of specific water quality regulations for Jersey. In the absence of such standards, we will continue to be guided by the UK and EU

regulatory limits. Now and in the future, we will take all necessary steps to ensure our drinking water remains “wholesome” and that our customers have confidence in their tap water. Our aim is that our treated drinking water does not just meet the regulations the Island adopts but meets the expectations of our customers.

Working together on solutions

As the regulator for water quality, it is for the Government of Jersey to set the regulatory limits for PFAS for the Island. Those limits will dictate the treatment solutions that we will need to adopt for water quality and the subsequent timeline for compliance. The cost of installing and operating treatment processes for PFAS (and the impact on customer bills) has the potential to be significant, but this can only be determined once the new regulatory limits for Jersey are known.

Throughout 2024, we continued investigating all viable treatment options and have projects underway to consider the specific PFAS treatment requirements for Jersey, their cost and timelines. This work will help us determine the installation and operating requirements of potential treatment solutions. We will complete further pilot trials to assess the effectiveness of treatment on the Island’s streams and untreated reservoirs. Our research and trials will supplement the studies that the Government of Jersey is undertaking.

In September, we hosted the Independent PFAS Scientific Advisory Panel and members of the Government of Jersey’s Public Health Department at our Handois treatment works. This visit was to show first-hand our processes for treating drinking water and to discuss the critical work that we continue to do to tackle the PFAS levels found in raw and treated drinking water.

We are part of a multi-agency approach, led by the Government of Jersey, that is focused on addressing all PFAS environmental pollution in the Island. Through effective collaboration, the correct solution and appropriate management of the PFAS contamination can be found, to ensure high quality drinking water continues to be supplied to the Island.

Our priority, and our commitment, is to ensure that we keep minimising PFAS in drinking water and complying with any internationally recognised standards that Jersey adopts, so that the high quality of the Island’s drinking water and the community’s confidence are both maintained.

Every year, we share information about PFAS published in our water quality report on our website: jerseywater.je/water-quality-report/



Handois water treatment works



Great customer experience

| Key results | Actual 2023 | Actual 2024 | Target 2024 |
|---|-------------|-------------|----------------------|
| Customer satisfaction index (%) | 83.6 | 83.1 | +/-5% |
| Net promoter score (see page 26) | 40.4 | 44.1 | +/-5 |
| Right first time (%) | 65.1 | 54.5 | >75 |
| How easy we are to do business with (out of 10) | 8.7 | 8.7 | Trend not decreasing |
| Trust score (out of 10) | 8.2 | 8.1 | Trend not decreasing |
| Customer complaints (per 1000 properties) | 0.32 | 0.51 | Trend not increasing |
| Text feedback score (out of 10) | 9.43 | 9.39 | >9 |

2024 Highlights

55% of customers now receive e-bills
2023: 53% **+3.8%**



Retaining our top tier ratings for customer service and scoring just outside the top ten companies in the UK Customer Satisfaction Index (UKCSI)

Upgrading our billing system to facilitate process improvements and efficiencies.

2025 Key initiatives

Renewing our focus on doing even more to make sure we get our customer service "right first time" and improving how we handle the small number of complaints we receive

Increasing our engagement with customers beyond the billing process, so they are more informed about our services and activities, including making improvements to our website

Acting on constructive customer feedback and insights gathered in our annual benchmarking survey and Island-wide public consultation

Continuing to provide support for any customers who are struggling to pay their bills.

"Excellent staff who responded well: Whilst working on our estate, they have been kind, considerate and helpful"

Aneta, Customer Services Advisor

Making sure we deliver first-class customer service is a fundamental part of our operations across the business. As the sole supplier of water to the Island, we are acutely aware that our customers do not have a choice of provider; if they did, we would want them to confidently choose Jersey Water. This drives us to consistently improve our services, so that we provide not just high quality water but a positive experience for every customer. That is our approach whether we are supplying wholesome water to customers' taps, monitoring water quality, detecting and fixing leaks, responding to enquiries or looking after our natural spaces for the public to enjoy.

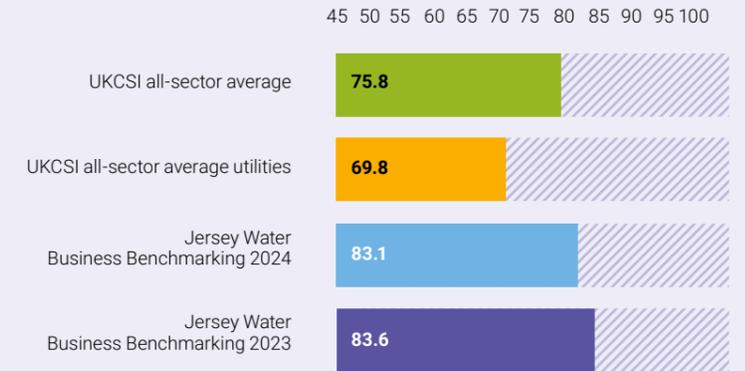
During 2024, we focused on making improvements to our systems and processes to make it easier for our employees across all departments to deliver a better customer experience. This ranged from making upgrades to our billing system, bringing our billing service back on Island so customers

receive their bills sooner, introducing incremental changes to our website so users can easily find what they are looking for to self-serve, and providing additional training for our small team of in-house customer service advisors.

Every year, we invite our customers to give us feedback on their experiences with Jersey Water in an annual survey. This is so we can understand where we are doing well and where we could do better. Our survey data is benchmarked against 10,000 other UK companies and utilities to see how our service compares.

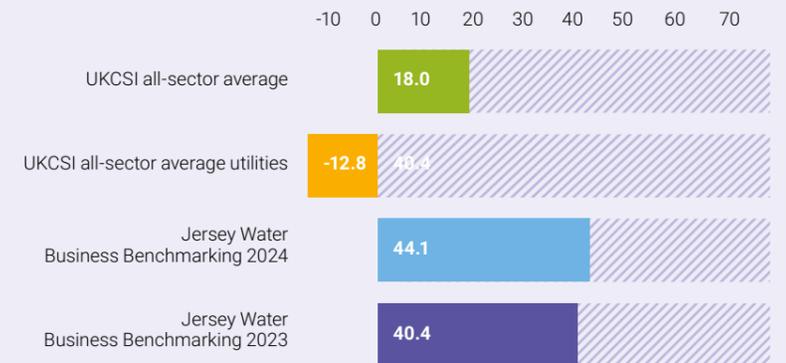
In 2024, we were immensely proud to once again rank alongside the top ten companies in the July 2024 UK Customer Satisfaction Index (UKCSI), which feature household brands including John Lewis, M&S, Monzo and Greggs. For the second consecutive year, we retained a customer satisfaction score of more than 83, putting Jersey Water above the average scores for all-sector UK companies (75.8) and utilities (69.8).

UK Customer Satisfaction Index (UKCSI)



UKCSI July 2024 data sourced from nationwide ICS survey panel of 10,000 customers. Our Business Benchmarking survey data based on respondents from the customer survey. The results are generated from a total of 386 customer respondents.¹

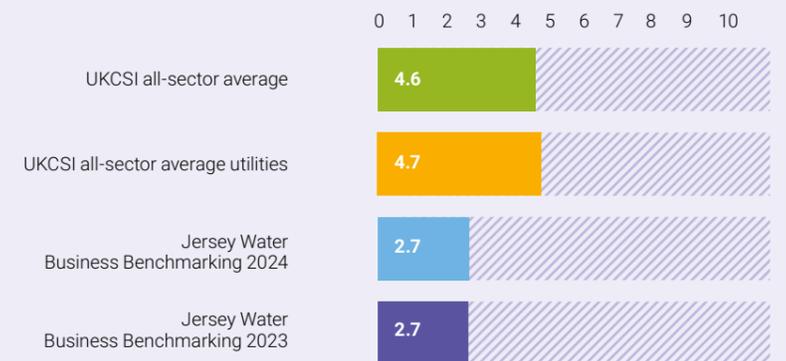
Net promoter score



Net promoter score (NPS) is based on 'likelihood to recommend' scores.

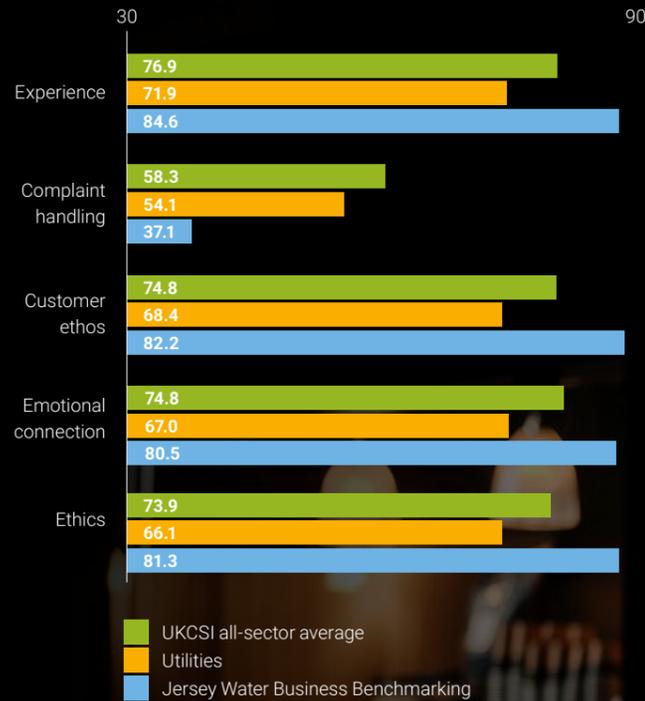
% of respondents scoring 9 or 10 (out of 10) on likelihood to recommend minus % of respondents scoring 0-6 on likelihood to recommend equals NPS. ¹

Customer effort



Customer effort is based on the question: 'How much effort did you have to make to complete your transaction, enquiry or request on this occasion' (1-10 scale). A lower score signifies less effort required on the part of the customer¹

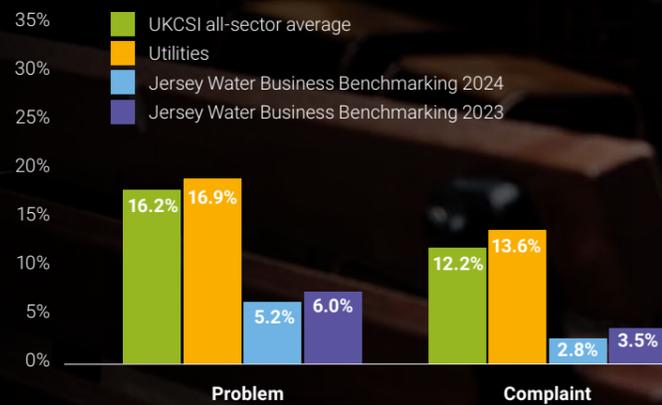
Customer satisfaction



“They are on the ball; helpful, knowledgeable and friendly”

One area where our customers feel we can improve is our complaint handling and we will be acting on this insight in 2025. By comparison to other UK companies, we receive a notably smaller number of formal complaints, and these have remained steady for the past two years (11 in both 2024 and 2023). Any complaint is a chance for us to learn and improve our service.

Problems and complaints experience



Percentages are calculated from the total number of our customers responding to the survey.



Operational Scientist random sampling at commercial customer's property

According to our 2024 survey, our customers feel most satisfied with our service reliability and the competence and helpfulness of our employees. They described their experiences with Jersey Water as “efficient,” “helpful,” and “reliable,” and once again rated us 8.7 out of 10 (2023: 8.7) for how easy it is to do business with us, compared to the UK CSI average from July 2024 for both all sector (7.8) and utilities (7.3).

We know that getting it “right first time” is what our customers rightly expect when they contact us. Again, we will be prioritising this in 2025, making sure that our services are co-ordinated, and our teams are informed to deal with customer queries at the first interaction.

The benchmarking survey also provided helpful insights into where our customers have misunderstandings about the different services we do and do not provide, an example being that we often get confused with the Government of Jersey’s Infrastructure and Environment Department, which is responsible for managing drainage and wastewater.

Understanding our customers’ misperceptions gives us the opportunity to address them and, in 2025, we will look at where and how we can better inform our customers about our services and activities.

Hearing people’s views about Jersey Water, whether our customers or not, is key for us to make improvements to our operations and to help us prioritise our work and areas for future investment. In September 2024, we launched a public consultation seeking Islanders’ feedback on what they want, need and expect from us. Gathering opinions across a spectrum of topics, including water quality, water supply, water efficiency and future service and infrastructure requirements, will be invaluable for understanding and meeting the evolving and long-term needs of our customers and the community.



Fair and affordable bills

| Key results | Actual 2023 | Actual 2024 | Target 2024 |
|--|-------------|-------------|-----------------|
| Value for money rating (out of 10) | 7.3 | 7.4 | Not reducing |
| Tariff increase/retail price index (RPI) | 6% | 10.9% | At or below RPI |
| Bad debt as a percentage of turnover | 0.05% | 0.01% | 0.01% |

2024 Highlights

97% of customers pay for water by meter
 2023: 97%



10.9% tariff increase effective 1 January 2024 with no further increases until 1 January 2025



Continued to work together with customers who contacted us with financial hardship concerns

Positive feedback in Institute of Customer Service (ICS) survey on our bills being affordable and value for money.

2025 Key initiatives

Work closely with all customers in financial hardship in light of additional pressure on households from cost-of-living increases



An RPI tariff increase of 5.7% with effect from 1 January 2025 (in line with RPI as of March 2024) and no further increases before 1 January 2026.



Keeping our prices affordable and proportionate is a key driver for us. Like many industries, the cost of providing our services has gone up, and continues to do so. We also face additional costs from the investment we need to make in our infrastructure to tackle the challenges and risks presented by climate change, drought, pollution, skills shortages, succession planning and cyber security. At the same time, we actively encourage our customers to use less water, which by its very nature leads to less revenue.

Annually, we check in with our customers to make sure we are still delivering the best possible service and value for money. For 2024, our customers rated us 7.4 out of 10 for both affordability and value, and 7.5 for fairness (2023: 7.3 - value, 7.3 - affordability, 7.4 - fairness).

We remain committed to keeping price increases as low as possible, while still meeting our investment needs and operating costs, and delivering a fair return for our shareholders and other providers of finance.

We have maintained a real-term decrease in prices over a ten-year period and only levied above inflation charges on three occasions in the last 20 years. We will always carefully consider any price increase that we introduce and are mindful that there is a high likelihood that above inflation tariff increases will be needed in the future to support the critical work required to safeguard the Island's water supplies and water quality. This will be determined by our Water Resources and Drought Management Plan and the treatment solutions and compliance costs associated with PFAS.

In January 2024, we introduced a 10.9% increase on our water charges, in line with inflation (June 2023), that equated to an extra 12p per day or £44 per year on an average household bill. We deliberated the need for a higher charge but ultimately chose to limit the impact on our customers by offsetting the rise in operational costs we were incurring for energy, materials, labour, and financing.

FAIR AND AFFORDABLE BILLS



One of our customers and his daughters

As many Islanders continue to face their own financial challenges with even small changes being felt, we work hard to keep any increases as low as possible. We actively help any customers experiencing financial hardship and encourage them to adopt water-saving practices to reduce their bills. We provide information on our website about how to save water, including an app to analyse household consumption and handy tools to help lower water usage. From October 2023 to September 2024, 134 water saving kits were ordered from us online and more than 200 people used the GetWaterFit app.

By keeping our water charges at appropriate levels, we are taking proactive steps to make sure that Jersey continues to have a resilient and financially sustainable water supplier, that provides high levels of customer service and water quality. Our charges factor in the necessary and ongoing strategic investment that we need to make in our Island's water infrastructure so that we can keep supplying water for generations to come.

In June, we announced our water charges for 2025. At 5.7%, the tariff increase is once again in line with inflation (March 2024: 5.7%). We consider this increase to be proportionate to both cover our operational costs and allow us to continue with our current capital investment programme.



Environment and community benefit

| Key results | Actual 2023 | Actual 2024 | Target 2024 |
|---|-------------|-------------|-------------|
| Environmental regulatory compliance (%) | 100 | 100 | 100 |
| Community events supported | 79 | 78 | >75 |
| Funds raised for charity | £34.6k | £19.6k | £20k |

2024 Highlights

100%
Compliance maintained with environmental regulations

280,000+
Refills at our Airport water stations (saving as many plastic bottles)

£19,610
raised for Macmillan Cancer Support Jersey, through employee fundraising and Jersey Water matching contributions

Completed second year of three-year partnership deal with Jersey Trees for Life to look after Val de la Mare arboretum

Partnered with ArtHouse Jersey on Art in the Arches mural project at Elizabeth Marina to raise awareness about water efficiency

Supported World Oceans Week with school and public workshops

Three
outdoor water refill stations installed - St Aubin, St Helier and St Clement's Sport Centre

2025 Key initiatives

Maintain 100% compliance with environmental regulation

Keep supporting community events with hydration station, reusable bottles and water refills

Roll out a minimum of two outdoor water refill points across Island

Fundraise for chosen charity, Brighter Futures

Support Jersey Trees for Life with ongoing restoration at Val de La Mare arboretum

Our purpose is supplying water for our Island, to thrive today and every day. We are 'for island life', so as well as providing a critical public service, we make every effort to protect our environment and support our community. A big part of this sees us getting involved with educational, charitable and sustainable initiatives that benefit the Island we serve.

2024 presented a unique opportunity for us, through the medium of public art, to creatively raise awareness about the challenges the Island faces to ensure we have enough water in the future. Partnering with local arts charity ArtHouse Jersey, we embarked on an innovative project – Art in the Arches – where five artists created triptych murals at Elizabeth Marina. With a central theme of 'Water, water everywhere', this project complements the concurrent work we have been undertaking to plan for the future so that we can meet the Island's supply-demand needs for the next 25 years and beyond. The murals will be in situ for the foreseeable, inspiring people to think about their water use today and what action we need to take to have water for tomorrow.

As we do every year, we supported more than 78 charity and community events in 2024, by providing our water units free of charge. Our chosen charity for the year was Macmillan Cancer Support Jersey, voted for by our people, and we were delighted to be able to hand over £19,610, raised by employees and with contributions from the company, to help the charity continue its vital work for Islanders. The majority of our fundraising efforts was through our hydration station that we set up at festivals and community events, providing water and reusable bottles to the public in exchange for donations.

On World Refill Day in June, we took to the streets to hand out reusable bottles to people passing our new outdoor refill points in St Aubin's Village and Halkett Street in St Helier. These stations honoured our sustainability commitment

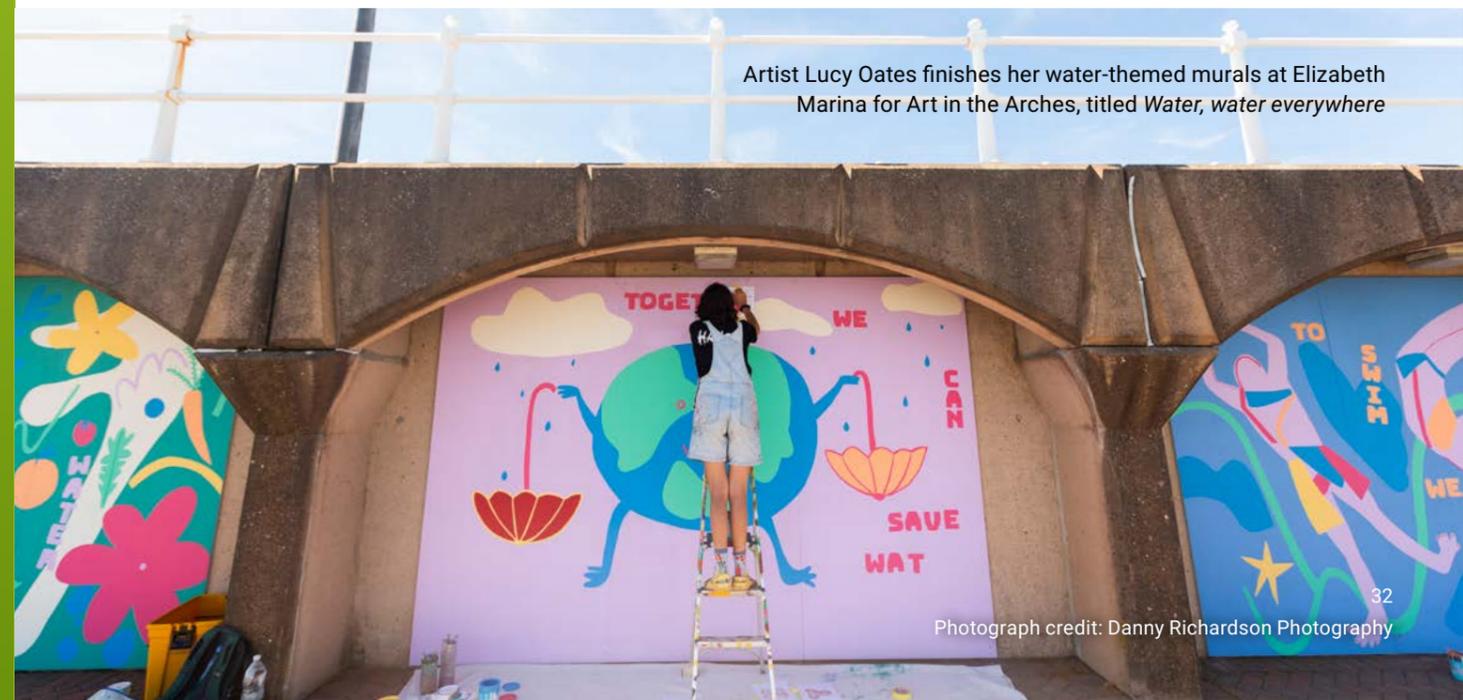
to installing at least one refill point across the Island every year, encouraging people to ditch single-use plastics. In fact, we added a third fountain at St Clement's Sports Centre, to support the rebuild of the community facilities, after Storm Ciarán caused more than £1 million of damages. A small gesture, our vibrant sport-themed refill point is for both club members and the public to use.

2024 saw us once again collaborate with local charity Ocean Culture Life; this time not just for World Oceans Day but World Oceans Week from 3-9 June. Taking part in a programme of activities, alongside an American astronaut and other ocean campaigners, we hosted water workshops for more than 180 children down in St Ouen's Bay. Employees from all departments got involved to educate the primary school pupils about the water cycle and water conservation. We also held public workshops on World Oceans Day itself, attracting members of the public of all ages to have a go at making their own water filters and testing the quality of their filtered water.

As well as these workshops, we went into primary and secondary schools during the year, teaching students about our critical work and how they can be more water efficient at home and at school. We also hosted various visits and tours of our reservoirs, treatment works and the desalination plant for schools, community groups, and government and parish representatives. His Excellency, the Lieutenant Governor also spent a morning with us finding out more about our work as the Island's sole water supplier.

2024 was the second year of our partnership with Jersey Trees for Life. The charity is restoring the Val de la Mare arboretum located on our land. Sadly, the year was marred by the destruction caused at the reservoir by Storm Ciarán in November 2023. On a positive note, close to the one-year anniversary, we jointly unveiled our new signage, inviting visitors to enjoy our arboretum and reservoir walks. (See more about our partnership with the charity on pages 35 to 36).

Artist Lucy Oates finishes her water-themed murals at Elizabeth Marina for Art in the Arches, titled *Water, water everywhere*





Weekender festival



Our refill point on Halkett Street



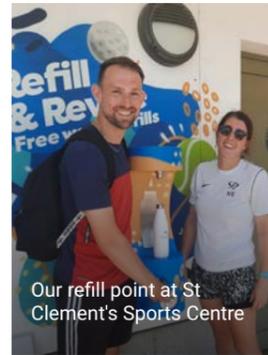
One of our refill points at Jersey Airport



Oli Nightingale's mural at Art in the Arches



Jersey Water and ArtHouse Jersey teams at the Art in the Arches murals at Elizabeth Marina



Our refill point at St Clement's Sports Centre



Our volunteers at Weekender festival



Grands Vaux school students on a tour of the reservoir



Our team demonstrating the filtration process to students during World Oceans Week



Jersey Triathlon



Our team at Macmillan Cancer Support Jersey coffee morning



Le Rocquier School students during a water filtration demonstration



French students on a tour of the desalination plant



World Oceans Day 2024



Grands Vaux school pupils on a tour of the reservoir



The unveiling of our new signage at Val de la Mare



A Jersey Water employee planting his tree



Our Charity Committee meeting the Macmillan Cancer Support Jersey team at The Oasis



A Jersey Water employee planting her tree



Parish of St Saviour representatives on a tour of Grands Vaux



Lieutenant Governor of Jersey, Jerry Kyd, on a tour of the desalination plant



His Excellency arriving at the desalination plant

From loss to legacy

Recovering from Storm Ciarán

In late 2023, Jersey experienced significant devastation caused by Storm Ciarán, with damage to properties and the loss of a vast number of trees across the Island.

Many trees were felled on Jersey Water land, with the impact most acutely felt at the Val de la Mare arboretum: the home of many rare and mature species of trees, both native to the Island and from around the world. As a vital part of our natural environment, trees not only contribute to the beauty of our landscapes but also play a crucial role in maintaining biodiversity.

For several weeks after the storm, both Queen's Valley and Val de la Mare reservoirs remained closed to the public while we managed the extensive recovery operations at both sites. Our teams worked tirelessly on top of their normal daily duties to get the land open again for people to enjoy. A big thank you to them and the Islanders who volunteered to help clear and restore the arboretum.

Three of our employees - Patrick Oakes O'Connor, Jack Findlay and Terry Gasnier - were recognised as Channel 103 Storm Heroes for their efforts to ensure we remained operational during and after the storm and for the part they played in the community clear-up.

Helier, Chief Executive at Val de la Mare after Storm Ciarán

Supporting Jersey Trees for Life

Storm Ciarán was an immense setback for Jersey Trees for Life, whose teams work diligently each week to maintain the arboretum.

Together, we assessed and addressed the destruction, with groups of our employees volunteering to clear and rebuild pathways. We also provided waterproofs to the Jersey Trees for Life team who worked around the clock in the challenging post-storm conditions, not just at Val de la Mare but across the Island.

More than ever, we are proud to support this important cause, and we thank everyone involved for the valuable work they do, to protect our natural habitats. It has been heartening to see so many people and businesses volunteering at the arboretum over the year, to restore this natural space.

Planting trees with our employees

In the aftermath of the storm, we recognised the urgent need to support restoration efforts and replanting initiatives. So, we gave each of our 99 employees and our Board members a tree to plant on one of our sites.

This initiative not only encouraged personal involvement in replanting and an opportunity for teambuilding across the company, but it has also contributed to the long-term green rejuvenation of our land.

By allowing our team members to select and plant their own trees, they took on a sense of ownership and pride about contributing to the Island's natural heritage and leaving a Jersey Water legacy. Their trees, although just saplings now, will grow to enhance our landscapes for the public to enjoy, provide habitats for wildlife, and help to protect our environment.

Looking forward, we will keep working alongside our employees, local organisations and the wider community to contribute towards a healthier environment for generations to come.



Jersey Trees for Life clearing up at the arboretum



Stephanie, Management Accountant, planting her tree



Employees from across the business planting trees together at Queen's Valley



Great, safe place to work

At Jersey Water, living our core values—We care, We are ambitious and We work together—is fundamental for us to create a safe and supportive working environment. "We care" reflects our commitment to the well-being and safety of both our employees and the community. "We are ambitious" drives us to continuously improve our practices and aim for operational excellence. "We work together" emphasises the collaborative and open culture that we foster, where everyone feels empowered and contributes to making Jersey Water a great, safe place to work.

Our values are incorporated into everything we do, from how we recruit, make both strategic and operational decisions, interact with our colleagues from the Boardroom to the front-line, and look after our customers and other stakeholders. If we cannot align it to our values, we don't do it! Living these values in our day-to-day operations creates a strong foundation for attracting, developing and retaining talented people who help us fulfil our purpose of supplying the water for our Island to thrive today and every day.

| | | |
|---|---|---|
| <p>99 employees 2023: 98</p> | <p>4 long service milestones 2023: 2</p> | <p>0 days lost time due to work injury 2023: 1</p> |
| <p>14 new joiners 2023: 23</p> | <p>5 out of 9 females on Operational Leadership Team 2023: 5 out of 10</p> | <p>100% High priority corrective safety actions complete</p> |
| <p>12 years average length of service 2023: 12 years</p> | <p>3 out of 5 Board members are female 2023: 5 out of 8</p> | |



Bradley, Water Network Controller

Continuous commitment to investing in our people

2024 saw us retain our silver accreditation from Investors in People, for the third consecutive time since 2018. Retaining this standard puts us among the top companies in the Island, emphasising our continuous efforts to make sure employees are satisfied and engaged in their work. Only 21% of all the businesses assessed worldwide by Investors in People achieve the silver standard.

Our reaccreditation followed a rigorous assessment process, with 89% of employees completing a survey and 19 being interviewed by our Investors in People assessor. We also went through a detailed on-site evaluation that looked at our culture, values and leadership practices.

In September 2024, we received the news that we had been shortlisted for a global Investors in People award for our leadership and management practices. While we did not win overall, this was significant recognition of the investment we have made in our leadership.

"Attaining Silver means that not only do you have the right principles in place but also that your people and your leaders make active efforts to check that those principles are being applied constantly throughout your organisation. You live your values."

David Dale, Investors in People Assessor



GREAT, SAFE PLACE TO WORK

Members of our Customer Services team

Building an expert and engaged workforce

With an average length of service of 12 years, we benefit from a wealth of expertise across the business. By example, 2024 was a milestone year for two of our Water Quality team as they celebrated a combined 70 years of service. That level of experience and knowledge is invaluable for the company and supporting the next generation of our workforce.

From long serving to new joiners, we had 14 employees start their Jersey Water careers with us during the year, taking our total workforce to 99. Of those, 64 colleagues embarked on training courses and professional qualifications, demonstrating our commitment to professional development.

Developing future leaders

Identified as one of our principal risks, we have made great strides to invest in and attract our next generation of leaders, across all areas of the business. The senior leadership training programme for our Operational Leadership Team continued into 2024, for which we were shortlisted for the Investors in

People leadership and management award (see opposite page). This investment in succession planning is already proving effective, demonstrated by the internal appointment of Mark Manton to the Executive team.

With a keen focus on educating and inspiring the engineers and water industry workforce of tomorrow, again in 2024, we went into schools to give talks, hosted tours of our operations and showcased our work at careers fairs, including Skills Jersey. We hosted several work experience students and awarded our 16th university grant to a Jersey student who will be studying Chemistry at Oxford.

Celebrating our individuality

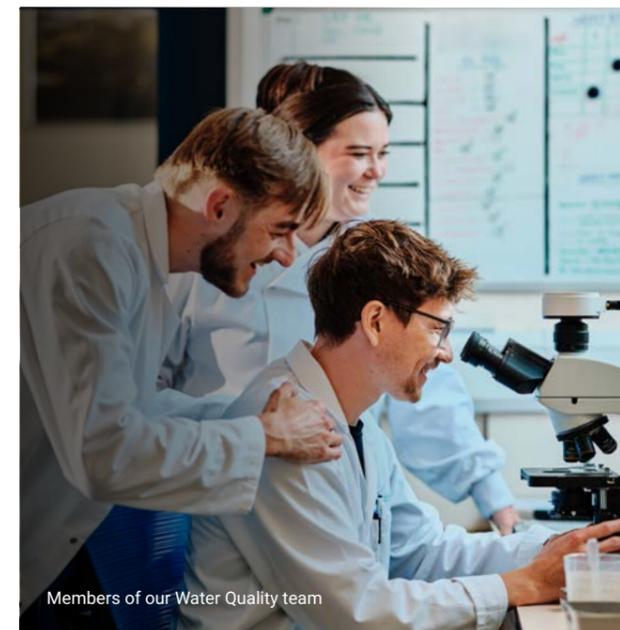
We always aim to be inclusive and create an accessible culture where diversity is celebrated and everyone feels welcome and respected.

In an historically male industry, the gender balance across Jersey Water remains weighted that way, albeit shifting gradually. While the male to female split across the company stands at 69.7% to 30.3% in our senior leadership team and on our Board of Directors, females account for 60%. Looking at the gender pay gap, on average female employees earn more than male, see page 74. This is due to the proportion of females in management and leadership positions.

"We develop and learn from each other"

Our current workforce includes members from four generations, ranging in age from 24 to 67 years, with an average age of 48.2 years (2023: 48.3 years). This brings different perspectives, experiences and skills to our team.

Age and gender are of course only two considerations of diversity and inclusion. At Jersey Water, we have people from diverse backgrounds, different nationalities, and varying abilities and neurodiversity. This leads to diversity of thought in every aspect of our operations.



Members of our Water Quality team

Listening to our people

We understand that listening to our employees is crucial for fostering a positive workplace culture. In 2024, we continued with our regular pulse surveys to gather feedback on our employees' experiences and concerns. This ongoing dialogue allows us to quickly identify areas for improvement and respond to the needs of our team.

"I love what I do and the team I work with"

Additionally, we conducted our Investors in People survey which provided valuable insights into employee engagement and development. The results not only highlighted our strengths but also pinpointed opportunities where we can improve. By actively seeking and acting on feedback, we are building a working environment where everyone's voice is heard and valued.

96.7%
of employees agree that Jersey Water is a great place to work.
2023: 94.3%



Members of our Facilities team from left to right: Jose, Matthew and Rui at Tesson Mill

Prioritising health, safety and security

Nothing is more important to us than making sure that our people are safe at work and our systems and infrastructure are secure.

Health and Safety

The nature of the work we do means that sometimes our employees may operate in potentially hazardous environments. We go to great lengths to ensure that health and safety is always at the forefront of their minds.

Over the year, we reduced workplace injuries to just four minor incidents (eight in 2023), none of which resulted in any time off work. Our goal is clear: we strive for zero injuries for anyone working within or around Jersey Water, and for anyone who visits our sites.

Conducting regular site inspections is part and parcel of maintaining a sound health and safety record. In 2024, we nearly tripled the number of inspections we carried out to 19, from seven in 2023. During the year, we also undertook a comprehensive review of all of our health and safety procedures, updating our policies and refreshing our approach to how we engage colleagues to make safe practices are second nature to them.

We start 2025 with a newly appointed Health and Safety Manager and Support Officer who will be focused on driving our safety systems and culture forward, as well as preparing us for any future independent health and safety audits.

Cyber security

With a newly established security governance process in place, we now have a dedicated committee overseeing our cyber policies and controls.

During 2024, we made further enhancements to our cyber security resilience, increasing our capabilities to act swiftly and decisively in the best interests of the organisation and fostering a security culture among our people. We enhanced the security monitoring of our estate and heightened access controls on our IT systems.

Over the year, we also upped our focus on educating and raising greater awareness among our employees about cyber security risks, by delivering regular campaigns, marking Cyber Security Awareness Month in October, offering cyber drop-in sessions and increasing the frequency and sophistication of our simulated phishing exercises.

Locally, we contributed to the draft Cyber Security (Jersey) Law, and nationally, we continue to be actively involved with the Water UK Cyber Security Network. This sees us working collaboratively with other UK water companies on incident response planning and information sharing.

Our new home: Douet House

In January 2024, we received planning consent for our new headquarters and operational hub at Rue des Pres Trading Estate



From left to right: Dion (Architect), Helier (Chief Executive), Alistair (Project Manager) and Matthew (ROK)

Conceptualised by local architectural practice Elliot Design Partnership, this redevelopment project sees us fully refurbishing and retrofitting a former office and data recovery centre. We purchased the vacant building in 2022 following the sale of our Westmount headquarters, Mulcaster House, to facilitate the construction of the Island's new hospital.

The vision, that is rapidly becoming a reality, is the creation of a modern, fit-for-purpose home that will bring most of our operations together under one roof for the first time. This will help us to drive cost and time efficiencies by running fewer sites and, as a result, provide a more seamless service for our customers.

As well as being a high quality workspace, the building will provide a much-needed upgrade for our water quality testing facilities, our warehouse and workshops that supports the equipment used daily to maintain our water operations across the Island. Bringing these facilities together with our employees will further improve the collaboration and day-to-day connection between teams.

Construction begins

After a thorough tender process, we appointed ROK Group as our construction partner and the building works started in earnest in April. Over the course of the year, the team made good progress with the demolition phases and entered the construction phase in September. Also in September, the technical plans for the new water quality laboratory were finalised.

Part of our sustainability journey

When it came to stripping out the original building, we were keen to make sure as much of it as possible could be recycled and upcycled, from the roof panels to the floor tiles. We salvaged and re-used electrical components and donated various materials, including two almost brand-new kitchens; one to a local charity and one for a donation to our chosen charity for 2024, Macmillan Cancer Support Jersey.

Just some of the environmental upgrades to the building include modern insulated cladding, low energy lighting, an energy efficient heating and cooling plant, a "Windcatcher" passive ventilation system, electric vehicle charging points and water efficient appliances.

And the focus on sustainability and the environment will extend further once we move to the new site, when we will adopt a new sustainable transport strategy, aimed at minimising our impact on the surrounding area and reducing our carbon footprint even further.

Designed by our people, for our people

Our employees have been fully involved in the design process from the start, ensuring that our new property delivers the working environment they need so they can deliver on our purpose. The new building will be completely geared up to support our modern working environment, with communal and collaborative areas, hotdesking, kitchen and welfare facilities.

Since the building works began, we have been keeping colleagues updated with regular progress reports and in-person tours of the site during its construction phase.

It was therefore only right that they chose the name of our home-to-be. Early in the year, we launched a competition and "Douet House" was the winning entry. A nod to the Island and our Jersey Water heritage, 'douet' is Jersey-French for a 'brook' or 'stream'.

Making our move for the future

Our warehouse will move to Douet House in June 2025 and, once the building works are complete, estimated to be the end of 2025/early 2026, we will start moving our other operations in phases.

As the construction progresses, the opportunities that this new headquarters will bring are growing. It represents a significant step in our ongoing commitment to sustainability, our drive for operational excellence and our focus on strengthening our resilience. We are on track to build a fit for purpose and energy efficient operational hub to meet our requirements both today and tomorrow.

The investment we are making in Douet House will allow us to deliver even better service, provide long-term value for our customers and shareholders, and help ensure that the Island has a resilient water utility for generations to come.



Site visit for our Board of Directors



Aerial view of Douet House with roof removed



Artistic impression of Douet House



Financially secure

Our financial performance and resources

Key results

| | 2023 restated | 2024 | Target 2024 |
|--------------------------------------|------------------|----------------|----------------|
| Turnover | 19,397k | 21,069k | 21,449k |
| Operating profit | 1,979k | 2,801k | 3,491k |
| Profit for the reporting year | 1,342k | 943k | 1,605k |
| Capital expenditure | 5,100k | 5,499k | 6,823k |

Despite a decline in overall profit for the year, there was a solid improvement in operational financial performance in 2024. This was primarily driven by revenue growth, generated by the tariff increase of 10.9% that we introduced in January 2024 (in line with June 2023 RPI). Whilst both operational and financing costs increased during the year, targeted improvements and disciplined cost control measures helped offset some inflationary pressure. At the same time, strategic investments in key projects and successful refinancing efforts strengthened our financial position and our longer-term financial stability.

A key measure used by our senior leadership and Board of Directors to assess our financial performance is EBITDA (Earnings before interest, taxes, depreciation and amortisation), as it provides a more comparable assessment of operational profitability year-on-year. It is also an important metric that providers of finance use to assess operational performance, due to the removal of capital investment and financing variables. As set out below, EBITDA increased by 18% or £938k in 2024.

| EBITDA is calculated as: | 2023 restated | 2024 |
|--|------------------|--------------|
| Profit before tax | 1,432 | 1,421 |
| Add back net finance expenditure | 166 | 999 |
| Add back non equity dividends | 381 | 381 |
| Operating profit | 1,979 | 2,801 |
| Add back depreciation and amortisation | 3,156 | 3,272 |
| EBITDA | 5,135 | 6,073 |

Given the increase in finance expenditure (including refinancing costs), we reviewed our approach to borrowing costs to ensure these transactions were reflected in our financial performance and position in the most relevant way. This has resulted in a change in accounting policy and prior year restatement to recognise the financing costs directly associated with the construction of significant assets as part of those assets, namely our new headquarters and the desalination plant. For further information on the change in accounting policy, refer to note 3 and note 25 for information on the prior year restatement. See pages 90 and 107.

Overall profit for the reporting year totalled £943k (2023: £1,342k), which was lower than both our target and prior year results. This decline was mainly due to increased debt costs, market-driven fluctuations in the value of interest rate derivatives, and the delayed timing of a property sale. Moving forward, the focus will remain on improving financial performance and profitability, while addressing key strategic risks.

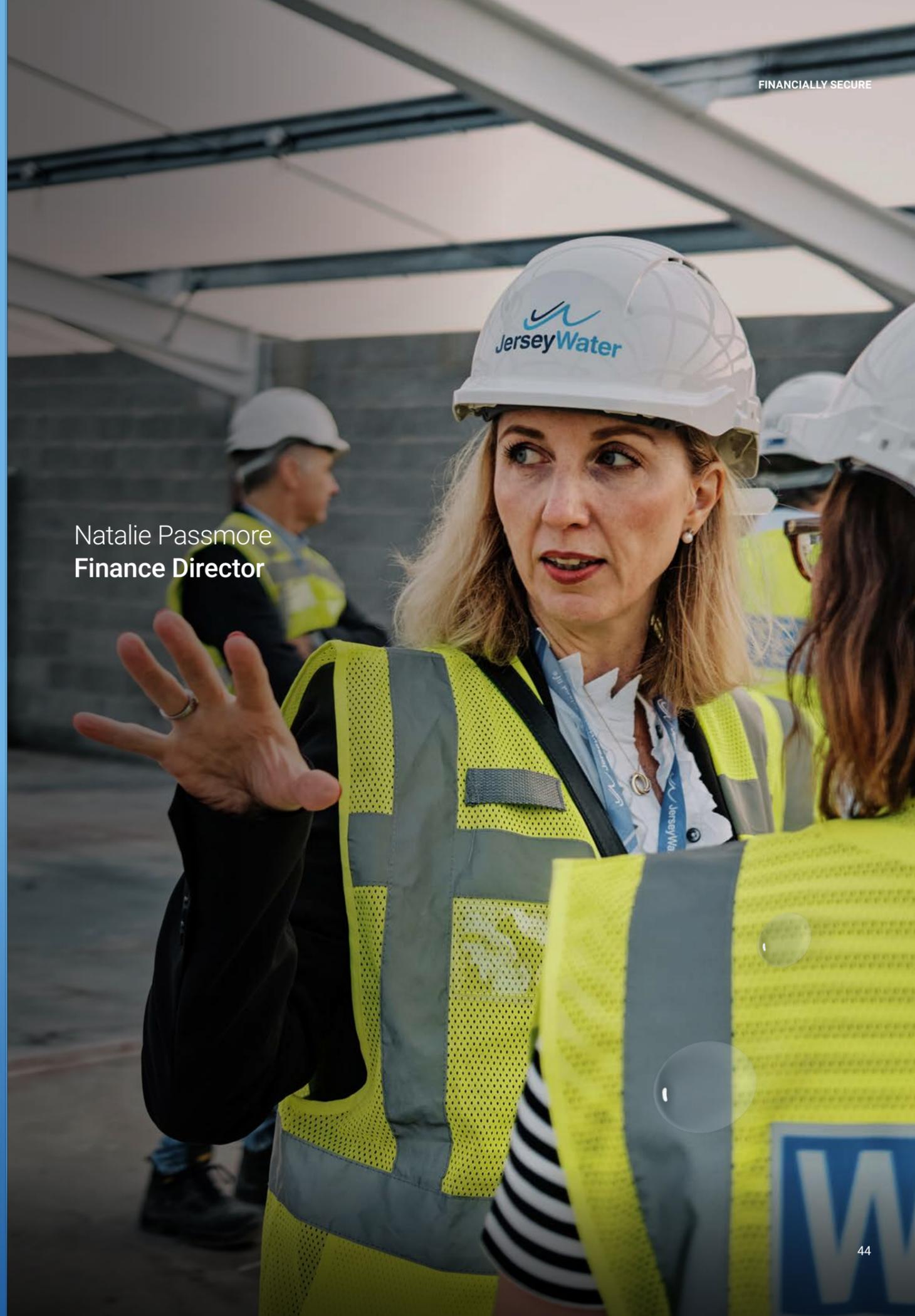
Financial performance

Turnover for the year was £21,069k, representing an increase of £1,672k or 9% compared to the prior year. However, it was £380k below target, primarily due to fewer new mains connections (approximately 25% less than 2023) and lower water usage than expected during the summer months, likely influenced by the mild and wetter weather.

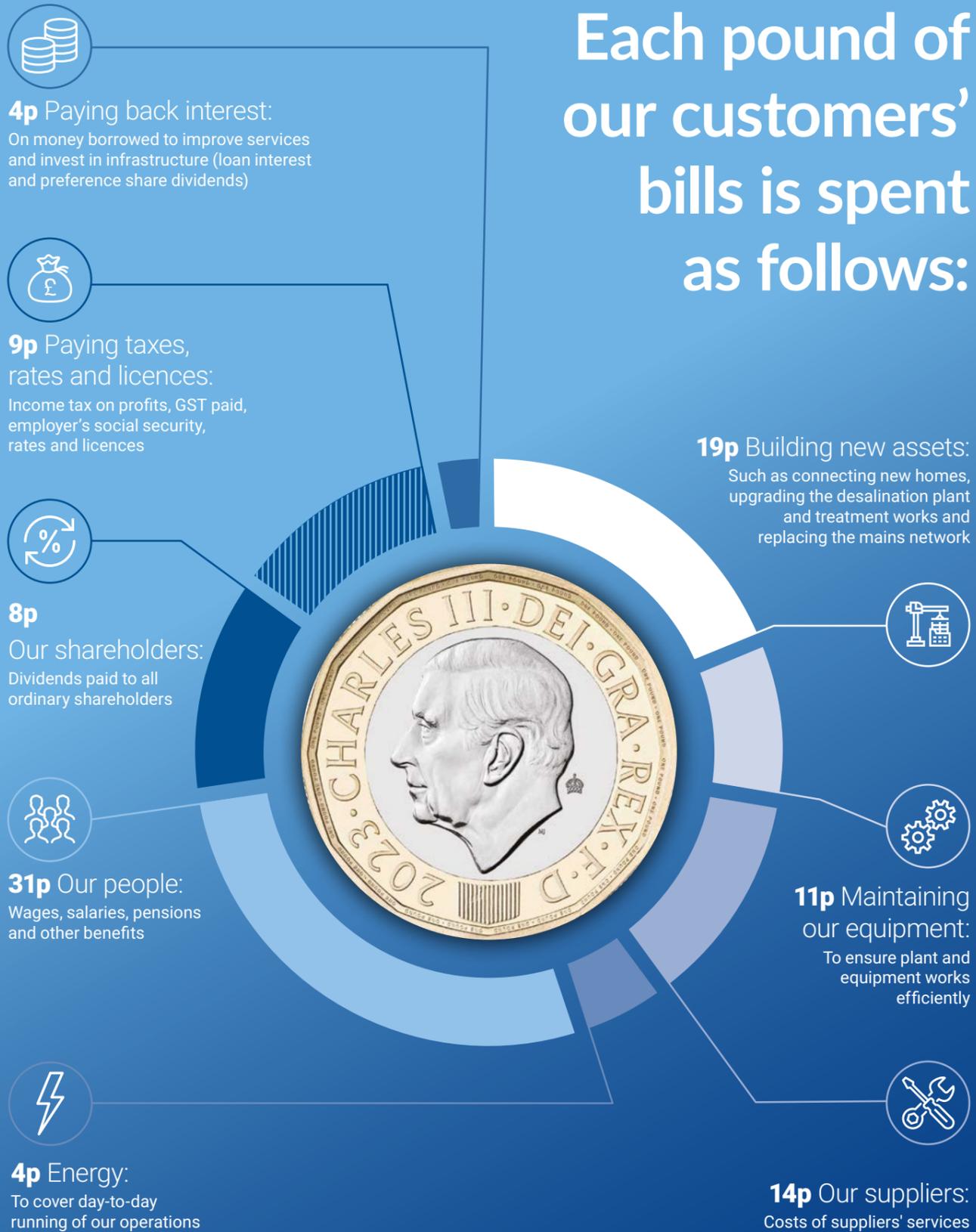
The increase in turnover compared to the prior year was driven by a rise in water revenue of £1,866k, bringing total water revenue to £20,096k (2023: £18,230k). This growth was primarily due to the 10.9% tariff increase, with total billed water consumption remaining in line with 2023, despite the addition of 239 new customers to the mains network. Other income for the year was £558k, down £74k compared to the prior year, largely due to lower rental income. Rechargeable works income was £415k, representing a decrease of £120k on the prior year and a decrease of £206k against our target.

Operating expenditure totalled £18,268k, up from £17,418k in 2023, which was a year-on-year increase of 5%, despite being 2% or £317k lower than target.

Natalie Passmore
Finance Director



Each pound of our customers' bills is spent as follows:



This rise in operating costs was primarily driven by:

- Planned increases in employee costs, including the full impact of last year's employee growth (net increase in employees 2024: one, 2023: six), salary adjustments in line with the below inflation 2024 pay award and investing in the growth of our Operational Leadership Team;
- Higher depreciation charges of £116k compared to the prior year, attributable to the continued level of capital investment; and
- Inflationary pressures impacting various expenses, including IT, insurance premiums, rent, rates and electricity.

Efforts to manage our costs included targeted procurement initiatives, budget rationalisation, and efficiency measures, which helped to offset some of the impact of inflation on our operating expenses, as well as one-off events such as Storm Ciarán and unplanned essential maintenance on our service reservoirs.

Our operating profit increased by £822k to £2,801k (2023: £1,979k). As detailed above, this was due to the growth in water revenue covering increases in operational expenditure. Our plan had also anticipated the sale of a property, which is now due to complete in 2025.

Finance expenditure

Net finance expense for the year totalled £999k, compared to £166k in the prior year. This increase was primarily driven by the following factors:

- Higher cost of debt, resulting from increased borrowing and the rise in interest rates compared to the previous year, which led to an increase in interest payable to £1,300k (2023: £718k) as detailed in note 8. See pages 96 to 97; and
- Non-cash fair value losses on financial derivatives (interest rate swaps), amounting to £795k (2023: £66k). These fair

value movements can be volatile and difficult to anticipate as they are influenced by market conditions and interest rate forecasts.

The impact of higher finance expenditure was offset by £431k, being interest receivable of £109k and net interest income on pension obligations (non-cash) of £322k.

Income tax

Income tax for 2024 was £478k, compared to £90k in 2023. The prior year's lower tax expense was mainly due to the release of a tax provision, which accounted for most of the year-on-year variance. The remaining difference reflects higher taxable profits (as shown in EBITDA) and reduced allowable expenses related to mains renewal and capital allowances.

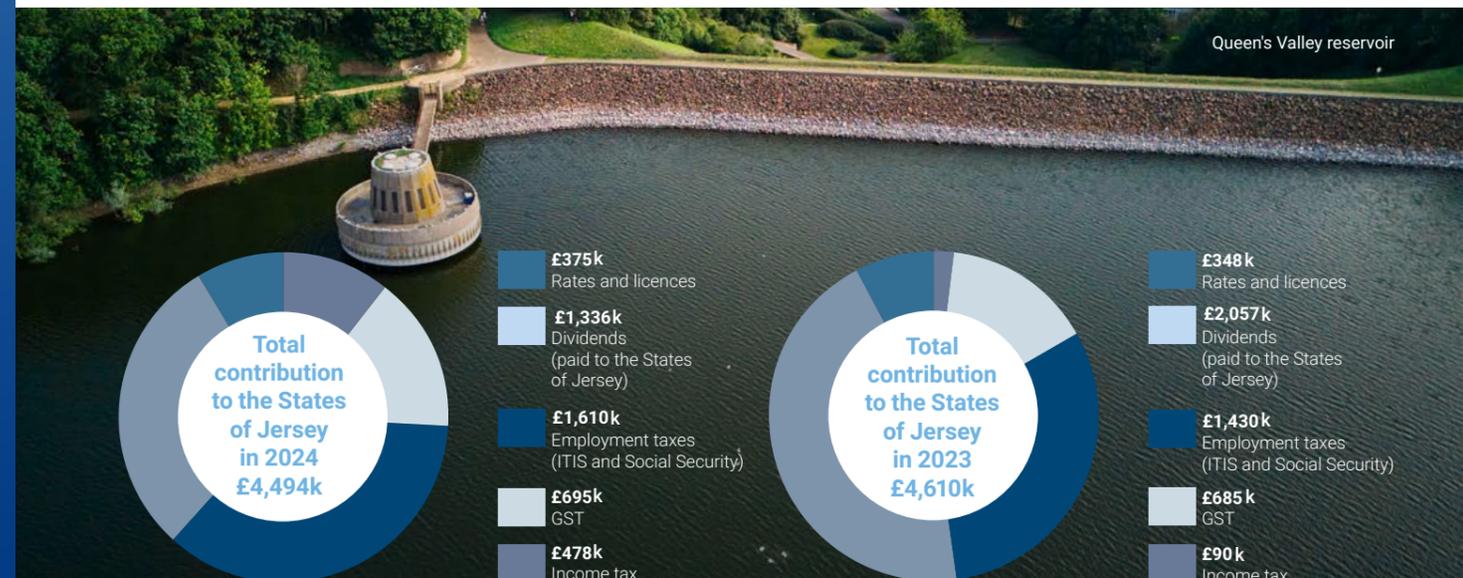
Transactions with the States of Jersey

The total cash paid to the States of Jersey during the year, including dividends, was £4,494k (2023: £4,610k).

Fixed assets and capital expenditure

In 2024, our total capital expenditure reached £5,499k, with investments allocated as follows:

- £1,235k was dedicated to reducing leakage, improving water quality, and enhancing network infrastructure;
- £1,048k was spent on water resource and drought management initiatives, including the launch of a smart metering trial, capital maintenance of the desalination plant, and planning for future expansion.
- £1,778k was spent on the development of our new headquarters. Our new headquarters will be completed in late 2025/early 2026;
- £610k was invested in operational infrastructure and equipment across the business; and
- £828k capitalised borrowing costs.



The chart opposite provides a breakdown of our 2024 expenditure. At the year-end, our assets held a net book value of £88,863k (2023: £87,484k), with tangible assets comprising 98% of this value at £86,771k (2023: 97%, £84,664k).

Loans and borrowing

In 2024, we refinanced our revolving credit facility (RCF), securing a new Green Use of Proceeds £30m facility with Lloyds Bank Corporate Markets Jersey Branch, replacing the previous £25m facility.

Borrowing rose from £15m to £22.5m by the end of 2024. The increase in the facility size was mainly to fund our new headquarters and support our continued investment in critical infrastructure and key strategic projects.

The RCF provides flexibility to manage our borrowing levels, allowing us to offset cash balances and reduce interest charges when there are timing differences in investment needs. A key factor in selecting Lloyds was their focus on sustainability, with interest incentives offered for "green" projects. The RCF balance of £22.5m at the year end was considered to be "green" and therefore attracts the interest incentive. Further details can be found in note 18 on page 101.

As part of the refinancing process, we updated our hedging strategy and replaced our 10-year interest rate swap of £7.5m notional debt with a new seven-year swap of £20m notional debt, which now covers a larger portion of our current borrowings and enhances the stability of our debt costs over the medium-term.

In accordance with Financial Reporting Standard 102 (FRS 102), the fair value of this derivative is reported at £503k on the statement of financial position. A fair value adjustment of £470k, reflecting a net loss, was recorded in the income statement. This was driven by changes in interest rate forecasts and market conditions since the swap's execution date. Additional details on these transactions are available in note 19 of the financial statements on page 102.

Cashflow

There was a net cash inflow of £5,014k in 2024. As outlined above, we expanded our borrowing facilities and refinanced our RCF, which allowed us to clear the overdraft reported at the previous year-end and increase cash headroom. This net inflow was driven by higher cash generated from operating activities, totalling £5,422k—an increase of £1,242k from 2023. The increased cash from operating activities reflects revenue growth, reduced tax payments, and higher expenditures. Investment in fixed assets increased by £723k to £4,847k. Additionally, increased cash inflow from financing activities, amounting to £4,432k, was primarily due to additional borrowing and lower dividend payments over the year.

Defined benefit pension scheme

The value of the defined benefit pension scheme at the end of the year was £6,738k, compared to £5,933k in 2023. The actuarial gain and market factors were key drivers in the movement in the valuation (as detailed in note 22 of the financial statements on pages 104-106).

Deferred tax liability

The deferred tax liability increased in the year from £8,072k to £8,159k. The movement was primarily due to the amount credited to the statement of other comprehensive income in relation to the increase in fair value of the pension asset.

Equity shares and earnings per share

73.91% of the ordinary share capital is owned by the States of Jersey (representing 83.33% of voting rights). The remaining 26.09% is held by approximately 180 private and institutional investors. Earnings per share for 2024 was £0.10 (2023: £0.14) for each ordinary share, a decrease of £0.04.

At time of writing, the most recent share price was £4.00, compared to £7.25 at the previous year end. This reflects the lower levels of returns and the limited liquidity of our shares. We acknowledge the challenges presented by the combination of current market conditions, a majority shareholding with relatively small investor base, and the reliance on matched bargain trading.

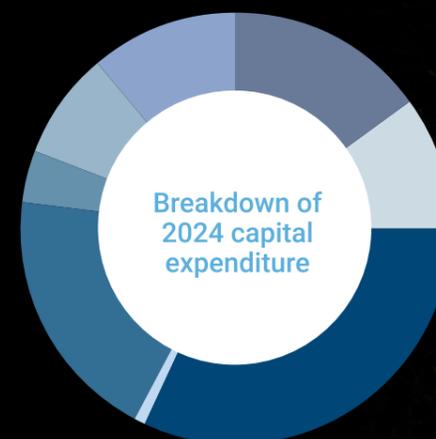
To address these issues, we are actively exploring options to enhance market activity and improve share liquidity. In July 2024, we appointed Ravenscroft to manage our share trading. Since then, we have been working closely with the firm to monitor and evaluate the effectiveness of this arrangement.

Equity dividends and dividend policy

| | 2024 | 2023 |
|------------------------------------|---------------|---------------|
| Dividends declared and paid | £'000 | £'000 |
| Previous year - final dividend | 827 | 1,589 |
| Current year - interim dividend | 493 | 707 |
| | £1,320 | £2,296 |
| Dividends proposed | | |
| Current year - final dividend | £1,117 | £827 |

Our Board aims to deliver real growth in dividends over time, recognising that short-term adjustments may be necessary to allow for variations in financial performance, investment requirements, liquidity and other factors. In determining the level of dividend in any year, in accordance with our dividend policy, our Board considers several other factors that influence the proposed dividend payment, which include, but are not limited to:

- operational and financial performance of the business;
- level of dividend cover;
- available financial resources and distributable reserves;
- future cash commitments and investment requirements to sustain delivery of our strategic outcomes, in particular our new headquarters and Water Resources and Drought Management Plan; and
- any relevant external issues that may impact overall resilience.



Equity dividends and dividend policy (continued)

In 2023, we adjusted dividends to reflect both the economic challenges we faced and the substantial investments in our infrastructure. While we are encouraged by improvements in the macroeconomic environment and our operational financial performance, we continue to balance dividends with the cash resources required for key strategic projects, the need to strengthen our financial resilience, and maintain charges that are fair and sustainable for our customers.

Our Board approved a final dividend of 11.561 pence per share on the Ordinary and 'A' Ordinary shares (2023: 8.558 pence). This brings the total dividend for the year ending 30 September 2024 to 16.668 pence per share (2023: 15.874 pence) and represents 5% growth on the prior year.

We understand that some shareholders have concerns about the level of returns, and we want to reassure them of our unwavering commitment to Jersey Water's long-term financial health. We continue to focus on operational improvements and the development of a robust business plan for 2026 to 2030, which will deliver tangible benefits for the resilience and quality of our water supply and generate value for all our stakeholders in the future.

Natalie Passmore

Finance Director
5 December 2024

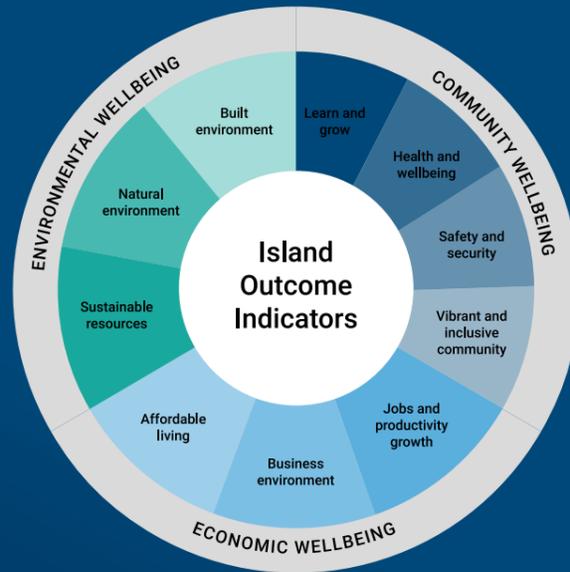


Sustainable and resilient

Becoming a sustainable and resilient business is fundamental to everything we do, touching on every aspect of our strategic objectives and our values. We remain focused on aligning our business to a recognised framework and reducing our impact.

In 2023, we set out our broad areas of sustainability work for the coming years. During 2024, we made steady progress, balanced with continuing our essential activities and the ongoing investment that we are undertaking to ensure the continued resilience and quality of our water supply.

During the year, we started devising our five-year business strategy that will take us from 2026 to 2030. Sustainability initiatives form an integral part of this and will further enable us to measure, monitor and report on our material impacts as the next foundational step.



Our sustainability vision

We continue to embed our vision and the three pillars of our strategy within our key activities and decision-making across the business. Our commitment to sustainability is driven by our Board and leadership team, wrapping around the three pillars – our water, our community, our people. In 2024, as planned, we strengthened that commitment by updating our Articles of Association, to include reference to us focusing our efforts to make a material positive impact on society and the environment.

Island outcomes for the quality of life in Jersey

In 2020, the Government of Jersey established the Jersey Performance Framework to measure Jersey's progress against long-term well-being indicators, focused on environmental, community and economical outcomes. In our role of delivering a reliable supply of safe, high quality water to our customers, we recognise the key part we play in the Government's success.

Our sustainability journey

With the increasing challenges of climate change and broader ecological and social issues facing the world, we realise the importance of progressing our sustainability journey, alongside our ability to adapt and strengthen our resilience to these issues.

Balancing our financial and resource constraints continues to be a part of progressing this journey, as well as ensuring our focus considers areas that our stakeholders consider to be most important.

In our 2023 annual report, we shared an overview of the areas of work for the coming years, acknowledging that these will evolve over time. On the next pages, we provide a summary of our progress and our plans for each of those areas, aligned with our long-term sustainability vision across our governance, our community, our water and our people.

Securing high quality water for future generations, to connect our community and protect our Island



Filling up at our Halkett Street water refill point

Our governance

| | |
|---------------------------------------|---|
| Connecting ESG with our core strategy | <p>Our five-year business strategy for 2026 to 2030 will expand on our key performance indicators (KPIs), building on the current ones that cover environmental regulatory compliance, water quality, customer and employee satisfaction, community impact and safety.</p> <p>Improvement and internally upskilling on our emissions calculation will enable us to introduce carbon footprint related KPIs in the future.</p> <p>We arranged a Green Use of Proceeds revolving credit facility with Lloyds Bank Corporate Markets, Jersey Branch which is aligned to the Loan Markets Association Green Loan Principles and Lloyds Banking Groups Sustainable Financing Framework. The facility will support financing "Eligible Green Projects" such as our Water Resources and Drought Management Plan.</p> |
| Leadership and decision-making | <p>Our Articles of Association have been amended to include a commitment to have a material positive impact on society and the environment.</p> |

Our water

| | |
|---|--|
| Measuring and reducing our carbon footprint | <p>During our third year of reporting, we have made improvements in data quality and our internal skillsets to ensure continuous improvement. Our Finance team is undergoing training on emissions calculation for Scope 1 and 2. Continuously improving our internal capabilities sets us in good stead for expanding our reporting to include Scope 3 in the coming years.</p> |
| Environmental management system (EMS) | <p>An effective EMS enables monitoring, controlling and continuous improvement of environmental performance. We remain committed to creating a suitable system for Jersey Water as part of implementing our 2026 to 2030 business plan.</p> |
| Water efficiency, leakage and resources | <p>During 2024, we further developed our Water Resources and Drought Management Plan, reduced leakage, encouraged water efficiency and preserved water resources. You can read more about this on pages 53 to 54.</p> |

Our community

| | |
|-----------------------------------|---|
| Community and customer engagement | <p>Our community engagement in 2024 included supporting our charity of choice, Macmillan Cancer Support Jersey, installing water refill stations and providing water at events, continuing our partnership with Jersey Trees for Life, partnering with ArtHouse Jersey on a water-themed public art project to raise awareness about water scarcity and conservation; and collaborating with Ocean Culture Life to support World Oceans Week. Find out more about these activities on pages 31 to 36.</p> |
| Supplier engagement | <p>We plan to develop our engagement within our supply chain, with a focus on building sustainability outcomes through a partnership approach.</p> |

Our people

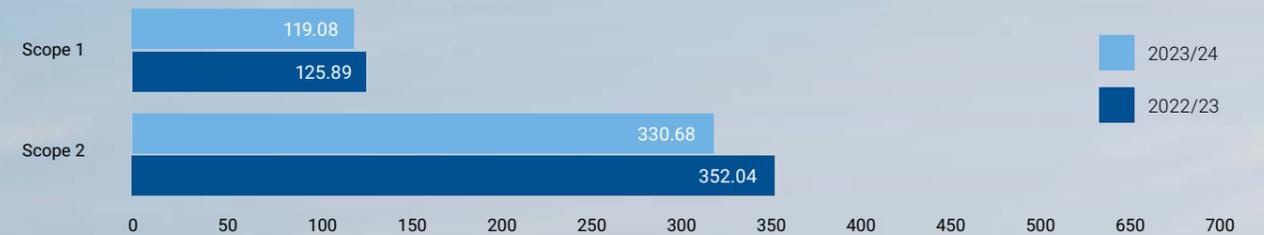
| | |
|--|---|
| Diversity, Equity and Inclusion Strategy | <p>We continue to integrate diversity, equity and inclusion, well-being, and learning and development into our culture to create a sustainable workforce. We aim to launch our new five-year People Strategy during 2025, focused on these crucial areas.</p> |
| Well-being strategy | <p>Pages 37 to 42 expand on our continuous commitment to ensuring Jersey Water is a great, safe place to work.</p> |
| Employee skills and development | |

Our carbon footprint

Our 2024 footprint shows overall emissions of 449.76 tCO₂e³ (2023: 477.93).

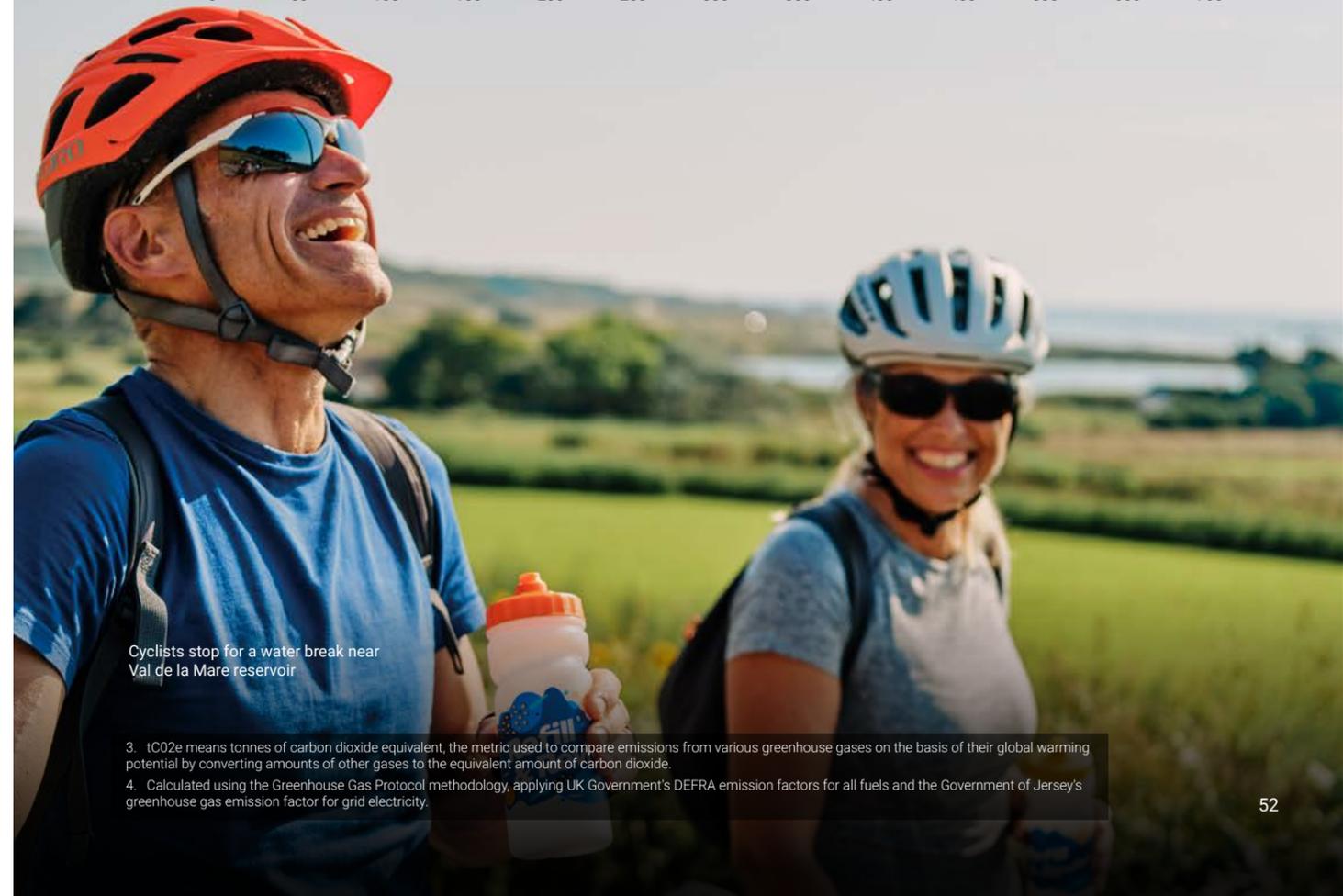
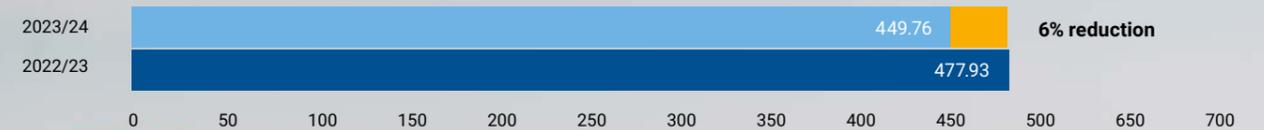
The key source of our emissions across Scope 1 and 2⁴ is electricity, accounting for 73.5% of total Scope 1 and 2 emissions, making up the entirety of the Scope 2 emissions.

Most of our electricity consumption occurs during the capturing, treating and distributing of water to our customers. Our second largest emissions are from fuel consumption, particularly the use of diesel vehicles, with fuel accounting for half of these emissions.



Year-on-year comparison for total emissions, tCo₂e

We have seen a 6% drop in our total emissions compared to financial year 2023. This is due to a reduction in both electricity and fuel consumption.



Cyclists stop for a water break near Val de la Mare reservoir

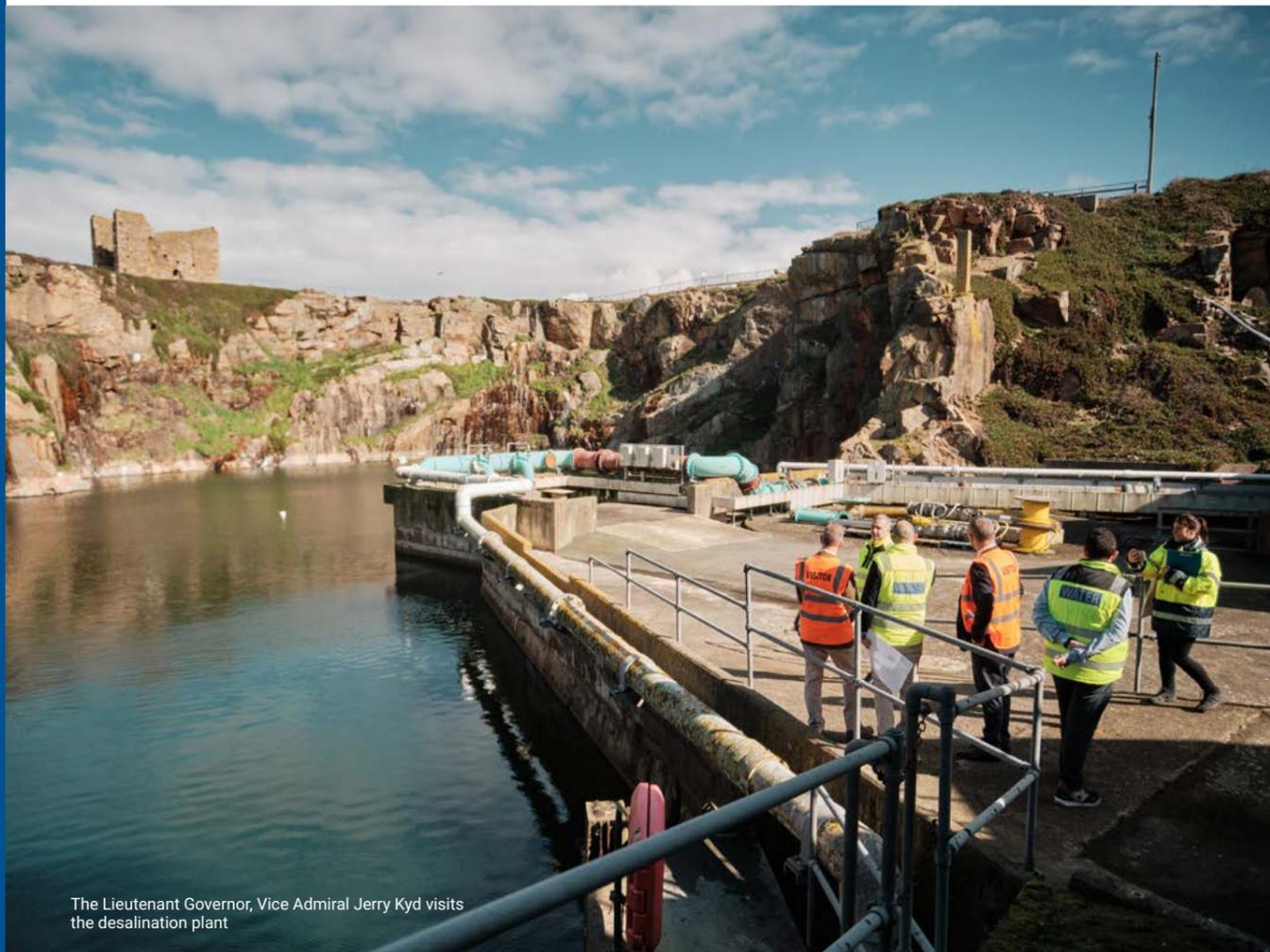
3. tCO₂e means tonnes of carbon dioxide equivalent, the metric used to compare emissions from various greenhouse gases on the basis of their global warming potential by converting amounts of other gases to the equivalent amount of carbon dioxide.
 4. Calculated using the Greenhouse Gas Protocol methodology, applying UK Government's DEFRA emission factors for all fuels and the Government of Jersey's greenhouse gas emission factor for grid electricity.

Water for Jersey's future

Every five years, we undertake a detailed review and strategic planning exercise to outline how we plan to manage the Island's water supplies and demand for the next 25 years and beyond. As it is a statutory obligation for all UK water companies to devise such a plan, known as a Water Resources and Drought Management Plan, we follow this best practice in Jersey, examining in detail the issues that influence the demand for water and its availability.

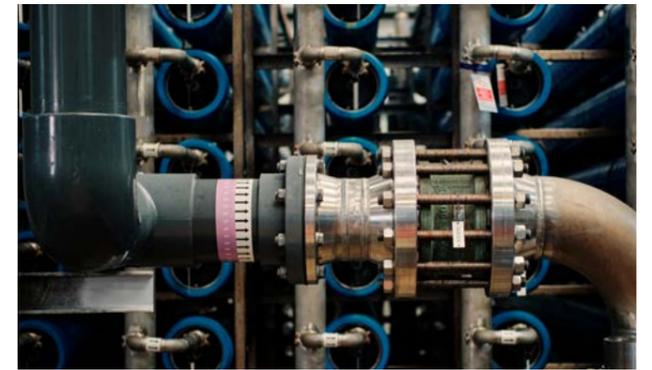
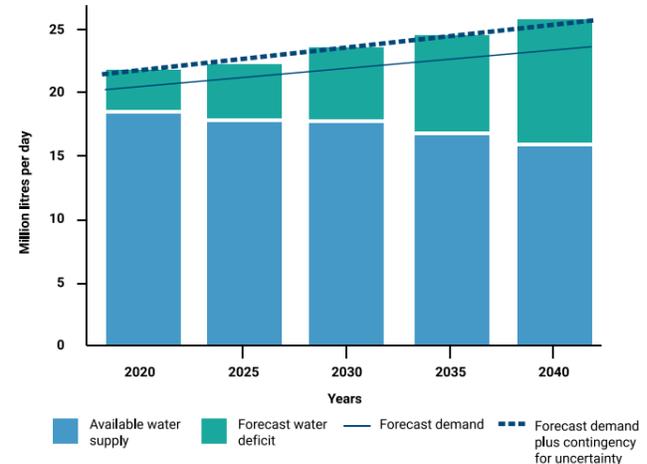
We published our last plan in 2021, so in 2024 we started work to update it for 2025, partnering with the global engineering consultancy Atkins Réalis. The planning process uses a well-established, industry-standard approach, which takes into account the major drivers that influence the long-term security of our water supply. For example, we consider hydrology, water quality, climate change, drought risk, population change and customer demand.

By modelling these factors and how they interplay, we can calculate and predict what the supply-demand balance will be in the future. Once we have worked out whether we face a surplus or deficit, we can then determine a set of feasible options to address the balance. These are assessed against a range of criteria to create a best-value plan that ensures we can continue to provide a reliable water supply for the Island.



The Lieutenant Governor, Vice Admiral Jerry Kyd visits the desalination plant

In our 2021 plan, we identified a high risk of water shortages by 2045, in the event that Jersey was affected by a severe drought. For 2020, we calculated a potential deficit of 2.3 million litres per day, which was predicted to rise to 8.2 million litres by 2045, if no action was taken. This increase in deficit was driven by forecast population growth and climate change. The graph below illustrates the deficit calculations from our 2021 plan.



Pipework at the desalination plant

customers about water usage; and develop further water efficiencies across our network, for example by potentially rolling out smart meters.

The dry summer in 2022 was the most recent test of our supply resilience, when we had to put a hosepipe ban in force and run the desalination plant continuously for nearly three months. Thankfully, supplies quickly recovered during the wet winter of 2022/23, but we face the possibility of not being able to rely on wet winters to recharge our stocks.

As it stands today, we currently have enough storage capacity to provide approximately 120 days' supply for the Island. During years of average rainfall, or even moderately dry years, this is sufficient to meet current demand. However, the real risk we face is the possibility of a two-year drought, or a single dry winter, where our limited storage capacity fails to recharge adequately before the next summer period.

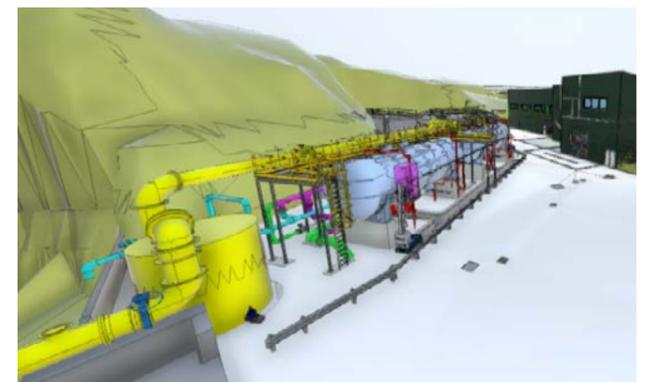
Since we published our 2021 plan, the industry guidance has moved on and the expectation now is for UK water companies to prepare for, and be resilient to, the level of drought that could happen once every 500 years. Based on this, instead of the previous standard 25-year horizon plan, water utilities facing forecast deficits akin to Jersey's are now required to produce a more detailed 40-year plan. This takes into account the very long lead times and affordability issues that determine large-scale infrastructure projects, such as reservoir construction or developing a new water supply solution.

Early indications from the work we are undertaking to update our plan suggest that we will still face a significant water supply deficit in the future. However, it is not predicted to be as much as forecast in our previous plan. This is mainly due to our population not increasing at the expected rate.

The options we are considering as part of our 2025 plan will cover both the supply and demand sides of the equation. To increase the available supply of water, we are looking at additional desalination capacity; increased reservoir storage by building a new dam or extending an existing one; appropriate effluent reuse treatment solutions to manage water sources affected by PFAS; and potentially new or enhanced surface and groundwater sources. To address the demand side, we will seek to maintain, and ideally improve upon, our current excellent leakage performance; look for opportunities to educate

Expanding our existing desalination plant was the main component of our 2021 Water Resources and Drought Management Plan. In 2022, we started feasibility studies and the initial concept for the works. In 2024, we completed the outline design for the expansion. This involved numerous detailed intrusive and non-intrusive surveys to fully understand the condition of the current site and the practicality of increasing its output in readiness for a severe drought. These surveys allowed us to identify the full scope of the project and the estimated costs with a greater level of certainty. With this initial design, we will now be able to work with an engineering construction partner to create a more detailed design and then deliver the physical works to expand the site, likely to be within the next five years.

As well as increasing the plant's capacity, the outline design also seeks to further enhance the reliability and performance of the site; and add an additional treatment stage to the process, to protect water quality by replacing minerals that are removed by desalination.



Outline designs for expanding the plant

Meeting the needs of our stakeholders

Working closely with our stakeholders and prioritising their needs is essential for our future planning. By understanding the environment in which we operate and the expectations of the community we serve, we can ensure we provide the highest quality of service.

Customers

| Why we focus on them | How we engage them | What they tell us | How we respond |
|--|--|---|--|
| Our customers and consumers are central to our business. Without them, we would not exist. | We engage through face-to-face meetings, phone calls, community events, emails, our website and social media channels, and annual customer surveys. We pay close attention to the customer feedback we receive (compliments and complaints), particularly the results of our annual Institute of Customer Service benchmarking survey (see pages 25 to 26). We also track UK water sector consumer groups and use their large-scale research to inform Jersey's position. | Based on the feedback we get from our interactions with customers and wider industry research, we know that customers want: <ul style="list-style-type: none"> A reliable supply of high quality water Great customer service, getting things right first time Fair and affordable prices An environmentally conscious approach to the way we work. | We deliver our services by making sure that our four customer outcomes are at the forefront of everything we do (see page 10). We set our targets and focus our business planning based on these outcomes. We use our customer feedback and insights to shape our planning and prioritise improvements. In 2024, in addition to our annual customer satisfaction survey, we asked Islanders for their views on Jersey Water and what they expect from us. The feedback will help inform our plans for the coming years. |

Government

| Why we focus on them | How we engage them | What they tell us | How we respond |
|---|--|--|--|
| We provide public services that are essential to Island life. The key to our success is engaging with the Government of Jersey in its capacity as our regulator and as the provider of other public services. | We have a collaborative and transparent relationship with the environmental regulator and the Government (in its non-regulatory capacity) whereby we work together to address the risks that threaten our success. | We have an ongoing and open relationship with our regulator and other Government departments, which expect us to operate on a transparent, 'no surprises' basis. There is the understanding that we will play a leading role in matters relating to the Island's public water supply. | Through partnerships with the Government and other stakeholder groups, we play an instrumental role in addressing water related issues affecting our Island. In 2024, we made significant progress in addressing the Island's water resource challenges, by updating our Water Resources and Drought Management Plan. This work will inform the Island Plan and Water Strategy. Keeping politicians and civil servants informed, we hosted our first webinar, broadcast from the desalination plant, on our efforts to tackle the Island's forecast water deficit. On water quality, we continued our collaboration with the Action for Cleaner Water Group, which has led to nitrate and pesticide levels remaining well below regulatory limits for approximately a decade. Efforts to address the Island's PFAS pollution included working with the Government's PFAS Technical Officer Group and the Environment Department, as well as hosting a tour of our treatment works for an independent scientific panel to demonstrate how we mitigate PFAS in drinking water. Additionally, we continued to support the Infrastructure and Environment Department with its flood mitigation efforts in Grands Vaux, alerting Government about rising stream levels with our early warning sensors and engaging with the public and primary school to aid Government initiatives. |

Investors / Shareholders

| Why we focus on them | How we engage them | What they tell us | How we respond |
|--|--|--|---|
| Meeting the needs of our investors ensures that the business remains successful over the long-term, which in turn meets the needs of our stakeholders. | Our annual report provides a transparent and comprehensive review of our financial and operational performance for all our shareholders. Our AGM gives our Board the opportunity to meet shareholders in person. At a minimum, we send bi-annual correspondence to shareholders on interim and final dividends. We meet our majority shareholder biannually, and informally as required, to discuss performance, strategy and other matters. We also engage with other providers of finance (i.e. banks) on an ad hoc basis, to keep them informed of our performance and plans. | Our discussions with all our shareholders continue throughout the year and are centred around: <ul style="list-style-type: none"> Ongoing financial performance; The way we mitigate risk and resolve issues; The focus on cost efficiency whilst maintaining a high standard of service and resilience to the Island community; The standards of governance to which we operate; and The level of returns on their investment and share liquidity. | To ensure transparency and openness, our financial reporting exceeds the level of disclosure required for companies the size of Jersey Water. Our corporate governance framework operates at the standards required of the UK Corporate Governance Code. In 2024, we increased our engagement with all our shareholders, hosting a more informative annual general meeting, issuing more regular communications to keep investors updated on our performance and activities, and undertaking targeted communications activities, including a webinar, to keep government stakeholders informed. We also changed our sharebroking arrangements to improve share liquidity. |

Island community

| Why we focus on them | How we engage them | What they tell us | How we respond |
|---|---|--|---|
| Meeting the wider needs of our community and its interest groups is critical to our long-term success. The health and well-being of our Island community relies to a great extent on a reliable supply of clean water. Our role goes beyond supplying water for Islanders. We have a wider responsibility to make sure we have a positive societal and environmental impact for Jersey. | To do this, we work both alone and in partnership with other Island organisations and local charities. We have regular dialogue with special interest groups in Jersey to develop our understanding of emerging and topical areas of concern. We participate in numerous forums, locally and in the UK, to understand the latest thinking and industry perspectives on community and societal matters. | Our feedback and research indicate that, as a water supplier providing a vital public service, we are subject to certain expectations. We have a duty to act for good - not just for our customers, but for the wider society as well. Local stakeholder groups tell us that we have a role to play in protecting the environment and playing a positive role in the community. | Every year, we get involved with and sponsor a variety of initiatives to deliver real benefit for the Island. In 2024, we installed three more outdoor public refill points; we continued our partnership with Jersey Trees for Life to maintain the Val de la Mare arboretum; we partnered with ArtHouse Jersey on a water-themed public art project to raise awareness about the Island's future water needs; and we supported World Oceans Week (See pages 31 to 36). In September 2024, we launched an independent public consultation to understand the public's perception of Jersey Water and what is expected from the company in the future. The results will help inform our activities and plans. |

Our people

| Why we focus on them | How we engage them | What they tell us | How we respond |
|--|---|---|--|
| Our people are our most valuable asset, critical to our success. Investing in our people drives our culture and performance. Making sure our people feel informed and able to do their jobs with real purpose is the only way we can be a truly great, safe place to work. | We have an inclusive and collaborative approach to working with our people, engaging with them to ensure their perspectives are considered in our decision-making and planning. We undertake pulse surveys to track engagement and seek views on topical issues. Our leadership team engage with employees face-to-face, both individually, in teams and within forums and workshops. We use the feedback from employees to enhance our plans, ensuring that Jersey Water remains a great, safe place to work. | Feedback from our employees is key for determining how we run Jersey Water. The results of our 2024 Investors in People survey revealed that 93.3% agree it's a great place to work - a 3% increase on our 2021 Investors in People score. 89% of our employees completed the Investors in People survey and 19 colleagues took part in interviews during our onsite assessment in July. We aren't complacent about these results and always make sure we listen to feedback from our people. Our 2024 Investors in People assessment highlighted for us to focus on learning and development opportunities, leadership capabilities, succession planning, and using data to drive improvements. | 2024 saw us retain our silver accreditation from Investors in People for the third consecutive time since 2018. We were also shortlisted for an Investors in People award for our leadership and management practices (see page 37). During the year, we hosted in person company-wide updates for our people to share our plans and celebrate successes. We also held bite-sized educational briefings on different areas of our work, including our Water Resources and Drought Management Plan and PFAS. We gave employees the opportunity to deliver our weekly CEO video messages, engaging them in the process and adding variety to the content. Taking employees on the journey as we develop our new home at Rue des Pres, we shared regular video updates and hosted tours of the construction site. After Storm Ciarán, we rolled out an employee tree planting programme offering each employee and our Board the chance to plant trees at five Jersey Water sites. |

Principal and emerging risks

Our strategic outcomes are subject to a number of risks and uncertainties that could, either individually or in combination, affect our operations, performance and future prospects. We identify and manage these and other risks through our risk appetite framework, whereby the amount and type of risk that we are willing to take on, in order to meet our strategic outcomes, is articulated through qualitative statements and tolerance levels.

Our underlying appetite for risk will vary according to the nature of the business activity and will be driven by the need to manage, avoid or mitigate the risk, balanced by the cost of doing so, over the long-term.

Overall, we have a low appetite for risks that threaten our ability to fulfil our statutory responsibilities as the provider of mains water to the Island, or that are likely to erode our trustworthiness and reputation among our customers and the community.

The following diagram illustrates how we manage risk and incorporate it into our business strategy.



Risk assessments include:

- Operational
- Emerging risks
- Corporate
- Climate change

The below illustrates the governance structure we adopt for managing risk:



The risks we identify are either:

| Principal risks | Emerging risks |
|--|--|
| Principal risks are risks that we are actively managing now that could stop us achieving our strategic objectives. | Emerging risks could be new, uncertain or changing risks that are not considered 'current.' Emerging risks may, in the future, affect our operations, performance and future prospects. They are identified through strategic planning and risk management processes, which include horizon-scanning and scenario analysis. Emerging risks may affect the assessment of longer-term horizon principal risks, such as water supply risk and critical infrastructure risk, where long-term planning is an essential risk management activity, or they can shape our strategy through the challenge and uncertainty the emerging risk creates. Pages 59-62 identify key challenges that we are trying to address through delivery of our strategic outcomes. Significant emerging risks identified include climate change and potential changes in water quality regulations. |
| As part of the risk framework, we also consider the connectivity of principal risks. This information is used to further risk management activity and to inform the viability scenarios as detailed on page 82. | |



Climate change

The assessment and management of climate related risks and uncertainties is consistent with the approach used to manage risk through the business. The process for identifying and managing the impact of climate change on our principal risks is integrated within our strategic planning, resilience, and risk management processes. Climate change has significant influence on several principal risks associated with delivering 'our customer outcomes', these are identified on the table of principal risks with the risk management activities for intolerable and undesirable risks detailed on page 60.



A significant change in water quality regulations

A change in water quality regulations to address PFAS represents a significant emerging risk for water companies around the world, as these "forever chemicals" are difficult to remove. New, stricter regulations will require new or extensive upgrades to treatment processes. These can be costly both to implement and to operate, as well as lead to pressure on supply chains as the water industry prepares itself for the new regulatory standards. Likely changes in regulations will influence a number of principal risks associated with delivering our customer outcomes. These are identified on the table of principal risks with the risk management activities for intolerable and undesirable risks detailed on pages 61 to 62. In addition, pages 21 to 24 provide more detail on how we are managing the risks associated with PFAS in drinking water.

Principal risks and uncertainties included within our strategic risk register are summarised in the following table:

| Risk description | Risk category (driven by risk appetite) | Trend | Significant emerging risk | High quality water | Great customer experience | Environment and community | Fair and affordable bills |
|----------------------------------|---|-------|---|--------------------|---------------------------|---------------------------|---------------------------|
| Water supply failure | | ↔ | Climate | ✓ | ✓ | ✓ | ✓ |
| Water quality failure | | ↑ | Changes in Water Quality Regulation | ✓ | ✓ | ✓ | ✓ |
| Income and profitability | | ↔ | Climate/ Changes in Water Quality Regulation | | | | ✓ |
| Key skills and succession | | ↔ | | ✓ | ✓ | | |
| Information security | | ↔ | | ✓ | ✓ | | |
| Supply chain | | ↓ | Climate / Changes in Water Quality Regulation | ✓ | ✓ | | ✓ |
| Liquidity and funding | | ↔ | Climate / Changes in Water Quality Regulation | | | | ✓ |
| Environment and community impact | | ↔ | Climate | | ✓ | ✓ | |
| Critical infrastructure | | ↔ | Climate / Changes in Water Quality Regulation | ✓ | ✓ | | ✓ |
| Political/ regulatory | | ↔ | Climate / Changes in Water Quality Regulation | ✓ | ✓ | ✓ | ✓ |
| Stakeholder imbalance | | ↑ | Climate / Changes in Water Quality Regulation | ✓ | ✓ | ✓ | ✓ |
| Large scale employee absence | | ↔ | | ✓ | ✓ | | |
| Customer satisfaction and trust | | ↔ | Climate / Changes in Water Quality Regulation | | ✓ | | |
| Project delivery | | ↔ | | ✓ | ✓ | ✓ | ✓ |
| Health and safety | | ↔ | | ✓ | ✓ | | |
| Pension liabilities | | ↓ | | | | | ✓ |
| Fraud | | ↔ | | | | | ✓ |

Unknown risks, and those that the executive directors believe are less significant, may also have a material impact on our operations and performance.

The following page provides further detail on the current intolerable and undesirable principal risks and uncertainties:

| Risk | Description | Risk management | Opportunities |
|---|---|--|--|
| Water supply failure  | <p>Risk of failure to comply with our legal requirement to maintain water supply for our customers, leading to adverse impact on public health, our financial performance and reputation.</p> <p>By 2045, the Island faces a forecast water deficit of 8.2 million litres per day. This prediction is dependent on population growth, demand and climate change. If no action is taken, there's a risk that we may be unable to meet demand.</p> <p>Short-term events (extreme weather, pollution, water quality issues, cyber or terrorist attack) coupled with our current limited storage capacity could result in insufficient water resources.</p> | <ul style="list-style-type: none"> Water Resource and Drought Management Plan for next 40 years Drought response planning Spare treatment works capacity Universal customer metering Standby desalination which can provide capacity of 50% of daily demand Increased raw water testing and monitoring Operational flexibility of raw water network Water efficiency strategy Working with key stakeholders on Drought Action Group Active leakage detection and repair Pressure management of treated water network. | <p>As part of the 2025 Water Resources and Drought Management Plan, there is an opportunity to reassess the deficit with a greater focus on input data and latest population statistics.</p> <p>Our involvement in the proposed Government of Jersey "Water Strategy" for the Island, which will help focus the need for additional resources.</p> |
| Water quality failure  | <p>The risk of non-compliance with drinking water quality standards potentially resulting in public health impacts, a loss of public confidence in the water supply and legal and reputational issues for the company.</p> <p>The scientific knowledge and understanding of the risks associated with PFAS are developing at pace; water quality regulations around the world vary and are rapidly evolving. In coming years there will be changes in water regulations that the company will need to address through our treatment processes in order to continue to deliver "wholesome water". This has been taken into account in the assessment of this risk.</p> | <ul style="list-style-type: none"> Robust water quality monitoring programme Drinking water safety plan approach to identify and address water quality risks in a systematic manner (currently being updated) Partnership approach to address Island-wide water quality issues through the Action for Cleaner Water Group and the PFAS Technical Officer Working Group 24/7 automated online quality monitoring for key parameters Automated control of key treatment processes In-house laboratory 24-hour manned treatment works Ultraviolet treatment processes at both treatment works Ability to select and blend from several raw water reservoirs. | <p>Implementing forward-looking treatments and testing regimes demonstrates our commitment to water quality. Further benefit may arise in operational efficiencies from enhanced treatment processes.</p> |

| Risk | Description | Risk Management | Opportunities |
|---|--|--|---|
| Income and profitability  | <p>Risk of rising costs, significant one-off costs or a prolonged decrease in revenue reducing profitability and returns, affecting financial performance and generating pressure to increase water charges.</p> | <p>Financial governance model sets financial targets and objectives, ensuring charges are fair and affordable by keeping them at the minimum level required to deliver consistent high levels of water quality and customer experience, whilst also funding the investment required to ensure future resilience of water supply, including keeping our tariff increases to a minimum.</p> <ul style="list-style-type: none"> Hedging policy to help manage the impact of interest rates and cost of debt Frequent and regular monitoring of financial performance Investment in systems and resources to enable development of long-term investment strategy Comprehensive insurance cover in place Targeted operating model improvements to grow business capability, deliver efficiencies and generate value. | <p>Investment in systems, processes and people drive efficiency, grow resilience, and help manage the upward pressure on costs and be more sustainable. In turn, helping minimise the impact on bills of increased investment and generate longer term value.</p> |
| Information security  | <p>Risk of detractors gaining unauthorised access to our systems, potentially resulting in business disruption and/or significant data breach.</p> | <ul style="list-style-type: none"> Controlled access to our systems Multiple layers of physical and cyber security in place Internal security audit of data and systems Risk assessment of technology supply chain Security assessments of suppliers prior to procurement stage Third-party scrutiny of security arrangements Secure design of any new system implementations Employee awareness and training Regular testing and enhancement of security arrangements Zero complacency – risk management is continual, as often new challenges offset improvements. | <p>Investment in our technology systems and cyber security will not only help strengthen our resilience and approach to managing incidents, it will grow our ability to be more agile and efficient, ultimately benefitting the quality of service and customer experience.</p> |
| Key skills and succession  | <p>Risk of over reliance on individuals with critical skills, knowledge or experience and lack of adequate succession adversely affecting our operations and customer service.</p> <p>Limited access to individuals with the requisite skills and experience to deliver technical roles means reliance on overseas recruitment. Jersey's rising cost of living makes relocating less attractive, so vacancies remain unfilled. High competition for technical skills both in UK and on-Island drives up salaries leading to adverse impact on profitability, financial performance and pressure to increase water charges.</p> | <ul style="list-style-type: none"> Achievement of retaining Investors in People silver standard Training and employee development commitment Performance development and leadership frameworks A competitive remuneration and benefits package Additional key technical resources recruited Active benchmarking of roles and remuneration Implementation of a new Target Operating Model for the Water Supply team in progress. | <p>Being a great, safe place to work means we can attract the best talent and employ the skills we need for the future. Investing in people development enables innovation and encourages continuous improvement to the benefit of customer experience, operational efficiency and organisational resilience.</p> |



Left to right: Donna Abel, Heather MacCallum, Michael Pocock, Natalie Passmore, Louisa McInnes, Helier Smith

Our Board

Heather MacCallum Chair

BA (Hons), CA

Tenure on Board

Appointed October 2016 and Chair from February 2020

Committee memberships

- Nomination Committee Chair
- Remuneration Committee
- Risk Committee

Donna Abel

Chartered FCIPD, MIoD, FCMI

Tenure on Board

Appointed March 2023

Committee memberships

- Audit Committee
- Nomination Committee
- Remuneration Committee Chair
- Risk Committee

Andrew Isham

BA (Hons), FCA

Tenure on Board

Appointed October 2024

Committee memberships

- Audit Committee Chair
- Nomination Committee
- Risk Committee

Michael Pocock

BSc (Hons), MBA, CEng, MICE, MCIWEM

Tenure on Board

Appointed May 2018
Senior Independent Director
June 2024

Committee memberships

- Audit Committee
- Nomination Committee
- Risk Committee Chair

Natalie Passmore Finance Director

MA(Hons), BFP FCA, CMgr, MCMI, CDir FloD

Tenure on Board

Appointed May 2017
Finance Director

Auditors

PKF BBA Audit and Assurance Limited
Bond Street
St. Helier
Jersey JE2 3NP

Helier Smith Chief Executive

BA (Hons), BFP, FCA, FloD, CDir, MIWater, FCMI

Tenure on Board

Appointed October 2003
Chief Executive since April 2015

Registered Office

2nd Floor
Durell House
28 New Street
St Helier
Jersey JE1 1JW

Louisa McInnes Company Secretary

TEP

Bankers

HSBC Bank PLC
HSBC House
Esplanade
St Helier
Jersey JE1 1HS

Bankers

Lloyds Bank
Corporate Markets,
Jersey Branch
9 Broad Street
St Helier
Jersey JE2 3RR

Corporate Governance

Compliance with the UK Corporate Governance Code

We have chosen to adopt the principles of good corporate governance and best practice set out in the UK Corporate Governance Code (the 'Code'), as updated in 2018. The Board is of the opinion that the company has complied with the main principles of the Code throughout the year under review.



Directors and our Board

Our Board

As at 30 September 2024, our Board comprised five directors: two are executive directors and three are non-executive directors. Our Board has a schedule of regular board meetings – normally between eight and nine per financial year, with any additional meetings convened as and when required, such as delegated sub-committee meetings for specific matters – together with one to two formal strategy sessions. None of the executive directors hold any non-executive directorship positions. However, Helier Smith is a Trustee of the Jersey Heritage Trust (Jersey Heritage) and Natalie Passmore is a Trustee of ArtHouse Jersey, both of which are Jersey registered charities.

Our Board is collectively responsible for the long-term resilience and success of Jersey Water. To achieve this, it sets the overall operating strategy, approves detailed business plans, and oversees the delivery of objectives by continually monitoring performance against those plans. Our Board also establishes the culture, standards, and values of the company, while overseeing the management of risk and monitoring financial performance and reporting, ensuring that appropriate and effective succession planning and remuneration policies are in place.

Our Chair is responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role.

The non-executive directors constructively challenge and help develop strategic proposals, bringing strong, independent judgement, knowledge, and experience to the Board's deliberations. Our Board has Audit, Nomination, Risk and Remuneration Committees in place; the terms of reference of the committees are available on request from the Company Secretary.

While our Board maintains oversight through regular meetings, the day-to-day strategic operations of the company are delegated to the executives. Our Board is supplied with a sufficient level of regular, detailed, and timely management information to allow it to discharge its functions effectively.

Meetings and committee membership

The table below sets out the number of meetings (including Committee meetings) held and attended during the financial year.

| | Board | Audit | Remuneration | Risk | Nomination |
|-----------------------------------|----------|----------|--------------|----------|------------|
| Number of meetings in 2024 | 8 | 3 | 3 | 2 | 3 |
| Donna Abel | 7 | 2 | 3 | 2 | 3 |
| Johanna Dow* | 4/5 | 2 | - | 1/1 | 1/1 |
| Anthony Ferrar* | 5/6 | 3 | 2/2 | 1/1 | 1/2 |
| Heather MacCallum | 8 | - | 3 | 2 | 3 |
| Natalie Passmore | 8 | - | - | - | - |
| Michael Pocock | 8 | 2 | - | 2 | 3 |
| Helier Smith | 8 | - | - | - | - |
| Julie Taylor** | 6/7 | - | - | - | - |

*Left the Board June 2024 **Left the Board July 2024



Mark, Natalie and Heather

Director independence

Our Board considers all the non-executive directors to be independent in character and judgement. In determining independence, our Board considers the specific circumstances of each director. Our Board has concluded that the non-executive directors serving at the balance sheet date, being Donna Abel and Michael Pocock shall be deemed independent.

Andrew Isham was appointed to the Board on 1 October 2024, with the Board concluding that he be deemed independent upon his appointment.

Heather MacCallum, as Chair of the company, was considered independent on appointment and, in accordance with the Code, is not subject to the independence test thereafter.

Evaluating our Board

In previous financial years, our Board has undertaken a review of its effectiveness and its committees, either by an external evaluation or by internal assessment. The principal focus of our internal assessment is to evaluate the performance of both our Board and the sub-committees and individual directors. This focuses on themes around meeting management, Board and committee membership, compositions, Board structure, Board culture and behaviours, Board roles and responsibilities, relationships between non-executive directors and executive directors, and the corporate governance arrangements.

In 2024, we undertook an external evaluation on the effectiveness of Jersey Water's overall leadership structure. This included elements of Board performance and the interfaces between our Board and leadership team. The completion of the review prompted the consideration and implementation of certain changes in approach for the future structure of our Board. These changes aim to reduce the size and cost of our Board and refocus membership towards non-executive directors based in Jersey, to enhance the representation of our local community within the Boardroom. In practice, this meant reducing the overall number of non-executive directors from five to three, with the number of UK-based non-executive directors reducing from three to one.

To help support our refocus towards a Jersey-based Board, over the summer months we completed the recruitment process for a Jersey resident non-executive director to be Chair of the Audit Committee, which led to the appointment of Andy Isham in October 2024.



Board visit to Augrès water treatment works

Areas for action - Board

The leadership diagnostic evaluation also raised a small number of areas for improvement and enhancement, which the Board has actioned during the year.

| 2024 Key areas for action | Detail | Outcome |
|----------------------------------|--|---|
| Purpose, strategy and priorities | Continue to use the business planning process, ensure clarity and alignment at Board level with clear focus on the purpose, strategy and priorities | Improved alignment on our purpose, strategy and priorities |
| Focus on the right things | Continue to ensure time is dedicated, at each Board meeting for matters of strategic importance and addressing the key issues and decisions | Strategy-focused Board considering the right level of detail and helping to progress resolution of key issues |
| Board reach and influence | Refresh awareness of opportunities through which non-executive directors can interface with the Operational Leadership Team and wider business performance review to consider whole company understanding and engagement | Board is visible to the Operational Leadership Team and all other employees reinforcing communication |
| Meeting frequency | Continue to keep meeting schedules under review to ensure there is sufficient Board time to cover the strategic/important matters and discharge good governance responsibilities. | Our Board has sufficient time to cover the strategic/important matters and discharge good governance responsibilities. |

Other significant commitments

Our Board has a process in place for reviewing other significant commitments of non-executive directors and their impact on the ability of the non-executive directors to discharge their duties to Jersey Water.

It is the opinion of the Board that all non-executive directors can effectively discharge their duties to Jersey Water.

Reappointment

Except where a director is appointed to fill a casual vacancy, all directors are appointed by the shareholders at the Annual General Meeting (AGM). One third of the directors, or where the number of directors is not a multiple of three, the number nearest to one third, retire by rotation (based upon length of service) and, where eligible, seek re-election each year. No director may serve a term of longer than three years without seeking re-election. We have adopted a policy of requiring all non-executive directors who have served on the Board for nine years or more to retire from the Board and seek re-election on an annual basis. Directors appointed to fill a casual vacancy must seek formal appointment by shareholders at the next AGM.

Stakeholder engagement

The long-term sustainable success of our business is dependent on our engagement with, and the support we receive from, our key stakeholders. Building positive relationships with our stakeholders, while working towards shared goals, assists us in delivering long-term sustainable success. This is explained in more detail on pages 11 to 12 and pages 55 to 56 of the Strategic Review.

Workforce engagement

There are various forms of engagement with teams and individual employees, ranging from informal one to ones with non executive directors to more formal group workshops or consultations on specific topics and regular employee surveys. Output from such processes is reported back to our Board and action taken as necessary.

Relations with shareholders

We are in regular contact with our majority and controlling shareholder, the States of Jersey, with whom we meet formally at least twice a year. We use events such as the AGM to interact with and hear the views of all shareholders. Due notice of the AGM, stating the business of the meeting, is circulated to all shareholders in advance of the meeting in accordance with Companies (Jersey) Law, 1991, as amended. We monitor and review the votes received and consider the need to further engage with shareholders, in the event of significant opposing votes or informal feedback.

Internal controls

Our Board is responsible for ensuring that there are effective systems of internal control in place to reduce the risk of misstatement or loss, and to ensure that we are operationally and financially resilient, with our strategic business objectives met. These systems are designed to manage and mitigate (rather than to eliminate) the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

We have developed and adopted corporate and operational risk registers detailing and grading the significant risks we face. Alongside the register is a process through which the significant risks that the business faces are identified and evaluated on a regular basis. The controls operating over those risks are assessed by the Risk Committee to ensure their adequacy.

The process of financial risk assessment and reviewing the effectiveness of the systems of internal control is regularly reviewed by the Audit Committee, in accordance with FRC's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'. This has been in place for the whole of the reporting period, up to and including the date on which the financial statements are approved.

Controls adopted by our Board (or committees) to ensure the effectiveness of the systems of internal control include:

- Review and approve the Risk Management Policy and Risk Appetite Statements;
- Review the corporate and operational risk and control registers maintained and updated by the company, and the status of any actions arising from their regular review;
- Receive confirmation from senior management of the proper operation of controls throughout the reporting period;
- Review and approve the terms of reference of committees;
- Review and approve schedule of matters specifically reserved for its attention; and
- Review reports received from the Audit Committee concerning the findings of the external auditors on our financial statements and the systems of internal control.



Audit Committee report

Committee purpose

The purpose and primary responsibility of the Committee is to support the Board with its responsibilities, pertaining to financial reporting, in accordance with the Code and best practice.

I am pleased to report on the work of the Audit Committee for the financial year ended 30 September 2024.

Membership and meetings

The Committee, which I now chair, comprises Donna Abel Michael Pocock, both serving at the balance sheet date and myself as at 1 October 2024. The external auditors, executive directors (Natalie Passmore and Helier Smith), the Company Secretary, the Head of Finance and the Chair of the Board attend the whole or parts of the meetings by invitation.

During the reporting year, the Committee met for three formal committee meetings and one informal meeting to consider the proposed year-end judgements.

The composition of the Committee ensures that there are sufficient skills, experience, knowledge, professional qualifications, and utility and water industry expertise to discharge the Committee's responsibilities effectively. Biographical information of each of the members of our Board can be found on our website.

The role of the Committee

The terms of reference of the Audit Committee require it to meet at least twice per financial year. Additional meetings may be called when necessary. The Committee is charged by the Board to:

- Monitor the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance;
- Provide advice when requested by the Board, on whether the annual report taken as a whole, is fair, balanced and understandable, while providing the information necessary for shareholders to assess performance, business model and strategy;
- Ensure that arrangements are in place for the proportionate and independent investigation of concerns raised confidentially by whistle-blowers about possible improprieties in matters of financial reporting or any other matters;
- Review and monitor the adequacy, operation and effectiveness of the company's risk management and internal control systems, including internal financial controls, and make recommendations for improvement where necessary;

- Review and approve the statements to be included in the annual report concerning internal control and risk management, and the viability statement;
- Oversee the external audit process and manage the relationship with the external auditors;
- Compile a report on its activities to be included in the company's annual report;
- Exercise judgement in deciding which of the issues it considers in relation to the financial statements to be significant; and
- Make recommendations to the Board as to the re-election and remuneration of the auditors at the AGM (based upon its assessment of the performance of the auditors) giving due regard to their continued independence and any other regulatory or professional requirements.

Internal audit function

The Committee regularly assesses the need for an internal audit function. Having taken into account current systems in place, including inspections and other third party assurance work, the Committee has determined that the establishment of such a function in-house is, at the present time, given the size and complexity of Jersey Water, not cost effective. In financial year 2023, a third party external professional services firm was engaged to carry out a review of customer revenue processes and internal controls. Work was completed in financial year 2024 to address the recommendations. The internal audit function is considered by the Committee on at least an annual basis, where a balanced judgement is made.

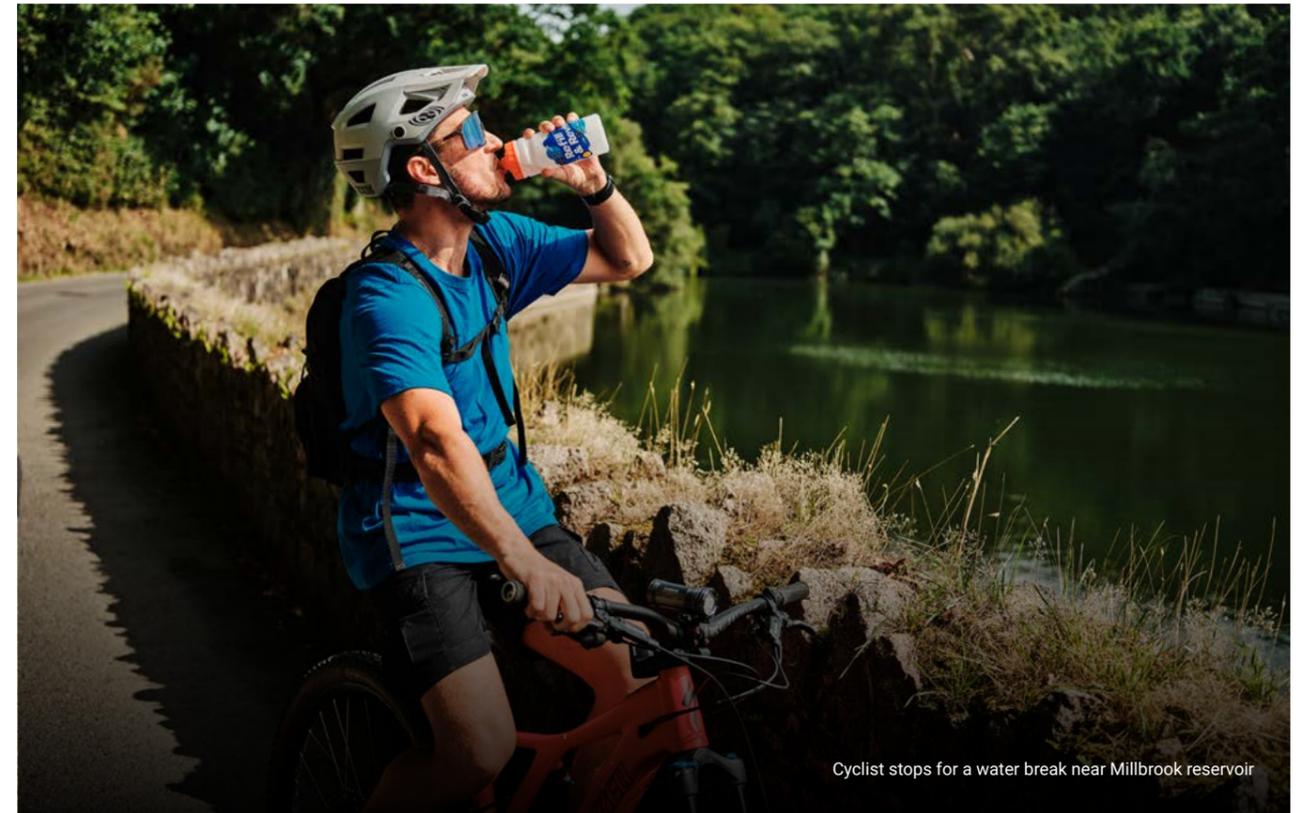
Performance evaluation of the Audit Committee is described on page 66.

Review of financial statements

To enable the Committee to discharge its responsibilities effectively in respect of the financial statements, several processes are in place.

The Committee is briefed by Natalie Passmore in advance of the year-end on the significant issues pertaining to the financial statements and how they will be dealt with. These issues are generally focused on the areas of subjectivity in the financial statements. For the 2024 year-end, these include: accounting for defined benefit pension scheme valuation and methodology, the valuation of the derivative financial instruments and the change of accounting policy on the capitalisation of borrowing costs.

A key focus of the Committee was the consideration of the change in accounting policy relating to the capitalisation of borrowing costs for material asset projects such as Douet House and the Desalination Plant. In consultation with the



Cyclist stops for a water break near Millbrook reservoir

external auditors, the Committee concluded that it was in the best interests of transparency and reader understanding of the financial statements to change the accounting policy, which resulted in a consequent prior year restatement to the 2023 financial statements. Further details can be found in notes 3 and 25 of the financial statements. The Committee also considered changes in accounting and disclosure requirements and the accounting and disclosure implications of one-off events occurring in the year. Where necessary, the Committee considers evidence and independent third party advice on the key matters for consideration.

At the end of the reporting year, the Committee reviews the annual report, related announcements, going concern assumptions and viability statement, and considers them in the context of the significant issues identified, the suitability of any key assumptions and the extent that they have been disclosed. The process is completed in consultation with the external auditors, whose view is sought by the Committee. The Committee also considers, based on their knowledge of the business and issues arising, whether they can advise the Board that the annual report is fair, balanced, and understandable, and provides the information necessary for shareholders to assess our position and performance, business model and strategy.

External auditors

Each period, the Committee considers the external auditors' proposed approach and approves fees for the year-end statutory audit. The performance and effectiveness of the

external auditor is monitored and formally considered by the Audit Committee before a recommendation is made to the Board regarding their reappointment. Length of service of the audit firm, effectiveness of the audit process, the independence and objectivity of the team, the depth and breadth of the audit approach, the level of fees and the quality of the service provided are all considered. Fees paid to the auditor for the statutory audit of the company are detailed in note 6 of the financial statements.

The current external auditors are PKF BBA Ltd with David Moehle as Lead Audit Partner. This reporting year will be PKF BBA Ltd's second term as auditors.

The Audit Committee considers the impact of the provision of any non-audit services by the external auditor on the objectivity and independence of the audit. The consideration has regard to the nature of the non-audit work, size of the fee relative to audit fees, any potential involvement of the audit team in the work and the longer-term effect of any non-audit services on the relationship with the audit firm, including an assessment of their continuing objectivity and independence. The fees paid to the external auditors for non-audit services are detailed in note 6 of the financial statements. Based on these procedures, we are satisfied that the external auditors are independent.

Andrew Isham
Committee Chair
5 December 2024

Risk Committee report

Committee purpose

The purpose of the Committee is to support the Board with its responsibilities in relation to risk management and internal controls.

Membership and meetings

I am pleased to report on the work of the Risk Committee for the financial year ended 30 September 2024.

The Committee, which I chair, serving at the balance sheet date comprises Donna Abel, Heather MacCallum and myself. Andrew Isham was appointed to the Committee as at 1 October 2024. The executive directors (Natalie Passmore and Helier Smith) and the Company Secretary may attend the whole or parts of the meetings by invitation, together with members of the leadership team.

In the reporting year, the Risk Committee met twice. Additional meetings may be called when necessary.

The Committee is primarily responsible for reviewing Jersey Water's internal controls and risk management processes, monitoring the principal and emerging risks, and monitoring the robustness of the company's risk management framework. The status of Jersey Water's risk profile is described on pages 57 to 62.

Duties of the Committee

The Committee is charged by the Board to include:

- Oversee the development, implementation and monitoring of the company's overall risk management framework and its risk strategy, principles and policies to ensure that they are robust, in line with emerging regulations, corporate governance and industry best practice, and are effective;
- Oversee the company's risk exposure and propose improvements to the company's risk management framework, strategy, principles and policies. This will include proposed changes to risk governance, risk appetite and risk policy frameworks, and the organisation's risk universe;
- Review the adequacy of the company's risk management framework and the resources available to the company to appropriately manage risk, conducting in-depth reviews of specific high-risk areas as required;
- Review and assess identified principal and emerging risks and determine how these may affect the achievement of the organisation's strategic objectives and the continued resilience and viability of its business model;
- Review risk principles, policies and material amendments to such risk principles and policies, as recommended by the executives, for approval by the Board;

- Oversee adherence to risk principles, policies and standards and any action taken resulting from material policy breaches;
- Review and approve the statements to be included in the annual report concerning internal control, risk management and the viability statement from a non-finance risk perspective; and
- Report to the board as to whether the organisation's purpose, values and Board-approved risk culture expectations are appropriately embedded in the organisation's risk strategy and risk appetite and are reflected in observed behaviours and decisions.

Key areas of focus

Quantifying the overall resilience of our two treatment works was a key focus for us in the year. Two packages of work were commissioned to model the effects and impacts of plant outages at either treatment works and the potential future investments needed to reduce overall operational risk. The Committee also regularly considers the outcomes from lessons learned from projects or events and how contributory risks can be further mitigated in the future.

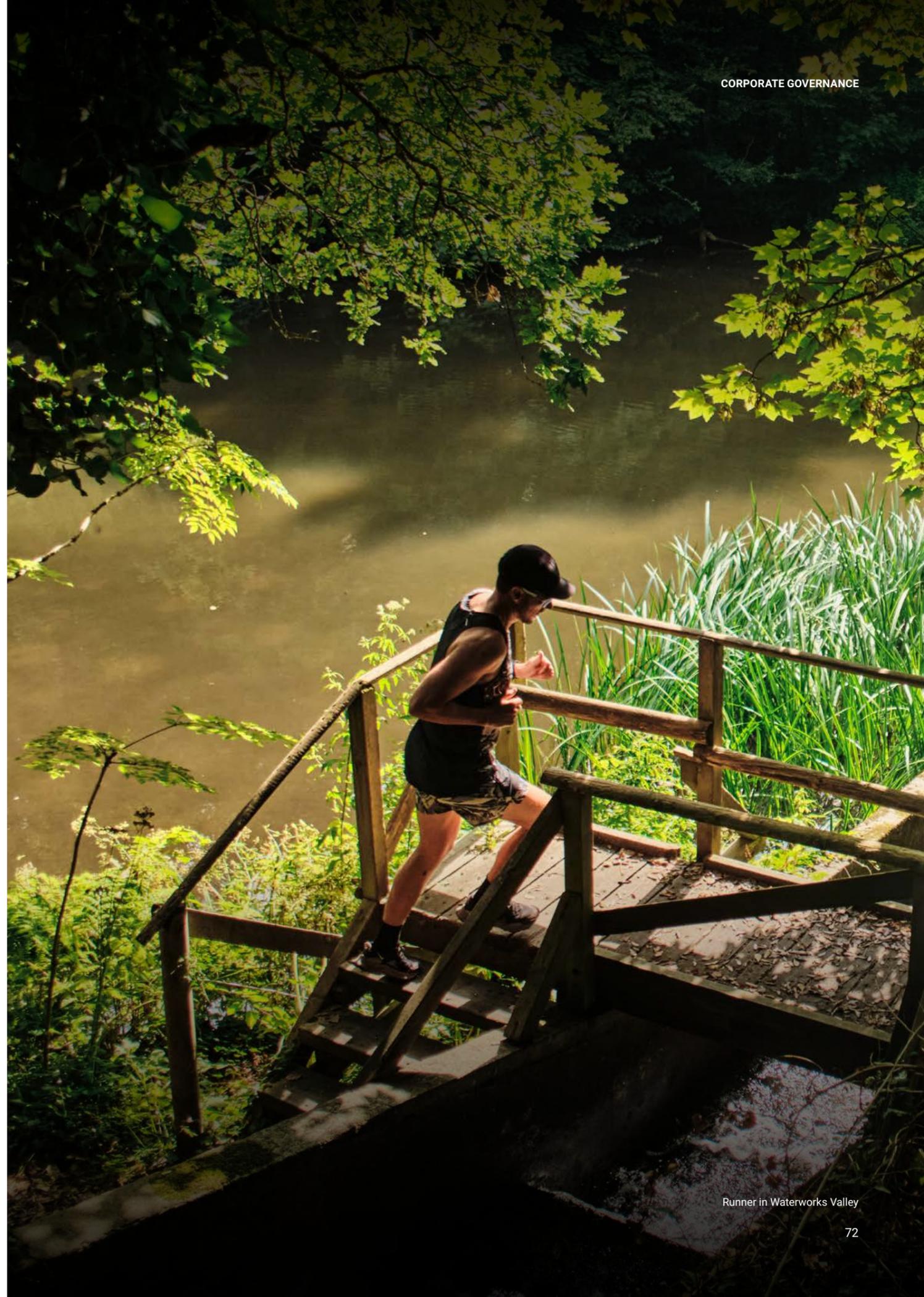
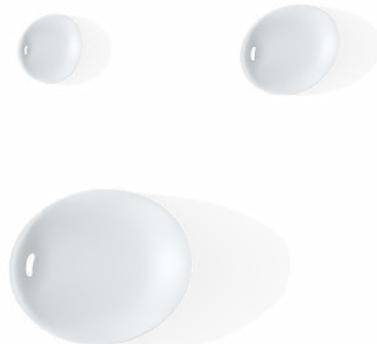
The Committee also received regular updates from the chair of Jersey Water's Information Security Committee.

The Committee monitors regular operating reporting to ensure the risk management framework and culture is embedded and effective in day-to-day decision-making.

The Committee reviewed the corporate and operational risk registers at its meetings and conducted an annual review of the risk management policy, risk appetite, assessment of emerging risks, climate change and associated matters such that the disclosure on risk management compliance for the annual report can be made with confidence.

Michael Pocock

Committee Chair
 5 December 2024



Runner in Waterworks Valley

Remuneration Committee report

Committee purpose

The Committee sets the remuneration policy for the Executive Committee and the Operational Leadership Team, including remuneration packages and incentives such as annual performance-related bonus payments. The Committee is also responsible for agreeing the rules of the performance-related bonus scheme and approving performance objectives for the Executive Committee.

Chair and non-executive director remuneration is determined by the Board of Directors.

Membership and meetings

I am pleased to report on the work of the Remuneration Committee for the financial year ended 30 September 2024.

The Committee, which I chair, serving at the balance sheet date comprises Heather MacCallum and myself. The Chief Executive, Head of People and Culture and the Company Secretary may attend the whole or parts of the meetings by invitation. Should external guidance or support be required, the Committee engages these services on an ad-hoc basis. During the reporting year, the Committee continued to work with a third party consultant to update and enhance the remuneration policy and framework for the Executive Committee and Operational Leadership Team.

In the reporting year, the Remuneration Committee met three times. Additional meetings may be called when necessary – for example, when a specific matter arises requiring the Committee’s immediate attention.

Remuneration policy

On an annual basis, the Remuneration Committee reviews the salaries, variable pay awards, and overall compensation packages for the Executive Committee and the Operational Leadership Team.

This is to ensure these packages are appropriate, fair and competitive, based on relevant benchmarking data. The Committee also aims to incentivise improved performance and ensure that Jersey Water can attract and retain employees in these important roles, while keeping costs manageable for the company.

Duties of the Committee

The Committee is charged by our Board to:

- Determine the remuneration policy for the Company’s Leadership Team and consider specific remuneration packages (including performance-based incentives) for those individuals, having regard to the risk appetite of the company and alignment with the company’s long-term strategic goals, so that rewards are linked to improvements in overall performance;
- Review and approve specific remuneration packages for

all members of the Executive Committee and Company Secretary;

- Review the terms of executive directors service agreements from time to time;
- Provide oversight and scrutiny regarding the remuneration and benefits of the Operational Leadership Team.
- Maintain contact as required with its principal shareholder regarding remuneration through the Chair of our Board; and
- Review at least once per year, or as required by the Board, the Committee’s own performance, constitution, and terms of reference to ensure it is operating at maximum effectiveness, and recommend any changes it considers necessary to the Board for approval.

Directors remuneration

| | Salary | Bonus awarded for 2024 | Fee | Benefits | Total remuneration (excluding pension contributions) | |
|-----------------------|--------|------------------------|-------|----------|--|------------|
| | £'000 | £'000 | £'000 | £'000 | 2024 £'000 | 2023 £'000 |
| Executives | | | | | | |
| Helier Smith | 205 | 43 | - | 11 | 259 | 247 |
| Natalie Passmore | 140 | 25 | - | 10 | 175 | 165 |
| Julie Taylor* | 179 | - | - | 7 | 186 | 165 |
| Non-Executives | | | | | | |
| Donna Abel | - | - | 24 | - | 24 | 13 |
| Johanna Dow** | - | - | 20 | - | 20 | 13 |
| Anthony Ferrar** | - | - | 22 | - | 22 | 26 |
| Heather MacCallum | - | - | 32 | - | 32 | 32 |
| Michael Pocock | - | - | 25 | - | 25 | 24 |

During the financial year, the company made pension contributions of £32k (2023: £30k) in respect of Helier Smith, £22k (2023: £21k) in respect of Natalie Passmore and £11k (2023: £13k) in respect of Julie Taylor. Benefits for Helier Smith, Natalie Passmore and Julie Taylor consist of private health care, death in service insurance, a car allowance and motor fuel benefit. Helier Smith and Natalie Passmore also receive prolonged disability insurance.

*Left in July 2024 **Left in June 2024

Gender pay gap

At the reporting date, we had a total of 99 employees of which 69 (69.7%) were male and 30 (30.3%) were female. The table below shows the gender difference in the average hourly pay (mean and median). It is calculated as the difference between the average hourly pay of male and female as a proportion of average hourly male pay as at the reporting date.

| Pay gap | 2024 | 2023 |
|---------|------|------|
| Mean | -24% | -31% |
| Median | -44% | -44% |

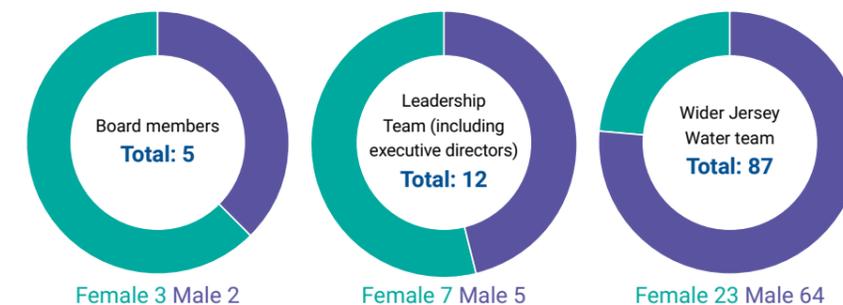
The gender pay gap reflects the distribution and relative proportions of male and female across the company. This does not consider any differences in the role that male and female employees perform, or their seniority.

The gender pay gap calculated shows that our female employees earned, on average, more than male employees in 2024 and 2023. This outcome arises from the proportion of total females in management and leadership positions in Jersey Water, compared to male employees in similar positions, as a proportion of the total male workforce (as detailed in the table to the side).

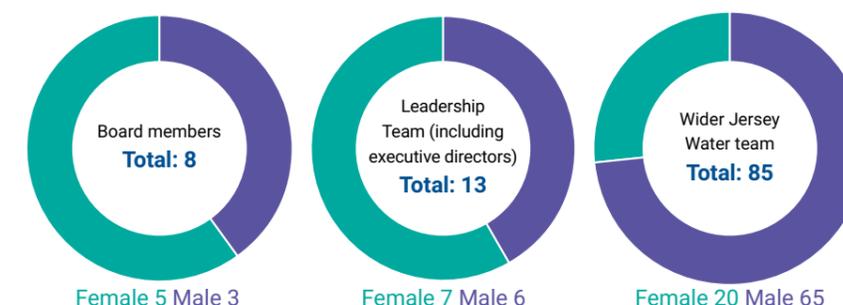
Focus for the reporting year

In addition to executing its normal duties during the year, the Committee approved the revised remuneration policy and framework for the Leadership Team, with this reporting year being treated as the pilot for the scheme.

Gender balance as at 30 September 2024



Gender balance as at 30 September 2023



| | 2024 amount | 2024 ratio | 2023 amount | 2023 ratio |
|--------------------|-------------|------------|-------------|------------|
| At 25th percentile | 35,650 | 5.75 | 33,200 | 5.92 |
| At median | 40,825 | 5.02 | 39,000 | 5.04 |
| At 75th percentile | 59,866 | 3.42 | 55,714 | 3.53 |

Fair pay disclosures

The Committee is pleased to include, details of how the CEO remuneration compares to the rest of our employees. The table reflects how the full-time equivalent annual salary of the CEO compares to employees at the 25th, 50th and 75th percentiles.

Employee pay awards are determined annually on an individual basis and are influenced by several factors including the employee’s performance and

contribution, market pay levels and changes in the cost of living. The 2024 pay review also took account of the affordability to the company, impact on our customers and the need to attract and retain the right talent.

Donna Abel
Committee Chair
5 December 2024

Nomination Committee report

Committee purpose

The key purposes of the Committee are to make recommendations to the Board in respect of Board and Committee composition, Board appointments and succession planning for senior leadership roles throughout Jersey Water.

Membership and meetings

I am pleased to report on the work of the Nomination Committee for the financial year ended 30 September 2024.

One of the key activities and areas of focus for the Committee, during the financial year was the leadership diagnostic review, which was undertaken in conjunction with the Board. The composition of the Board of Directors was considered by the Committee with recommendations being put forward to the Board who agreed that the overall number of non-executive directors reduced from five to three, with the number of UK-based non-executive directors reducing from three to one. To support the Jersey-based focus, a local non-executive director recruitment campaign was launched, which concluded with Andrew Isham being appointed to the Board of Directors on 1 October 2024 and standing for election at the 2025 AGM.

The Committee, which I chair, serving at the balance sheet date comprises Donna Abel, Michael Pocock and myself. Andrew Isham was appointed to the Committee as at 1 October 2024. The executive directors (Natalie Passmore and Helier Smith) and the Company Secretary may attend the whole or parts of the meetings by invitation.

In the reporting year, the Nomination Committee formally met three times.

Duties of the Committee

The Committee is primarily responsible for the selection and appointment of the company's executives and non-executive directors as and when required.

The Committee is charged by the Board to:

- Make recommendations to the Board as to the re-election of directors under the 'retirement by rotation' provisions in the company's Articles of Association, giving due regard to their performance and ability to continue to contribute to the Board in light of the knowledge, skills and experience required;
- Make recommendations to the Board for the re-appointment of any non-executive directors at the conclusion of their specified term of office, giving due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- Regularly review the structure, size and composition of the Board (including the balance of skills and attributes required

of the Board compared to its current position) and make recommendations to the Board with regard to any changes; and

- Keep under review the leadership needs of the organisation, both executive, non-executive and other senior positions, including succession plans, with a view to ensuring the continued ability of the organisation to operate effectively, and make recommendations to the Board thereon.

When selecting candidates for potential appointment as a non-executive director, the Committee evaluates the needs of the company and identifies the necessary skills and experience required by candidates for consideration. As a matter of policy, the Chair of the Board is not permitted to chair the Committee when it is dealing with the matter of succession to the Chair. The Nomination Committee makes recommendations to the Board considering the performance of the candidates at interview, their skills and experience and their ability to meet the specific needs of the company. Consideration is given to the use of external recruitment consultants and open advertising in the recruitment process. Terms and conditions of appointment of non-executive directors are available for inspection at the company's registered address during normal business hours and at the AGM.

It is the policy of the Board to appoint directors who have a diverse range of skills, attributes and backgrounds so that, collectively, the Board is appropriately resourced to discharge its duties effectively and meet the changing needs of the business. A wide range of factors are considered in determining the appropriate composition of the Board, including, but not limited to: technical expertise, local market knowledge and experience, independence, length of service on the Board and diversity, including age and gender balance.

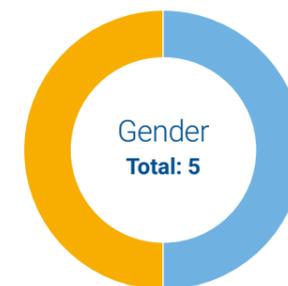
The Committee recognises the important contribution the Board makes to the long-term sustainable success of Jersey Water. At least annually, the Committee formally considers the structure, size and composition required of the Board to meet the current and future needs of the company. In accordance with our articles of association, at each AGM, one-third of the directors in office retire by rotation and seek re-election, with no director remaining in office for longer than three years since their last re-election.

During this financial year, a rigorous recruitment process was undertaken for the appointment of a Jersey-based non-executive director to ensure the Board has the diverse range of skills and attributes required and has the requisite skills to Chair the Audit Committee. This resulted in the appointment of Andrew Isham to our Board of Directors, effective from 1 October 2024.

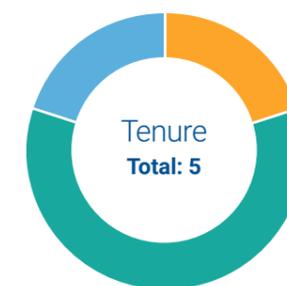


A family enjoying time together at Queen's Valley reservoir

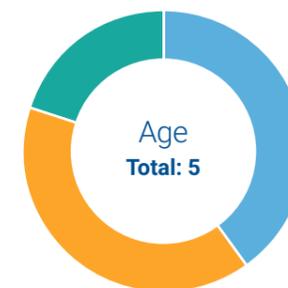
Current Board profile at 30 September 2024



3 Female
2 Male



1 0 to 3 years
3 4 to 9 years
1 9 years plus



2 41 to 50
2 51 to 60
1 61 to 70



Operational experience
Technology
Finance / Accounting
Business strategy
Board Governance

Board structure and composition

During the financial year, the Committee considered the Board and committee compositions, assessing the mix of skills, experience and knowledge required to approach, develop, and deliver on the strategies, challenges, opportunities and principal risks facing Jersey Water.

Heather MacCallum

Committee Chair
5 December 2024

Directors' report

Activities of the company

The company, which was incorporated in 1882, has adopted 'Jersey Water' as its trading name. Jersey Water is the sole supplier of treated water to the Island of Jersey.

Both Handois Holdings Limited, a private Jersey holding company, and De La Haye Plant Limited, a water haulage company, are wholly owned by Jersey Water (the company). Together all three companies form the company.

"Jersey Water is the sole supplier of treated water to the Island of Jersey."

Dividends

Ordinary and 'A' ordinary shares

Jersey Water paid an interim dividend after tax of 5.107 pence per share on 14 June 2024 (2023: 7.316 pence). The Board is proposing a final dividend on ordinary and 'A' ordinary shares for 2024 of 11.561 pence per share (2023: 8.558 pence).

| | 2024 | 2023 |
|-------------------------|--------|--------|
| | £'000 | £'000 |
| Interim dividend paid | 493 | 707 |
| Final dividend proposed | 1,117 | 827 |
| | £1,610 | £1,534 |

Preference shares

In the 2024 reporting year, Jersey Water paid dividends on preference shares totalling £381k (2023: £381k).

Directors

Changes in directors

The directors of Jersey Water, on the date the consolidated financial statements were approved, are detailed on page 85 to 107. No changes to the Board composition are being proposed at the 2025 AGM, with Andrew Isham standing for election.

As described on page 66, for the reporting year, the Board adapted its approach and undertook a leadership diagnostic evaluation. The evaluation was completed by an external leadership consultant. Following this evaluation, the Board considers that the directors standing for election and re-election continue to make an effective and valuable contribution and that these directors all demonstrate commitment to their respective roles.

Louisa McInnes
Company Secretary





Dog walking at Val de la Mare reservoir

Directors' interests

Particulars of the holdings of the directors, including family and beneficial interests, in the share capital of the company as at 30 September 2024 are:

| | Ordinary shares | Preference shares |
|-------------------|-----------------|-------------------|
| Heather MacCallum | 24,100 | 6,147 |
| Natalie Passmore | 915 | - |
| Helier Smith | 925 | 589 |
| Michael Pocock | 650 | - |

Insurance of directors and officers of the company

Jersey Water maintains an insurance policy on behalf of all directors and officers of the company against liability arising from neglect, breach of duty and breach of trust in relation to their activities as directors and officers.

Significant shareholdings

Set out below are details of the significant voting rights (3% or more) in shares of Jersey Water as at 5 December 2024:

| Shareholder | % of total voting rights held |
|----------------------|-------------------------------|
| The States of Jersey | 83.33% |

The States of Jersey is the company's majority and controlling shareholder.

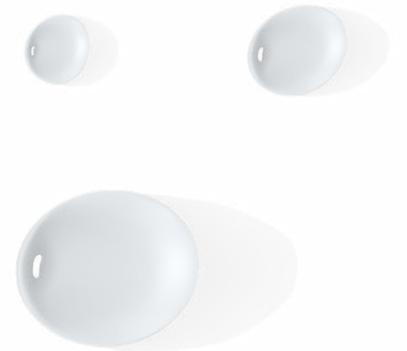
The States of Jersey owns 4,620,000 (100%) 'A' ordinary shares, 2,520,000 (50%) ordinary shares and 900,000 (100%) 10% cumulative fifth preference shares. The 'A' ordinary shares, while in their ownership, have voting rights that confer twice the number of votes than those cast in respect of all other shares.

Independent Auditors

A resolution to re-appoint PKF BBA Limited as the company's auditor will be proposed at the forthcoming AGM.

For and on behalf of the Board,

Louisa McInnes
Company Secretary
5 December 2024



Directors' statement

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The Companies (Jersey) Law 1991 requires the directors to prepare financial statements for each financial year in accordance with generally accepted accounting principles. The financial statements of the company are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors should:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Specify which generally accepted accounting principles have been adopted in their preparation;
- Notify its shareholders of the use of disclosure exemptions, if any, used in the preparation of the financial statements; and
- Prepare the financial statements on the 'going concern' basis of accounting, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping accounting records which are sufficient to show and explain its transactions and to disclose, with reasonable accuracy at any time, the financial position of the company. This, therefore, enables them to ensure that the financial statements prepared by the company comply with the requirements of the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the company and henceforth taking reasonable steps for the prevention and detection of fraud and other irregularities.

They are further responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the directors in respect of the annual report

We confirm that, having considered all the matters considered by our Board during the year and to the best of our knowledge, the financial statements, taken as a whole, are fair, balanced, and understandable, and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

Review of risk management and internal control systems

We confirm that we have carried out a review of the company's risk management and internal control systems. We are satisfied that the systems are aligned with our strategic objectives and these systems are being developed, applied, and maintained appropriately. We are satisfied that the company has effective processes in place to monitor and review material financial, operational and compliance controls.

Statement of viability

The directors are responsible for assessing and expressing their view on the longer-term viability of the company, considering the company's current position and principal risks. The Code requires that directors should explain this process and outcome in the annual report.

In accordance with the Code, the directors have assessed the prospect for the company over a longer period than the 12 months required by the 'Going Concern' provision. Our Board conducted this review for a period of five years, in line with the company's five-year strategic business plan. The five-year plan contains sufficiently robust financial forecasts, made up of detailed plans for the years one and two with indicative forecasts for years three to five. Capital investment plans are detailed for the full five years.

Our Board has considered the impact that the principal risks or combination of risks may have on the business, including those that would threaten its business model, future performance, solvency, or liquidity. A summary of the principal risks can be found on pages 57 to 62. Where relevant, financial forecasts were subject to sensitivity analysis to illustrate the potential effects of significant risks, and to identify whether any could represent serious threats to the company's liquidity or operation.

With reference to the higher scoring risks on pages 61 to 62, the following scenarios were used in stress-testing the forecasts:

- Climate events resulting in the need to restrict water use;
- An operational failure or pollution event impacting our ability to produce water, thus requiring increased expenditure from the operation of the desalination plant for a significant period of time;
- Increased operating and financing costs as a result of increasing inflation and higher interest rates;
- Persistently low profitability resulting from higher than anticipated costs;

- The operational and financial impact of significant supply chain disruption; and
- Significant cyber event.

The stress testing included (but was not limited to) various combinations of the following risk mitigation:

- Operating the desalination plant for a significant period;
- Replacement of critical infrastructure;
- Alternative water treatment processes;
- Re-prioritisation of investment;
- Tariff changes; and
- The insurance we have in place for a material, adverse event.

Scenario outcomes were also considered, along with the company's financial resources, the ability to raise finance, the Water Resources and Drought Management Plan, our wide and varied customer base within Jersey, the steady demand for our products and services and our stable and well-established treatment and distribution network.

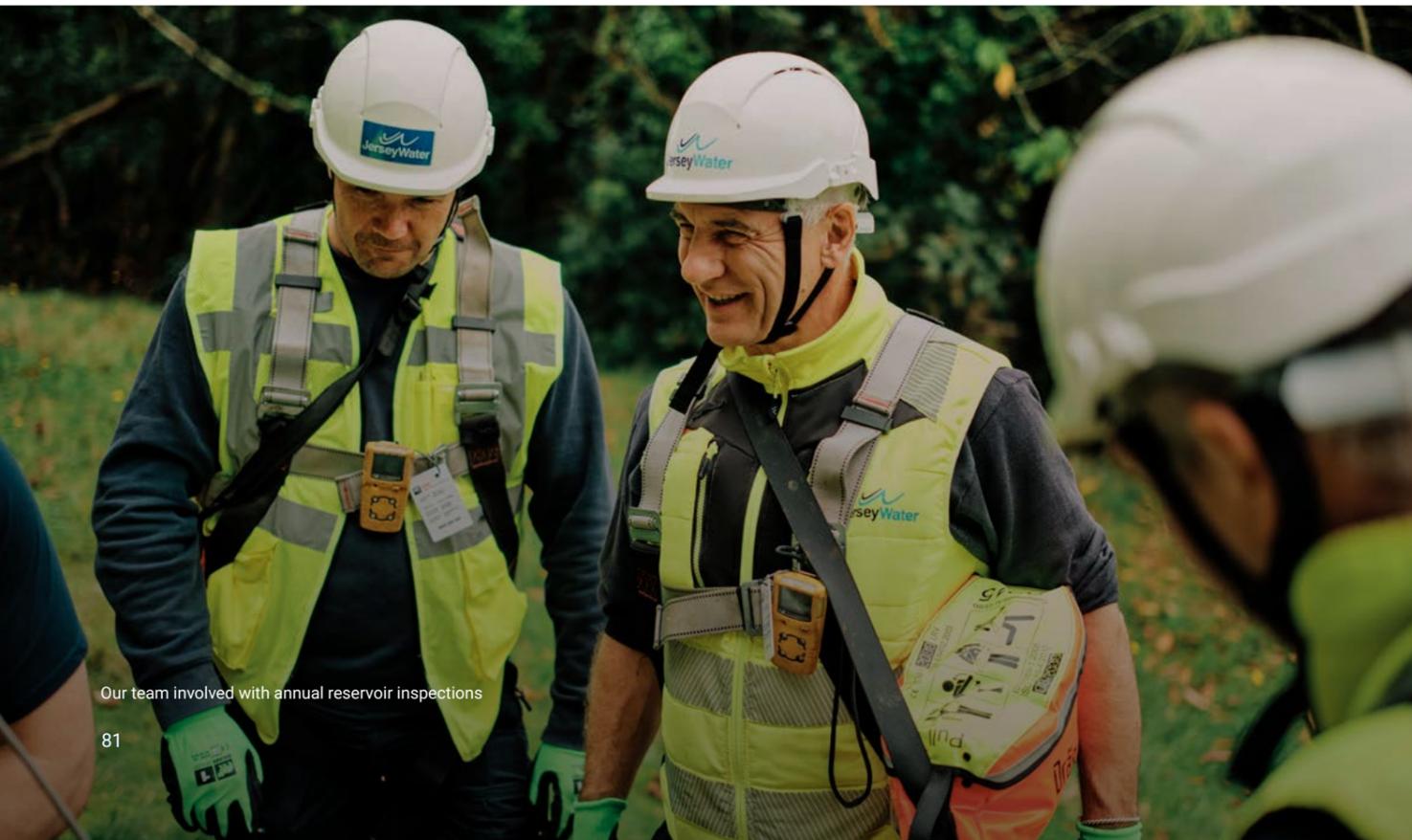
Based on the assessment of prospects and viability described, we confirm that we have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the five-year period ending 30 September 2029.

Going concern

We also consider it appropriate to prepare the financial statements on a 'going concern' basis, as explained in note 3 ('Basis of Preparation') of the financial statements.

Approved by the Board on 5 December 2024 and signed on its behalf by

Heather MacCallum
Chair
5 December 2024



Our team involved with annual reservoir inspections

Independent Auditor's report to the members of The Jersey New Waterworks Company Limited

Report on the audit of the financial statements

Independent auditor's report to the members of The Jersey New Waterworks Company Limited for the year ended 30 September 2024

Opinion

We have audited the consolidated financial statements of The Jersey New Waterworks Company Limited (the "company") and its subsidiaries (together the "group") for the year ended 30 September 2024 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated cash flow statement and notes to the consolidated financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the consolidated financial statements:

- give a true and fair view of the state of the group's consolidated financial position as at 30 September 2024 and of its consolidated financial performance and consolidated cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements including the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The other information comprises the information included

in the annual report other than the consolidated financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the consolidated financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The consolidated financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 81 the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the group consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these group consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Use of our report

This report is made solely to the group's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the group's members those matters we are required to state to them in an auditor's 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 group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Moehle for and on behalf of PKF BBA Audit and Assurance Limited

6 December 2024
9 Bond Street, St. Helier
Jersey, JE2 3NP

Consolidated financial statements

Consolidated income statement For the year ended 30 September 2024

| | Note | 2024 | | 2023 Restated | |
|---|-----------|-------|----------------|------------------|---------------|
| | | £'000 | £'000 | £'000 | £'000 |
| Turnover | 5 | | 21,069 | | 19,397 |
| Operating expenditure | 3,6,25 | | (18,268) | | (17,418) |
| Operating profit | | | 2,801 | | 1,979 |
| Finance costs | | | | | |
| - interest receivable and similar income | 8a | | 431 | | 283 |
| - interest payable and similar expenses | 3, 8b, 25 | | (635) | | (383) |
| - fair value losses on derivative financial instrument | 8c, 19 | | (795) | | (66) |
| Net finance expenditure | | | (999) | | (166) |
| Non-equity dividends | 9 | | (381) | | (381) |
| | | | (1,380) | | (547) |
| Profit before taxation | | | 1,421 | | 1,432 |
| Income tax | 10a | | (478) | | (90) |
| Profit for the reporting year | | | £943 | | £1,342 |
| Basic and diluted earnings per ordinary share of £0.50 | 11 | | £0.10 | | £0.14 |

The results for the current and prior years all relate to continuing operations.

Consolidated statement of comprehensive income For the year ended 30 September 2024

| | Note | 2024 | | 2023 Restated | |
|--|------|-------|---------------|------------------|---------------|
| | | £'000 | £'000 | £'000 | £'000 |
| Profit for the reporting year | 3,25 | | 943 | | 1,342 |
| Re-measurements of defined benefit obligations | 22 | | 595 | | 418 |
| Total income tax on components of other comprehensive income | 10b | | (119) | | (84) |
| Other comprehensive income for the year net of tax | | | £476 | | £334 |
| Total comprehensive income for the year | | | £1,419 | | £1,676 |

Consolidated statement of financial position As at 30 September 2024

| | Note | 2024 | | 2023 Restated | |
|---|---------|-------|-----------------|------------------|-----------------|
| | | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Intangible assets | 13 | | 1,589 | | 1,522 |
| Tangible assets | 3,14,25 | | 86,771 | | 84,664 |
| Derivative financial instrument | 19 | | 503 | | 1,298 |
| | | | 88,863 | | 87,484 |
| Current assets | | | | | |
| Inventories | 15 | | 590 | | 599 |
| Trade receivables | 16 | | 5,420 | | 4,783 |
| Cash and cash equivalents | | | 3,642 | | (1,372) |
| | | | 9,652 | | 4,010 |
| Creditors – amounts falling due within one year | | | | | |
| Creditors and accruals | 17 | | (3,125) | | (3,266) |
| Income tax | | | (510) | | (280) |
| | | | (3,635) | | (3,546) |
| Net current assets | | | 6,017 | | 464 |
| Total assets less current liabilities | | | 94,880 | | 87,948 |
| Creditors – amounts falling due after more than one year | | | | | |
| Borrowings | 18 | | (22,551) | | (15,000) |
| Non-equity preference shares | 20b | | (5,382) | | (5,382) |
| | | | (27,933) | | (20,382) |
| Provisions for liabilities and charges | | | | | |
| Deferred taxation | 21 | | (8,159) | | (8,072) |
| Net assets excluding pension asset | | | 58,788 | | 59,494 |
| Pension asset | 22 | | 6,738 | | 5,933 |
| Net assets | | | £65,526 | | £65,427 |
| Capital and reserves | | | | | |
| Called up equity share capital | 20a | | 4,830 | | 4,830 |
| Revaluation reserve | | | 675 | | 675 |
| Retained earnings | 3,25 | | 60,021 | | 59,922 |
| Total equity | | | £65,526 | | £65,427 |

The financial statements on pages 85 to 107 were approved by the Board of Directors on 5 December 2024 and were signed on its behalf by:

Natalie Passmore
Director

Consolidated Statement of Changes in Equity For the year ended 30 September 2024

| | Note | Called-up equity share capital | Revaluation reserve | Retained earnings | Total |
|---|------|---|------------------------|----------------------|----------------|
| | | £'000 | £'000 | £'000 | £'000 |
| Balance as at 1 October 2022 | | 4,830 | 675 | 60,146 | 65,651 |
| Effect of change in accounting policy for borrowing costs | 3,25 | - | - | 396 | 396 |
| Restated balance as at 1 October 2022 | | £4,830 | £675 | £60,542 | £66,047 |
| Profit for the reporting year | | - | - | 1,342 | 1,342 |
| Other comprehensive income for the year | | - | - | 334 | 334 |
| Total comprehensive income for the year | | - | - | 1,676 | 1,676 |
| Equity dividends | 12 | - | - | (2,296) | (2,296) |
| Restated balance as at 30 September 2023 | | £4,830 | £675 | £59,922 | £65,427 |
| Restated balance as at 1 October 2023 | | 4,830 | 675 | 59,922 | 65,427 |
| Profit for the reporting year | | - | - | 943 | 943 |
| Other comprehensive income for the year | | - | - | 476 | 476 |
| Total comprehensive income for the year | | - | - | 1,419 | 1,419 |
| Equity dividends | 12 | - | - | (1,320) | (1,320) |
| Balance as at 30 September 2024 | | £4,830 | £675 | £60,021 | £65,526 |

Consolidated Cash Flow Statement For the year ended 30 September 2024

| | Note | 2024 £'000 | 2023 £'000 |
|--|------|----------------|-----------------|
| Net cash inflow from operating activities | 23 | 5,702 | 5,229 |
| Income tax paid | | (280) | (1,049) |
| Net cash generated from operating activities | | 5,422 | 4,180 |
| Cash flow (used in)/generated from investing activities | | | |
| Purchase of fixed assets | | (4,847) | (4,124) |
| Disposal of fixed assets | | 7 | - |
| Net cash used in investing activities | | (4,840) | (4,124) |
| Cash flow from/(used in) financing activities | | | |
| Loans received | 18 | 120,154 | 30,000 |
| Loans repaid | 18 | (112,603) | (30,000) |
| Interest paid and similar expenses | | (1,519) | (575) |
| Interest received and similar income | | 101 | 3 |
| Non-equity dividends paid | | (381) | (381) |
| Equity dividends paid | | (1,320) | (2,296) |
| Net cash from/(used in) financing activities | | 4,432 | (3,249) |
| Net increase/(decrease) in cash and cash equivalents | 24 | 5,014 | (3,193) |
| Cash and cash equivalents at the beginning of the year | | (1,372) | 1,821 |
| Cash and cash equivalents at the end of the year | | £3,642 | £(1,372) |

The results for the current and prior years all relate to continuing operations

Reconciliation of net cash flow to movement in debt

| | Note | 2024 £'000 | 2023 £'000 |
|--|------|------------------|------------------|
| Increase/(decrease) in cash and cash equivalents | 24 | 5,014 | (3,193) |
| Net movement in borrowings | 24 | (7,551) | - |
| Movement in derivative financial instrument | 24 | (795) | (66) |
| Movement in net debt | 24 | (3,332) | (3,259) |
| Net debt as at 1 October 2023 | 24 | (20,456) | (17,197) |
| Net debt as at 30 September 2024 | 24 | £(23,788) | £(20,456) |

Notes to the consolidated financial statements

1 General information

The Jersey New Waterworks Company Limited (the Company) supplies potable mains water to the Island of Jersey. Its 100% owned subsidiary, Handois Holdings Limited, is a holding company which in turn owns 100% of the issued share capital of De La Haye Plant Limited. De La Haye Plant Limited supplies tankered water, swimming pool filling and refilling and building site bulk water supply services.

The Company is a public company limited by shares and is incorporated, domiciled and tax resident in Jersey. The address of its registered office is Second Floor, Durell House, 28 New Street, St Helier, Jersey, JE1 1JW.

2 Statement of compliance

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) and Companies (Jersey) Law 1991.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention, as modified for non-basic financial instruments measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas and estimates involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

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 and liquidity position, are described on pages 3 to 62, and in notes 18 and 19. The Company has entered into an interest rate swap contract to hedge against the interest rate exposure on its revolving credit facility as described on page 47 and in note 19. The Company has a wide and varied customer base within Jersey, steady demand for the supply of drinking water and services, and a stable and well established treatment and distribution network. The Company's forecasts and projections take into account reasonable possible changes in trading performance. The combination of these measures and the financial analysis concluded that the Company expects to be able to operate within the level of their current facilities and available cash resources. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a minimum 12 months after signing these consolidated financial statements. Accordingly, they continue to adopt the 'going concern' basis in preparing the annual report and financial statements.

Basis of consolidation

The Company's consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities.

The subsidiaries controlled by the Company have the same accounting policies as the Company and no adjustments are required to be made to those subsidiary financial statements to apply the Company's accounting policies when preparing the consolidated financial statements.

Any subsidiary undertakings acquired are included from, or up to, the dates of change of control or change of significant influence.

All intra-company transactions, balances, income and expenses are eliminated on consolidation.

Under Article 105 (11) of the Companies (Jersey) Law 1991, the directors of a holding company need not prepare separate company financial statements, if consolidated accounts for the company are prepared, unless required to do so by the members of the company by ordinary resolution. The members of the Company have not passed a resolution requiring separate accounts and, in the opinion of the Directors, the Company meets the definition of a holding company. As permitted by the law, the Directors have elected not to prepare separate financial statements for the Company.

3 Summary of significant accounting policies (continued)

Foreign currency

The financial statements are presented in pound sterling and rounded to thousands. The Company's functional and presentation currency is the pound sterling.

The Company has a Euro bank account which holds a minimal working cash balance for the purposes of settling ad-hoc payments in Euros.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end, foreign currency monetary items are translated using the closing rate.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Change in accounting policy – prior year restatement

Previously borrowing costs were expensed and included in the Income Statement.

During the financial year the Company engaged with Lloyds on a full refinancing of the loan facility (see note 18), repaying the HSBC revolving credit facility and drawing down from the Lloyds revolving credit facility (RCF). The RCF is utilised to finance significant capital projects leading to an increase in interest and borrowing costs.

The Company subsequently reviewed and revised its accounting policy in relation to borrowing costs in order to provide more reliable and more relevant information about the effects of the transactions and of the Company's financial position and financial performance.

In line with Section 25 of FRS102, borrowing costs directly attributable to the construction of qualifying assets, that necessarily take a substantial period of time to get ready for their intended use, are now capitalised during the period of time that is required to complete and prepare the asset for its intended use. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress.

A prior year adjustment is required due to the materiality of the change, see note 25 for a summary of the prior year adjustments. Note 3 Tangible Assets details the revised accounting policy for Borrowing Costs.

Turnover

Turnover is measured at the fair value of the consideration received or receivable when services are delivered. Turnover represents the total value of water charges net of goods and services tax (GST), together with minor contracts, rental income and income from the delivery of tankered water. Income from minor contracts (rechargeable works income) 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.

(i) Water charges

Water charges are billed either as a fixed rate (in advance) or as a metered charge (in arrears). Both fixed rate and metered water income are recognised for the years ended 30 September 2024 and 30 September 2023. All water meters are read on a cyclical basis, approximately every 12 weeks. As a result, there will be an element of water charges which are accrued at the end of the financial period. All accrued water income is estimated based on historical consumption plus or minus a seasonal adjustment factor. All water charges are also subject to an annual standing charge.

(ii) Rechargeable works income

Rechargeable works income relates to charges raised to cover the cost of installing new water mains, service pipes and connections requested by third parties to secure one or more supplies of water from the mains water network in accordance with the Water (Jersey) Law 1972.

a) Service Connections (connections to mains water network)

The income and costs associated with the installation of third party funded service connections are recognised, on completion, in the income statement.

b) Mains (extensions to the mains water network)

In respect of third party funded mains, income and direct costs relating to installations are carried on the balance sheet as payments on account (see note 17) until the contract has been discharged. Once completed, where the overall direct costs of the installation of a water main exceed the revenue generated, the difference represents a cost to Jersey Water incurred in the creation of a new asset which is capitalised within tangible fixed assets. In circumstances where, upon completion of the contract, the revenue charged for the installation of a water main exceeds the direct cost of installation, the surplus is released to the income statement and shown in rechargeable works income, representing a contribution to company overheads.

The Company does not capitalise fixed assets with nil cost.

3 Summary of significant accounting policies (continued)

Stocks of water

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

Inventory

Inventory includes desalination plant spares, pipes and fittings, chemicals, meters, fuel and other materials which will be consumed in the course of daily operations. Inventory is issued on a First-In, First-Out (FIFO) basis and is recognised as an expense in the income statement in the period in which it is used. Inventory may also be allocated to capital projects undertaken during the year.

Cost is determined on a FIFO method, which includes the purchase price, plus a standard cost allocation for taxes, duties and transport and handling which are directly attributable to bringing the inventory to its present location and condition.

At the end of each reporting period, inventory is assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to sell and an impairment charge is recognised in the income statement. Where a reversal of the impairment is recognised, the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the income statement.

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration paid, liabilities incurred or assumed and of equity instruments issued, plus the costs directly attributable to the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets and liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Company's interest in the identifiable assets and liabilities acquired.

Goodwill is amortised over its expected useful life, estimated to be five years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

Intangible assets

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful economic life of between three to ten years on a straight-line basis.

The assets are reviewed for impairment if factors such as technological advancement or changes in market price indicate that residual value or useful life have changed. If there is impairment the residual value, useful economic life or amortisation rate are amended prospectively to reflect the new circumstances. Any impairment is charged to the income statement in the period in which it arises.

Intangible fixed assets under construction or development are recognised as Intangible Uncompleted Works until such time as they are ready for use. Expenditure on intangible assets under construction or development will only be recognised once it has met the development criteria under FRS 102. Upon completion, the asset is transferred to its appropriate asset category and amortisation commences. Subsequent qualifying expenditure is transferred directly to its appropriate asset category.

| Asset type | Depreciation period |
|-------------|---------------------|
| IT software | 3-10 years |

Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bring the asset to its working condition for its intended use, dismantling and restoration costs.

Tangible assets are assessed for impairment. Where indicators of impairment have been identified, an impairment assessment is carried out and any required charges are recognised in the income statement. Impairment is calculated as the difference between the carrying amount and the recoverable amount of the asset (or asset's cash generating unit) at the date an impairment loss is recognised.

Tangible fixed assets under construction are recognised within Tangible Uncompleted Works until such time as they are ready for use. At this point, the asset is transferred to Property and Completed Works and depreciation commences. If the major components of a tangible asset have significantly different patterns of consumption of economic benefits the Company will recognise those components as separately identifiable assets. Subsequent qualifying expenditure is transferred directly to Property and Completed Works. For recognition of third party funded tangible fixed assets see note 3, Turnover, ii) Rechargeable works income.

Expenditure incurred on a tangible fixed asset, after the asset has been transferred to Property and Completed Works, will be recognised as part of the carrying amount of the asset if it is specifically related to a major inspection, overhaul or contractual performance test, provided it has met the asset-recognition criteria within FRS 102.

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.

3 Summary of significant accounting policies (continued)

Tangible assets (continued)

| Asset type | Depreciation period |
|----------------------------------|---------------------|
| Water mains - Ductile iron | 80 years |
| - Others | 50 years |
| Buildings | 30-100 years |
| Impounding reservoirs and dams | 60-100 years |
| Dam-lining membranes | 50 years |
| Pumping plant | 10-40 years |
| Reinforced-concrete structures | 100 years |
| Water meters | 15 years |
| Motor vehicles | 5-8 years |
| Mobile plant and tools | 3-10 years |
| Reverse osmosis membranes | 3-10 years |
| Office equipment and IT hardware | 3-5 years |

The company changed its accounting policy in relation to borrowing costs, for details see page 90 for change in accounting policy.

Borrowing costs, that meet the criteria set out in Section 25 of FRS 102, that are directly attributable to the construction of qualifying assets, that necessarily take a substantial period of time to get ready for their intended use, are capitalised during the period of time that is required to complete and prepare the asset for its intended use. The commencement of capitalisation begins when both finance costs and expenditure for the asset are being incurred, and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete. Other borrowing costs are expensed and included within the income statement.

Assets taking less than one year and/or less than £1m

Any asset taking less than one year would not qualify as taking a substantial amount of time. For an asset to be significant to be considered a qualifying asset it must cost more than £1m.

Ongoing capital investment programmes are excluded

The Company's ongoing capital investment programmes in the ordinary course of business are funded by short-term working capital and do not require any external funding. Therefore, it is not appropriate to capitalise any interest element of general funding.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts as there is a legally enforceable right to set off the recognised amounts.

Financial instruments

The Company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments are initially recorded at transaction price, unless the arrangement constitutes a financing transaction where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement or statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying value of the asset is increased such that the amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the income statement or statement of comprehensive income.

Financial assets are derecognised when a) the contractual rights to the cash flows from the asset expire or are settled, or b) substantially all the risks and rewards of the ownership of the assets are transferred to another party, or c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and preference shares that are classified as debt, are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled or expires.

Preference shares, which result in fixed returns to the holder, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as non-equity dividends.

Derivatives such as interest rate swaps are not basic financial instruments.

(iii) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each reporting date. Changes in the fair value of derivatives are recognised in the income statement as finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

The Company can choose to apply hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. In line with the Company's hedging policy, interest rate swaps may be held to manage the interest rate exposures and are designated as cash flow hedges of variable-rate borrowings.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised in other comprehensive income. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedged item since inception of the hedge) is recognised in the income statement.

The gain or loss recognised in other comprehensive income is reclassified to the income statement when interest is incurred and when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedge instrument is derecognised, or the hedging instrument is terminated.

Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is instead recognised in other comprehensive income or directly in equity respectively. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years.

(ii) Deferred tax

Deferred tax arises from timing differences that are the difference between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The Company provides a range of benefits to employees, including paid holiday arrangements and defined benefit and defined contribution pension plans.

(i) Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension scheme

The Company operates a defined contribution scheme for its employees. A defined contribution scheme is a pension plan under which the Company pays contributions into a separate entity. The contributions are recognised as an expense in the period they are due. Amounts not paid are shown in accruals in the statement of financial position.

The assets of the plan are held separately from the Company in independently administered funds.

3 Summary of significant accounting policies (continued)

Employee benefits (continued)

(iii) Defined benefit pension scheme

The Company operates a defined benefit scheme for certain employees. A defined benefit scheme defines the pension benefit that the employee will receive on retirement, usually depending upon several factors, including age, length of service and remuneration. A defined benefit scheme is a pension plan that is not a defined contribution scheme. The scheme closed to future accrual with effect from 1 January 2022.

The asset or liability recognised in the statement of financial position in respect of the defined benefit scheme is the present value of the defined benefit obligation at the end of the reporting date less the fair value of the scheme assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. The Company engages independent actuaries to calculate the annual year end obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments (discount rate).

The fair value of scheme assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts, together with the return on scheme assets, less amounts included in net interest, are disclosed as re-measurement of net defined benefit liability/asset.

The cost of the defined benefit scheme is recognised in the income statement as employee costs, except where included in the cost of an asset, and comprises:

- (a) The increase in pension benefit liability arising from employee service during the period; and
- (b) The cost of scheme benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of scheme assets. The cost is recognised in the income statement within net finance expenditure.

Share capital

Ordinary and 'A' ordinary shares are classified as equity. Incremental costs directly attributable to the issue of any new ordinary or 'A' ordinary shares would be shown in equity as a deduction, net of tax, from the proceeds.

Equity dividends

Equity dividends to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

Related party disclosures

The Company is applying the exemption available under FRS 102 section 33.11, which exempts the Company from reporting related party transactions, balances and commitments with a state that controls it, and with other entities that are related parties because the same state has control over them.

4 Critical accounting judgements, estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events, that are believed to be reasonable under the circumstances.

Critical accounting judgements

In the process of applying the Company's accounting policies, the critical judgements applied by the Company in the current reporting period are detailed below.

(i) Tangible or intangible assets ready for use

Due to the nature of certain projects, including timing delays, specific contractual obligations or payment schedules, and the nature of the assets in question, the Company must occasionally apply judgement in deciding the point of commencement of producing the asset and when the asset was deemed ready for use. See notes 3, 13 and 14 for further details on tangible and intangible assets.

(ii) Core accounting, asset management and laboratory information systems (Core systems)

The Company has contractual rights to the Core systems implemented during the financial year ended 30 September 2021 for a period of five years, with the option to extend for a further five years. Based on historical experience, the Company has judged that it would expect to use the Core systems for the full ten year period and that costs associated with creating these intangible assets are therefore to be depreciated on a straight-line basis over a period of ten years.

4 Critical accounting judgements, estimates and assumptions (continued)

Critical accounting judgements (continued)

(iii) Third party funded mains asset recognition

FRS102 does not specifically address the treatment of third party funded assets. Therefore, judgement is required in developing and applying our accounting policy for third party funded mains. The Company's policy is described within Turnover of note 3.

(iv) Assets that take a substantial period of time

The Company changed its accounting policy this financial year in relation to borrowing costs. A judgement is needed on what constitutes a substantial period of time to get the assets ready for their intended use. The Company's policy is described within Tangible Assets in note 3.

Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are addressed below.

(i) Defined benefit pension scheme

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depends on a number of factors, including life expectancy, asset valuations and the discount rate on corporate bonds. Management obtains estimates of these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends. See note 22 for disclosures relating to the defined benefit pension scheme and estimates used.

(ii) Useful lives of tangible assets

The Company possesses significant tangible assets integral to its operations. The determination of the useful lives of these assets is a critical accounting estimate. The estimated useful lives of these assets range from 3 to 100 years. The assessment of these useful lives is based on historical performance, expected future usage, and the physical condition of the assets. Changes in any of these factors, technological advancements, or unforeseen wear and tear could result in a change to the estimated useful lives of these assets, which could materially impact the amount of depreciation charged to the income statement and the carrying amount of the assets on the statement of financial position.

Management periodically reviews these estimates and makes adjustments when deemed necessary.

5 Turnover

| | 2024 | 2023 |
|---|----------------|----------------|
| | £'000 | £'000 |
| Measured water charges | 18,842 | 17,053 |
| Unmeasured water charges | 376 | 358 |
| Service charges and other charges for water | 878 | 819 |
| Total water supply charges | 20,096 | 18,230 |
| Rechargeable works income | 415 | 535 |
| Other income | 558 | 632 |
| Turnover | £21,069 | £19,397 |

6 Operating expenditure

| | Note | 2024 | 2023 |
|--|----------|----------------|-------------------|
| | | £'000 | Restated £'000 |
| Included in operating expenditure are the following: | | | |
| Net employment costs | 7 | 6,640 | 5,952 |
| Impairment of inventory | 15 | 10 | 1 |
| Write off of tangible uncompleted works | | 2 | 26 |
| Amortisation and depreciation | 13,14,25 | 3,272 | 3,156 |
| Loss on disposal of fixed assets | | 44 | 13 |
| Inventories recognised as an expense | 10 | 858 | 958 |
| Consumables, hired in services and other costs | a) | 7,186 | 7,083 |
| Directors' fees | | 123 | 119 |
| Auditors' fees | | | |
| - Statutory audit | | 109 | 91 |
| - Other services (Tax compliance) | | 9 | 8 |
| - Other services (Pension scheme audit) | | 15 | 11 |
| Total operating expenditure | | £18,268 | £17,418 |

a) Included within consumables, hired in services and other costs are noncancellable lease payments which amount to £196k (2023: £194k).

The total future minimum lease payments under noncancellable operating leases for each of the following periods are:

| | 2024 | 2023 |
|--|-------------|-------------|
| | £'000 | £'000 |
| Not later than one year | 199 | 194 |
| Later than one and not later than five years | 533 | 439 |
| Later than five years | 44 | 192 |
| Total future minimum lease payments | £776 | £825 |

7 Net employment costs

| | 2024 | 2023 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Wages, salaries and other payments | 5,933 | 5,378 |
| Social security | 337 | 307 |
| Pension costs of defined contribution scheme | 525 | 471 |
| | 6,795 | 6,156 |
| Less amount capitalised within fixed assets | (144) | (186) |
| Less amount included within rechargeable works income | (11) | (18) |
| Net employment costs | £6,640 | £5,952 |

Included within wages, salaries and other payments are Directors' emoluments amounting to £632k (2023: £579k). The Remuneration Committee report on pages 73 to 74 provides further details on salaries and benefits.

8 Finance costs

a) Interest receivable and similar income

| | 2024 | 2023 |
|---|-------------|-------------|
| | £'000 | £'000 |
| Bank interest received | 109 | 3 |
| Net interest income on pension obligations | 322 | 280 |
| Total interest receivable and similar income | £431 | £283 |

8 Finance costs (continued)

b) Interest payable and similar expenses

| | Note | 2024 £'000 | 2023 Restated £'000 |
|--|-----------|---------------|---------------------------|
| Bank loans, revolving credit facility and overdrafts | | 1,300 | 718 |
| Refinancing costs | | 476 | - |
| Capitalisation of borrowing costs | a,25 | (828) | (228) |
| Interest receivable on derivative financial instrument | 25 | (313) | (107) |
| Total net interest payable and similar expenses | 25 | £635 | £383 |

a) Borrowing costs included in the cost of qualifying assets during the year arose on the specific borrowing pool and are calculated by applying a capitalisation rate of 5.93% and on the general borrowing pool at a rate of 3.61%/4.26% where applicable.

c) Other finance expense

| | Note | 2024 £'000 | 2023 £'000 |
|---|------|---------------|---------------|
| Fair value losses on derivative financial instrument | 19 | £795 | £66 |

9 Non-equity dividends

| | 2024 | | | 2023 | | |
|--|---------------|------------------|---------------------------------|---------------|------------------|---------------------------------|
| | Paid £'000 | Payable £'000 | Charge for the year £'000 | Paid £'000 | Payable £'000 | Charge for the year £'000 |
| 5% cumulative preference shares | 3 | 1 | 3 | 3 | 1 | 3 |
| 3.5% cumulative second preference shares | 3 | - | 3 | 3 | - | 3 |
| 3% cumulative third preference shares | 3 | 1 | 3 | 3 | 1 | 3 |
| 3.75% cumulative third preference shares | 3 | 1 | 3 | 3 | 1 | 3 |
| 5% cumulative third preference shares | 2 | 1 | 2 | 2 | 1 | 2 |
| 2% cumulative fourth preference shares | 7 | 2 | 7 | 7 | 2 | 7 |
| 10% cumulative fifth preference shares | 360 | 90 | 360 | 360 | 90 | 360 |
| Total dividends on non-equity shares recognised in the year | £381 | £96 | £381 | £381 | £96 | £381 |

10 Income tax

a) Tax expense included in the income statement

| | 2024 £'000 | 2023 £'000 |
|---------------------------------------|---------------|---------------|
| Current tax | | |
| Income tax on the profit for the year | 552 | 134 |
| Deferred tax | | |
| Credit for the year | (74) | (44) |
| Total tax on profit | £478 | £90 |

b) Tax expense included in other comprehensive income

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Current tax | | |
| Movement relating to pension surplus | (42) | (56) |
| Deferred tax | | |
| Movement on deferred tax relating to pension surplus | 161 | 140 |
| Total tax charge included in other comprehensive income | £119 | £84 |

Reconciliation of tax charge for the year

The tax assessed for the year is lower than the standard rate of Jersey income tax (20%) (2023: 20%) applicable to utility companies. The differences are explained below:

| | Note | 2024 £'000 | 2023 Restated £'000 |
|---|------|---------------|---------------------------|
| Consolidated profit before tax | 25 | 1,421 | 1,432 |
| Profit before tax multiplied by the standard rate of Jersey income tax of 20% | | 284 | 286 |
| Tax at 20% on: | | | |
| Depreciation for the year in excess of capital allowances | | 179 | 177 |
| Capital expenditure, deductible for tax purposes | | (159) | (233) |
| Loss on disposal of fixed assets | | 9 | 3 |
| Loss on revaluation of financial derivative | | 159 | 13 |
| Dividends on non-equity shares – non-deductible | | 76 | 76 |
| Non-deductible expenses | | - | 14 |
| Adjustment for prior year tax charge | | - | (201) |
| Borrowing costs capitalised | | (70) | (45) |
| Total tax charge for year | | £478 | £90 |

There are no income tax losses from prior years to be carried forward (2023: £nil).

11 Basic and diluted earnings per ordinary share

Basic and diluted earnings per ordinary share of £0.10 (restated 2023: £0.14) is based on earnings of £943k (restated 2023: £1,342k), being the profit available for distribution to equity shareholders and 9,660,000 (2023: 9,660,000) ordinary and 'A' ordinary shares of £0.50 in issue.

12 Equity dividends

| Ordinary and 'A' Ordinary shares | 2024 | 2023 | 2024 | 2023 |
|---------------------------------------|-----------------|-----------------|---------------|---------------|
| | Pence per share | Pence per share | £'000 | £'000 |
| Dividends paid | | | | |
| Final dividend for the previous year | 8.558 | 16.449 | 827 | 1,589 |
| Interim dividend for the current year | 5.107 | 7.316 | 493 | 707 |
| | 13.665 | 23.765 | £1,320 | £2,296 |
| Dividends proposed | | | | |
| Final dividend for the current year | 11.561 | 8.558 | £1,117 | £827 |

The proposed final dividend is subject to approval by shareholders at the AGM and has not been included as a liability in the financial statements.

13 Intangible assets

| | Goodwill | Software | Intangible uncompleted works | Total |
|--------------------------------|---------------|-----------------|------------------------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | |
| As at 1 October 2023 | 252 | 2,781 | 207 | 3,240 |
| Additions | - | 2 | 355 | 357 |
| Disposals | - | (53) | - | (53) |
| Transfers | - | 211 | (211) | - |
| As at 30 September 2024 | £252 | £2,941 | £351 | £3,544 |
| Amortisation | | | | |
| As at 1 October 2023 | (252) | (1,466) | - | (1,718) |
| Charge for the year | - | (290) | - | (290) |
| Disposals | - | 53 | - | 53 |
| As at 30 September 2024 | £(252) | £(1,703) | £ - | £(1,955) |
| Net book value | | | | |
| As at 1 October 2023 | £- | £1,315 | £207 | £1,522 |
| As at 30 September 2024 | £- | £1,238 | £351 | £1,589 |

The above amortisation charges are included within operating expenses in the consolidated income statement.

Included within intangible fixed assets is £22k (2023: £26k) relating to internal labour costs capitalised in the year.

At 30 September 2024, capital commitments contracted for amounted to £24k (2023: £81k).

14 Tangible assets

| | Property and completed works | Tangible uncompleted works | Motor vehicles, mobile plant and equipment | Total |
|---|------------------------------|----------------------------|--|------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | |
| Restated as at 1 October 2023 | 128,235 | 3,576 | 3,412 | 135,223 |
| Additions | 1,545 | 3,520 | 77 | 5,142 |
| Disposals | (376) | (4) | (126) | (506) |
| Transfers | 1,693 | (1,766) | 73 | - |
| As at 30 September 2024 | £131,097 | £5,326 | £3,436 | £139,859 |
| Depreciation | | | | |
| Restated as at 1 October 2023 | (48,038) | - | (2,521) | (50,559) |
| Charge for the year | (2,675) | - | (307) | (2,982) |
| Disposals | 327 | - | 126 | 453 |
| As at 30 September 2024 | £(50,386) | £- | £(2,702) | £(53,088) |
| Net book value | | | | |
| Restated as at 1 October 2023 (note 3,25) | £80,197 | £3,576 | £891 | £84,664 |
| As at 30 September 2024 | £80,711 | £5,326 | £734 | £86,771 |

During the year £828k (restated 2023: £228k) of borrowing costs were capitalised by the Company.

The above depreciation charges are included within operating expenses in the consolidated income statement.

Included within tangible fixed assets is £122k (2023: £160k) relating to internal labour costs capitalised in the year.

At 30 September 2024, capital commitments contracted for amounted to £291k (2023: £405k).

15 Inventories

| | 2024 | 2023 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Inventory as at 1 October 2023 | 760 | 860 |
| Inventory purchased in year | 859 | 858 |
| Inventory consumed in year | (858) | (958) |
| Inventory as at 30 September 2024 | 761 | 760 |
| Provision for impairment as at 1 October 2023 | (161) | (160) |
| Movement in provision in year | (10) | (1) |
| Provision for impairment as at 30 September 2024 | (171) | (161) |
| Net inventory balance as at 30 September 2024 | £590 | £599 |

Inventory includes desalination plant spares, pipes and fittings, chemicals, meters, fuel and other materials which will be consumed in the course of daily operations.

16 Trade receivables

| | 2024 | 2023 |
|----------------|---------------|---------------|
| | £'000 | £'000 |
| Trade debtors | 2,078 | 2,009 |
| Prepayments | 814 | 687 |
| Accrued income | 2,366 | 2,060 |
| Other debtors | 162 | 27 |
| | £5,420 | £4,783 |

Accrued income relates solely to unbilled measured water. The movement in the balances for accrued income and trade debtors is related to cyclical and quarterly billing timing differences, and variability in the seasonal adjustment.

The fair value of trade and other receivables is considered by the Directors to be equivalent to its carrying value because of their short-term nature.

17 Creditors and accruals

| | 2024 | 2023 |
|-----------------------------------|---------------|---------------|
| | £'000 | £'000 |
| Trade payables | 352 | 918 |
| GST, taxation and social security | 271 | 154 |
| Contract retentions | 44 | 11 |
| Accruals and deferred income | 1,798 | 1,447 |
| Payments on account | 641 | 714 |
| Other creditors | 19 | 22 |
| | £3,125 | £3,266 |

Trade payables and accruals relate to amounts owed to various suppliers through the normal course of business.

The fair value of creditors and accruals is considered by the Directors to be equivalent to their carrying value because of their short term nature.

18 Borrowings

| | Repayment Dates | 2024 | 2023 |
|---|--------------------|---------|---------|
| | | £'000 | £'000 |
| Facilities drawn down | | | |
| HSBC Bank plc (HSBC) | a 2026 | £- | £15,000 |
| Loans falling due between one and two years | | £- | £15,000 |
| Lloyds Bank Corporate Markets PLC, Jersey Branch (Lloyds) | b 2029 | £22,551 | £- |
| Loans falling due between two and five years | | £22,551 | £- |

The Company has an overdraft facility of £3,000k with HSBC.

a) On 4 June 2021, the Company entered into an unsecured £15,000k revolving credit facility (RCF) with HSBC. The termination date of the RCF was 4 June 2024 with the option to extend for two consecutive years. In 2022, the Company exercised the option to extend the termination date for a period of one year to 4 June 2025 and in October 2023 it was extended for a further year to 3 June 2026.

On 16 October 2023 the Company accessed the HSBC accordion of £10,000k. On 31 May 2024 the Company repaid the facility of £22,551k in full.

b) On 20 May 2024 the Company entered into an unsecured £30,000k Green Use of Proceeds revolving credit facility (RCF) and a £20,000k accordion with Lloyds. The termination date is, subject to the extension option, 20 May 2029, 5 years. Interest is at SONIA plus 0.75% on projects meeting the criteria for a "Green" project as set out in the RCF agreement and SONIA plus 0.85% on non-Green projects. The Company drew down £22,551k to repay the HSBC RCF in full. The amount of £22,551k meets the "Green" criteria and is subject to interest at SONIA plus 0.75%.

Each utilisation of the RCF is shown as a repayment of the existing principal and a new borrowing within the statement of cash flows.

The accrued interest payable on loans drawn down as at 30 September 2024 is £nil (2023: £59k). The accrued interest on the undrawn portion of the facility is £2k (2023: £nil).

The borrowings have been taken out to refinance existing borrowing and fund capital expenditure.

19 Financial instruments

The Company has the following financial instruments:

| | 2024 | 2023 |
|---|--------|--------|
| | £'000 | £'000 |
| Financial assets that are debt instruments measured at amortised cost | 2,223 | 2,010 |
| Financial assets at fair value through profit or loss | 503 | 1,298 |
| Financial liabilities that are measured at amortised cost | 31,019 | 23,569 |

Derivative financial instruments

The Company actively reviews its interest rate exposure risk in accordance with its interest rate hedging policy as updated in February 2024. The Company has a low-risk appetite and has agreed that hedging should be maintained with the following tramlines and a minimum interest rate cover of 4.0:

| Debt (k) | Upper | Lower |
|----------|-------|-------|
| <£30,000 | 100% | 80% |
| >£30,000 | 80% | 60% |

On 4 June 2024 following the refinancing of the RCF with Lloyds the Company cancelled its £7,500k interest rate swap agreement with HSBC generating a fair value loss of £325k and entered into an interest rate swap agreement with Lloyds for £20,000k. Interest is fixed at 3.1245% and the termination date is 20 May 2031.

The fair value used by the Company to value the swap is calculated as the net present value of future cash flows (present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates) expected to be paid or received under the swap contract.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

| Outstanding receive floating pay fixed contracts | Average contract fixed interest rate | | Notional principal value | | Fair value | |
|---|---|-----------|-----------------------------|---------------|---------------|---------------|
| | 2024 % | 2023 % | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 |
| Less than 1 year | - | - | - | - | - | - |
| 1 to 2 years | - | - | - | - | - | - |
| 2 to 5 years | - | - | - | - | - | - |
| 5 years + | 3.1245 | 1.93 | 20,000 | 7,500 | 503 | 1,298 |

The interest rate swap settles on a quarterly basis. The Company settles or receives the difference between the fixed and floating interest rate on a net basis.

The interest rate swap contract exchanges floating rate interest amounts for fixed rate interest amounts and is designated as a cash flow hedge to reduce the Company's cash flow exposure resulting from variable interest rates on borrowings. The hedged cash flows are expected to occur and to affect the consolidated income statement of the period to maturity of the interest rate swap.

The Company valued the derivative on 30 September 2024 as an asset of £503k, generating a fair value loss of £470k. As the Company has not elected to apply hedge accounting for this instrument the loss has been recognised within net finance expenditure.

20 Share capital

a) Called up equity share capital

| | Shares of 0.50 each '000 | 2024 £'000 | 2023 £'000 |
|---|-----------------------------|---------------|---------------|
| Authorised, issued and fully paid up | | | |
| Ordinary shares | 5,040 | 2,520 | 2,520 |
| 'A' Ordinary shares | 4,620 | 2,310 | 2,310 |
| | 9,660 | £4,830 | £4,830 |

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, while 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

| | | 2024 £'000 | 2023 £'000 |
|-------------------|---|---------------|---------------|
| Authorised | | | |
| 20,000 | cumulative preference shares of £5 | 100 | 100 |
| 20,000 | cumulative second preference shares of £5 | 100 | 100 |
| 100,000 | cumulative third preference shares of £5 | 500 | 500 |
| 100,645 | cumulative fourth preference shares of £5 | 503 | 503 |
| 900,000 | cumulative fifth preference shares of £5 | 4,500 | 4,500 |
| | | £5,703 | £5,703 |

| | | 2024 £'000 | 2023 £'000 |
|------------------------------|--|---------------|---------------|
| Issued and fully paid | | | |
| 17,261 | 5% cumulative preference shares of £5 | 86 | 86 |
| 17,402 | 3.5% cumulative second preference shares of £5 | 87 | 87 |
| 23,509 | 3% cumulative third preference shares of £5 | 118 | 118 |
| 16,036 | 3.75% cumulative third preference shares of £5 | 80 | 80 |
| 11,400 | 5% cumulative third preference shares of £5 | 57 | 57 |
| 90,877 | 2% cumulative fourth preference shares of £5 | 454 | 454 |
| 900,000 | 10% cumulative fifth preference shares of £5 | 4,500 | 4,500 |
| | | £5,382 | £5,382 |

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 the holder, irrespective of the number and class of such preference shares.

21 Deferred taxation

| | Note | 2024 £'000 | 2023 £'000 |
|--|------|---------------|---------------|
| Accelerated capital allowances | | 6,811 | 6,885 |
| Pension asset arising from surplus | | 1,348 | 1,187 |
| Net liability | | £8,159 | £8,072 |
| As at 1 October 2023 | | 8,072 | 7,976 |
| Amounts charged in the income statement | 10a | (74) | (44) |
| Amounts charged in the statement of comprehensive income | 10b | 161 | 140 |
| At 30 September 2024 | | £8,159 | £8,072 |

There are no unrecognised deferred tax assets. There is no expiry date on timing differences, unused tax losses or tax credits.

22 Pensions

During the year, the Company operated two formal pension schemes: a defined contribution scheme and a defined benefit scheme. The defined benefit section of the scheme was closed to new entrants with effect from 1 January 2003 and closed to future accrual with effect from 1 January 2022.

The defined benefit scheme is a section of The Jersey Water Pension Plan (the Plan). The Plan is administered by trustees responsible for ensuring that the Plan is sufficiently funded to meet current and future obligations. Prior to closure of the scheme to future accrual, the Company had agreed a funding plan with the trustees which was in place until 1 January 2022, whereby ordinary contributions were made into the scheme based on a percentage of active employees' salary. Additional funding is agreed with the trustees to reduce any funding deficit where necessary.

The defined contribution scheme was opened to new members on 1 May 2003. It was a section of the Plan until March 2016, when it was transferred under a Master Trust arrangement to the Blue Riband Channel Islands Retirement Plan, established and administered by BWCI Pension Trustees Limited.

Defined contribution section

Employer contributions during the year ended 30 September 2024 totalled £525k (2023: £471k). There are no unpaid contributions at year end (2023: £nil).

Defined benefit section and unfunded scheme

The FRS 102 valuation as at 30 September 2024 shows a net asset of £6,738k (2023: £5,933k).

The major assumptions used by the independent actuary were:

| | 2024 | 2023 |
|---|-------|-------|
| Rate of increase in pensions accrued after 1 January 1999 | 3.15% | 3.30% |
| Discount rate | 5.01% | 5.48% |
| Inflation assumption | 3.26% | 3.50% |
| Life-expectancy assumptions | | |
| Current pensioners at 65 – Male | 87 | 87 |
| Current pensioners at 65 – Female | 89 | 89 |
| Future pensioners at 65 – Male | 89 | 89 |
| Future pensioners at 65 – Female | 91 | 91 |

The post-retirement mortality assumptions allow for expected changes 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.

| | Assets £'000 | Liabilities £'000 | Total £'000 |
|---|-----------------|----------------------|----------------|
| Reconciliation of the present value of scheme assets and liabilities | | | |
| At 1 October 2023 | 19,357 | (13,424) | 5,933 |
| Benefits paid | (925) | 925 | - |
| Interest income/(expense) | 1,033 | (711) | 322 |
| Administration expenses | (112) | - | (112) |
| Re-measurement gains/(losses) | | | |
| - Actuarial losses | - | (851) | (851) |
| - Return on plan assets excluding interest income | 1,446 | - | 1,446 |
| As at 30 September 2024 | £20,799 | £(14,061) | £6,738 |

22 Pensions (continued)

| Total income/(cost) recognised within the income statement | 2024 | 2023 |
|--|-------------|-------------|
| | £'000 | £'000 |
| Income within net finance expenditure | 322 | 280 |
| Administration expenses within operating expenditure | (112) | - |
| Total net income | £210 | £280 |

Net interest income on pension plan assets and interest on pension plan liabilities are shown within interest receivable or payable in the income statement.

| Total income recognised within other comprehensive income | 2024 | 2023 |
|---|-------------|-------------|
| | £'000 | £'000 |
| Re-measurement (losses)/gains | | |
| - Actuarial (losses)/gains | (851) | 260 |
| - Return on plan assets excluding interest income | 1,446 | 158 |
| Total re-measurement gains | £595 | £418 |

| Analysis of scheme assets | 2024 | 2023 |
|--|--|--|
| | % of total fair value of scheme assets | % of total fair value of scheme assets |
| Equities | 15% | 12% |
| Maturing buy and maintain credit funds | 77% | 80% |
| Gilt funds | 5% | 5% |
| Cash and receivables | 3% | 3% |
| | 100% | 100% |

| The fair value of the plan assets was: | 2024 | 2023 |
|--|----------------|----------------|
| | £'000 | £'000 |
| Equities | 3,115 | 2,432 |
| Maturing buy and maintain credit funds | 15,994 | 15,425 |
| Gilt funds | 1,029 | 943 |
| Cash and receivables | 661 | 557 |
| | £20,799 | £19,357 |

| Return on plan assets: | 2024 | 2023 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Interest income | 1,033 | 997 |
| Return on plan assets excluding interest income | 1,446 | 158 |
| Total return on plan assets | £2,479 | £1,155 |

Funding of the defined benefit pension scheme

The actual funding of the defined benefit pension scheme is determined by the triennial actuarial valuation. This differs from the amount that is required to be charged to the income statement under FRS 102. During the year, the Company was not required to make any retirement benefit contributions into the defined benefit scheme (2023: £nil).

Following the results of the last triennial valuation as at 1 January 2021, the contribution rate for 2021, 2022 and 2023 was set at 5.1% of pensionable salaries. This ceased on closure of the scheme to future accrual on 1 January 2022. The triennial valuation as at 1 January 2024 is in progress at the date of signing these financial statements.

Discount rate sensitivity

The following tables show the impact on the statement of financial position and income statement of adopting a discount rate of 0.5% per annum higher and lower than the current assumption of 5.01%, considered a reasonable approximation of a potential change in the assumptions. The plan surplus is recoverable by the Company and no adjustment to the asset value is required to be made in accordance with FRS 102 paragraph 28.22.

22 Pensions (continued)

Sensitivity analysis of funded scheme

| Value at the end of 30 September 2024 if: | Base position | Discount rate increased by 0.50% p.a. | Discount rate decreased by 0.50% p.a. | Inflation increased by 0.50% p.a. | Inflation decreased by 0.50% p.a. | Life expectancy increased by approximately one year | Life expectancy decreased by approximately one year |
|---|---------------|---------------------------------------|---------------------------------------|-----------------------------------|-----------------------------------|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Fair value of scheme assets | 20,799 | 20,027 | 21,612 | 20,798 | 20,798 | 20,798 | 20,798 |
| Present value of funded defined benefit obligations | (14,061) | (13,300) | (14,895) | (14,129) | (13,979) | (14,527) | (13,590) |
| Net defined benefit asset | £6,738 | £6,727 | £6,717 | £6,669 | £6,819 | £6,271 | £7,208 |

| Impact on the income statement to 30 September 2025 | Base position | Discount rate increased by 0.50% p.a. | Discount rate decreased by 0.50% p.a. | Inflation increased by 0.50% p.a. | Inflation decreased by 0.50% p.a. | Life expectancy increased by approximately one year | Life expectancy decreased by approximately one year |
|--|---------------|---------------------------------------|---------------------------------------|-----------------------------------|-----------------------------------|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Administration expenses | 155 | 155 | 155 | 156 | 155 | 155 | 155 |
| Interest on the net defined benefit asset | (333) | (370) | (303) | (334) | (342) | (314) | (361) |
| Total income recognised in the income statement | £(178) | £(215) | £(148) | £(178) | £(187) | £(159) | £(206) |

23 Notes to the consolidated statement of cash flows

| | 2024 | 2023 Restated |
|---|---------------|---------------|
| | £'000 | £'000 |
| Profit for the reporting year | 943 | 1,342 |
| Tax on profit on ordinary activities | 478 | 90 |
| Non-equity dividends | 381 | 381 |
| Net finance expense | 999 | 166 |
| Operating profit | 2,801 | 1,979 |
| Loss on disposal of fixed assets | 44 | 13 |
| Depreciation, amortisation and impairment (note 25) | 3,272 | 3,156 |
| Write off of tangible uncompleted works | 2 | 26 |
| Defined benefit scheme administration expenses | 112 | - |
| Decrease in inventories | 9 | 101 |
| Increase in trade receivables | (604) | (178) |
| Increase in creditors | 66 | 132 |
| Net cash inflow from operating activities | £5,702 | £5,229 |

24 Analysis of changes in net debt

| | At 1 October 2023 | Cashflows | Derivative movement | At 30 September 2024 |
|--------------------------|-------------------|-----------------|---------------------|----------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Bank and cash | (1,372) | 5,014 | - | 3,642 |
| Debt due within one year | - | - | - | - |
| Debt due after one year | (19,084) | (7,551) | (795) | £(27,430) |
| Total | £(20,456) | £(2,537) | £(795) | £(23,788) |

25 Change in accounting policy

A prior year adjustment is required as the results in the financial statements will provide reliable and more relevant information about the effects of the transactions and of the Company's financial position and financial performance. The financial year 2023 has been restated, see note 3. A summary of the affected financial statement line items is shown below:

| | 2023 £'000 | Change £'000 | 2023 Restated £'000 |
|--|---------------|-----------------|---------------------------|
| Income statement | | | |
| Operating expenditure | (17,457) | 39 | (17,418) |
| Interest payable and similar expenses | (611) | 228 | (383) |
| Profit before taxation | 1,165 | 267 | 1,432 |
| Profit for the reporting year | 1,075 | 267 | 1,342 |
| Statement of financial position | | | |
| Fixed assets: Tangible assets | 84,001 | 663 | 84,664 |
| Retained earnings | 59,259 | 663 | 59,922 |

26 Related parties

The Company shares a common controlling shareholder, the States of Jersey, with Jersey Post Company, Jersey Telecom, Jersey Electricity, Andium Homes, Ports of Jersey and Jersey Development Company. During the year, the Company provided water services and mains and service installations to these entities and several departments of the States of Jersey and purchased services from Jersey Electricity, Jersey Post, Ports of Jersey and Jersey Telecom. All transactions were undertaken on an arm's length basis during the normal course of business.

During the year the Company purchased architectural design services in the amount of £134k (2023: £98k) from Elliot Design Partnership Limited, a company owned by an immediate family member of Heather MacCallum, a director of the Company. As at 30 September 2024 the amount of £16k (2023: £nil) was outstanding and included within Trade Payables (note 17).

During the year the Company partnered with a local charity, ArtHouse Jersey and sponsored them an amount of £10k for the project Art in the Arches (2023: £10k Floating Earth). Natalie Passmore is a trustee of ArtHouse Jersey. No amounts were outstanding at year end (2023: £nil).

The remuneration of key management (which is defined as the executive and non-executive directors) is set out in the Remuneration Committee report on pages 73 to 74.

27 Ultimate controlling party

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

28 Events after the end of the reporting date

There have been no events after the reporting date which require disclosure within the financial statements.

29 Subsidiaries

| Name | Registered office address | Nature of business | Interest |
|--------------------------|---|--------------------|----------------------|
| Handois Holdings Limited | Second Floor, Durell House, 28 New Street, St Helier, Jersey, JE1 1JW | Holding company | 100% ordinary shares |
| De La Haye Plant Limited | Second Floor, Durell House, 28 New Street, St Helier, Jersey, JE1 1JW | Water haulage | 100% ordinary shares |

Five-year summary (unaudited)

| | Units | 2024 | 2023 Restated | 2022 | 2021 | 2020 |
|--|-------|----------------|------------------|--------|---------|--------|
| Statement of financial position | | | | | | |
| Total equity | £'000 | 65,526 | 65,427 | 65,651 | 62,647 | 56,594 |
| Net debt | £'000 | 23,788 | 20,456 | 17,197 | 10,962 | 16,113 |
| Income statement | | | | | | |
| Turnover | £'000 | 21,069 | 19,397 | 18,792 | 18,356 | 17,627 |
| Operating profit | £'000 | 2,801 | 1,979 | 5,950 | 7,446 | 3,926 |
| Profit before tax | £'000 | 1,421 | 1,432 | 6,765 | 6,691 | 3,240 |
| Profit for the reporting year | £'000 | 943 | 1,342 | 5,903 | 5,976 | 2,680 |
| Equity dividends paid | £'000 | 1,320 | 2,296 | 2,180 | 2,127 | 1,736 |
| Financial statistics and ratios | | | | | | |
| Capital expenditure | £'000 | 5,499 | 5,100 | 10,820 | 3,051 | 3,553 |
| Net cash inflow/(outflow) | £'000 | 5,014 | (3,193) | (599) | (1,856) | 71 |
| Earnings per share | £ | 0.10 | 0.14 | 0.61 | 0.62 | 0.28 |
| Dividend cover | Times | 0.7 | 0.6 | 2.7 | 2.8 | 1.5 |
| Interest cover | Times | 2.4 | 2.9 | 12.8 | 11.4 | 5.6 |
| Gearing ¹ | % | 27 | 24 | 21 | 15 | 22 |
| Operational statistics | | | | | | |
| Total water supplied | MI | 6,879 | 6,777 | 6,838 | 7,065 | 7,061 |
| Maximum daily demand | MI | 23.4 | 22.7 | 24.6 | 24.7 | 23.6 |
| Annual rainfall | mm | 1,217 | 1,154 | 795 | 1,129 | 1,192 |
| New mains laid | km | 0.9 | 1.4 | 2.1 | 1.5 | 2.0 |
| Mains re-laid/relined | km | 1.5 | 1.8 | 1.9 | 2.2 | 1.2 |
| New connections | No | 239 | 307 | 299 | 470 | 470 |
| Live metered connections | '000 | 36 | 35 | 34 | 34 | 34 |
| Desalination plant output | MI | 0 ³ | 296.8 | 453.8 | 61.2 | 165 |
| Customer satisfaction index ² | No | 83.1 | 83.6 | 82.7 | 82.7 | 86.1 |
| % Employee engagement | % | 93.6 | 93.4 | 92.8 | 90 | 90 |
| Employees | No | 99 | 98 | 89 | 88 | 93 |
| Water quality | | | | | | |
| % Compliance with water quality parameters | % | 99.95 | 99.98 | 99.99 | 100.00 | 99.98 |

¹ Gearing = Debt/(debt + equity).

² Customer satisfaction index is measured by the annual Institute of Customer Service (ICS) survey of Jersey Water customers. The index comprises a score out of 100 and is calculated on the same basis as the UK Customer Satisfaction.

³ The desalination plant was not in operation during the reporting year.



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