Treasury and Exchequer
Ministerial Decision Report

Government of JERSEY

<u>THE JERSEY NEW WATERWORKS COMPANY LIMITED - 2024 ANNUAL GENERAL MEETING VOTING INSTRUCTIONS</u>

1. Purpose of Report

To consider the resolutions put forward for The Jersey New Waterworks Company Limited ("JNWW") Annual General Meeting ("AGM") on 8 February 2024.

2. Background

JNWW is a public company with its Ordinary shares being traded, relatively infrequently. The States of Jersey is the majority shareholder owning 100% of 'A' Ordinary shares, 50% of the issued Ordinary shares and a substantial holding of Preference Shares. This gives the States of Jersey 83.33% of the voting rights.

The Directors of the company have proposed six Ordinary Resolutions to be considered at the AGM and these are outlined in the Notice of AGM attached at **Appendix A.**

3. Resolutions

The following resolutions have been put forward for consideration at the AGM.

3.1 <u>Ordinary Resolution 1 - To receive the financial statements and reports of the directors and auditors thereon for the year ended 30 September 2023</u>

The paragraphs below summarise the key financial matters that are included in the company's Financial Statements which appear at **Appendix B**.

Turnover for the year was £19,397k (2022: £18,792k). This was 3.2% or £605k more than the prior year, but £123k less than target, due to households using less water than expected over the summer months, as a result of the wet weather.

The increase in turnover on the prior year was a result of the following factors:

- Higher water revenue of £559k taking overall water revenue to £18,230k (2022: £17,671k). This is attributable to a combination of the 6% tariff increase and approximately 400 new customers joining the network, offset to a degree by the impact of a wet summer, where average consumption in June, July and August was 5% lower than the five-year average.
- A 4% (£46k) increase in non-water revenue. JNWW achieved an increase in other income of £139k, mainly arising from rental income on their properties at Rue des Pres. This increase more than offset a £93k drop in rechargeable works income reflecting the overall slowdown in the Island's construction industry.

<u>Operating expenditure</u> of £17,457k was higher than target (£17,083k) and the prior year (2022: £15,498k). This was driven by the following key variances:

- Unexpected costs relating to running the desalination plant (principally electricity) (£145k) and supporting the Government of Jersey with its response to the Grands Vaux flooding (£190k)
- Inflationary increases on many areas of expenditure, in particular chemicals, energy and contractors
- Increased insurance premiums due to higher replacement costs of critical assets
- Planned increases in employee and contractor costs as JNWW recruited additional roles to address key skills and succession risk

- Expenditure relating to temporary office and stores accommodation, while their new operational hub is being developed

Operating profit totalled £1,940k, compared to a target of £2,437k and £5,950k in the prior year. The variance to target is due to a combination of lower than expected water revenue, the cost of running the desalination plant and costs incurred for the response work to the Grands Vaux flooding. The main reasons for the variance to the prior year is the net curtailment gain on the defined benefit pension scheme of £2,656k, recognised in 2022, and increases in operating expenditure.

Net finance expense was £394k, compared to an income of £1,196k in the prior year. 2022 included a fair value gain on the derivative financial instrument of £1,364k relating to a ten year interest rate hedge executed in the year. For 2023, there is a fair value loss on the derivative financial instrument of £66k, together with an increase in interest payable of £386k, which is partially offset by net interest income arising on pension obligations of £280k.

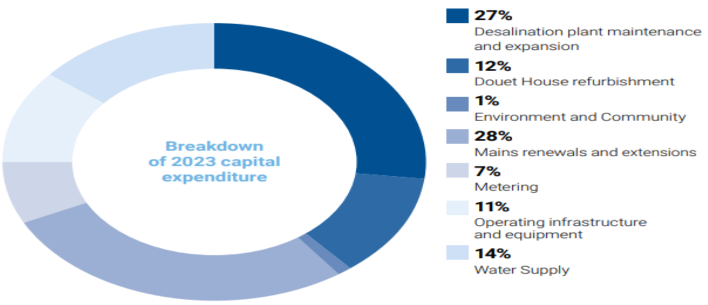
Profit before taxation for the year was £1,165k, which was £5,600k or 83% lower than 2022. Profit in 2022 included exceptional items, such as the closure of the pension scheme (£2,656k) and the significant fair value gain on the financial derivative (£1,364k). Removing the exceptional items for like-for-like comparison show that the results for 2023 were £1,514k or 55% lower than 2022.

Income tax In 2023, the tax charge was £90k, compared to £862k in 2022. The reduction was driven by a combination of the reduction in profit before tax and a favourable ruling on the tax treatment of financial derivatives, resulting in the unwinding of a tax provision made in the prior year.

Transactions with the States of Jersey The total cash paid to the States of Jersey during the year, including dividends, was £4,610k (2022: £5,163k).

Fixed Assets and Capital expenditure - In 2023, the total capital expenditure was £4,872k. JNWW spent £2,401k on reducing leakage, improving water quality and their network infrastructure, and a further £1,294k on the desalination plant, of which £837k related to completing the outline design for expanding and enhancing the plant's production capacity. The capital maintenance programme for the plant also accounted for a further £457k.

The strip out of the new headquarters cost £600k and a further £577k was invested in operating infrastructure and equipment across the business. The chart below provides an analysis of 2023 expenditure. At the year end, JNWW held assets with a net book value of £86,821k (2022: £85,249k), with tangible assets making up 97% of the book value at £84,001k (2022: 96% £82,169k).



Loans and borrowings - JNWW have one revolving credit facility ("RCF") for £15,000k. This gives them the ability to proactively manage their level of borrowing, offsetting cash balances to reduce interest charges, when there are timing differences between investment requirements. For the year ended 30 September 2023, their loans and borrowing remained at £15,000k (2022: £15,000k).

The RCF includes an accordion which allows JNWW to increase borrowings by a further £10,000k. On 16 October 2023, JNWW exercised the option to access the £10,000k accordion to increase the RCF to £25,000k. A further £5,000k was drawn down, bringing their total borrowing to £20,000k. JNWW hold a ten year interest rate swap to hedge against interest rate exposure. Under Financial Reporting Standard 102 (FRS 102), this derivative is stated at a fair value of £1,298k on the statement of financial position, a loss of £66k on the value in 2022. This loss on the fair value has been recognised in the income statement, reflecting the movements in interest rate forecasts since the execution date.

Defined pension scheme – The value of the defined benefit pension scheme at the end of the year was £5,933k, compared to £5,235k in 2022, with the actuarial gain and market factors being key drivers in the movement in the valuation.

3.2 Ordinary Resolution 2 - To declare a final net dividend of 8.558 pence per share on the ordinary and 'A' ordinary shares of the Company.

The Directors are recommending a final dividend on the Ordinary and "A" Ordinary shares of 8.558 pence per share (2022: 34.559 pence per share).

The States of Jersey hold 50% of the Ordinary shares and 100% of the 'A' Ordinary shares. The dividend will be paid (net of tax) by the company on 14th March 2024 to all shareholders on the register of members on 18th January 2024.

Resolutions 3 – 7

At each AGM one-third of the directors, or if their number is not three or a multiple of three, the number nearest to one-third, shall retire from office. The directors to retire by rotation include any director who wishes to retire and not offer themself for re-election. Any director who has served three years or more is required to retire by the articles of the Company and seek re-election. Anthony Ferrar (non-executive director), Michael Pocock (non-executive director) and Julie Taylor (executive director) have served three years since last being re-elected and accordingly are retiring by rotation and seeking re-election.

Full biographical details of each of the directors standing for re-election have been uploaded onto the Company's website, (www.jerseywater.je).

3.3 Ordinary Resolutions 3 and 4 – To re-elect Anthony Ferrar and Michael Pocock (Non-Executive Directors) (who retire by rotation in accordance with the Articles of Association of the Company) as a director of the Company

Mr Ferrar is a chartered accountant and has extensive experience within the UK water industry and service and manufacturing industries. Mr Pocock is a chartered civil engineer with over forty-four years' experience in the water industry having spanned across all aspects of water engineering and management.

3.4 Ordinary Resolution 5 - To re-elect Julie Taylor (Executive Director) (who retires by rotation in accordance with the Articles of Association of the Company) as a director of the Company

Mrs Taylor was appointed to the board as Operations Director in November 2021 and brought a wealth of experience and technical knowledge to the Company. Mr Taylor is a chartered process chemist by profession and an environmental scientist.

The Board considers that these directors standing for re-election, continue to make an effective and valuable contribution and that they all demonstrate commitment in their respective roles.

3.5 Ordinary Resolution 6- To appoint PKF BBA as auditors of the Company at a fee to be agreed by the directors.

To re-appoint PKF BBA as auditors of the Company at a fee to be agreed by the directors. The financial statements for the year ended 30 September 2023 were the first set of accounts for which PKF BBA acted as auditors of the Company.

4. Special Resolution

In addition to the resolutions that JNWW regularly bring to shareholders at their annual general meeting, this year, in order to:

(i) clearly set out the Company's objects as being to promote the success of the Company not only for the benefit of its members but to have a material positive impact on society and the environment as a whole; and

(ii) to ensure that the Company's constitution is up to date and continues to reflect current Jersey law and Jersey and UK market practice

JNWW are proposing to adopt new articles of association.

The principal changes to the articles of association are summarised in a summary document appearing at **Appendix C** to this Written Report.

The Special Resolution is:

"That the articles of association produced to the annual general meeting and initialled by the chair of the annual general meeting (for the purpose of identification) be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association."

5. Comptroller and Auditor General ("C&AG") reports on Annual Reporting

The C&AG issued a report in August 2020 whereby she reviewed the annual reports of the States of Jersey and Jersey entities either controlled by the States of Jersey or established by the States Assembly and required to prepare an annual report and/or accounts. The C&AG reviewed the content of all such annual reports and accounts against a set of good practice criteria she had developed. The August 2020 report contained a number of recommendations, of which the following ostensibly would have applied to JNWW:-

- improve the public annual reporting of performance to include all of the elements of best practice identified in the report.
- review the contents of the annual report to include best practice accountability reports including a directors' (or equivalent) report, a statement of responsibilities, a governance report and a remuneration and staff report.
- review and update the content of the next annual report to embrace the best practice principles noted in this report.
- develop the content of annual reports to include sustainability reporting using a framework appropriate to the entity.

The C&AG has subsequently issued follow up reports to her August 2020 report on annual basis and the JNWW annual reports regularly are cited as featuring examples of best practice.

6. Recommendation

The Minister is recommended to instruct the Treasurer and Greffier of the States to vote by proxy, in favour of the resolutions to be put before the Annual General Meeting of The Jersey New Waterworks Company Limited on 8 February 2024.

7. Reason for Decision

To fulfil the States' role as shareholder of The Jersey New Waterworks Company Limited by exercising voting rights at the Annual General Meeting.

The States of Jersey is the majority shareholder owning 100% of 'A' Ordinary shares, 50% of the issued Ordinary shares and a substantial holding of Preference Shares. This gives the States of Jersey 83.33% of the voting rights. The Directors of the Company have proposed six ordinary resolutions and a special resolution to be considered at the AGM. These are outlined in the report and in the Notice of the Annual General Meeting.

8. Resource Implications

There are no additional resource implications as a result of this decision.

Report author : *Advisor Shareholder Relations*	Document date : 16 January 2024
Quality Assurance / Review : *Head of Shareholder Relations*	File name and path: File name and path: \\ois\sojdata\TRY\Treasury\Sections\Treasury Operations\2019 restructure\Shareholder Relations\07. Ministerial Decisions\JNWW MDs\AGM 2024
MD sponsor : *Treasurer of the States*	

The Jersey New Waterworks Company Limited (the Company) Notice of Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you should immediately seek your own independent professional advice from your stockbroker, bank manager, lawyer, or other relevant professional advisor. This notice does not constitute investment, legal or taxation advice.

If you have sold or otherwise transferred all of your shares in the Company, please send this notice and the accompanying enclosures as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

Notice is hereby given of the Annual General Meeting (AGM) of the shareholders of the Company to be held on 8 February 2024 at Liberation Suite, Pomme d'Or Hotel, Liberation Square, St Helier, Jersey, JE1 3UF at 10:00am. As a shareholder, should you wish to vote at the AGM, we ask that you arrive no later than 9.15am to complete a polling card casting your vote (to consider and, if thought fit, approve the resolutions being put forward), at the AGM on the below ordinary resolutions, namely resolutions 1 to 6 and the below special resolution numbered 7.

Resolutions 1 to 6 inclusive are deemed to be ordinary business of the meeting for the purposes of the Articles of Association of the Company and are each proposed as ordinary resolutions. More than one half of the votes cast must support resolutions 1 to 6, inclusive, for them to be passed.

Resolution 7 is deemed to be special business of the meeting for the purposes of the Articles of Association of the Company and is proposed as a special resolution. To be passed in accordance with Article 90 of the Companies (Jersey) Law 1991 the majority votes required to pass this special resolution must be two-thirds.

Ordinary resolutions

1. To receive the financial statements and reports of the directors and auditors thereon for the year ended 30 September 2023.
2. To declare a final net dividend of 8.558 pence per share on the ordinary and 'A' ordinary shares of the Company.
3. To re-elect Anthony Ferrar (non-executive director), who retires by rotation in accordance with the Articles of Association of the Company, as a director of the Company.
4. To re-elect Michael Pocock (non-executive director), who retires by rotation in accordance with the Articles of Association of the Company, as a director of the Company.
5. To re-elect Julie Taylor (executive director), who retires by rotation in accordance with the Articles of Association of the Company, as a director of the Company.
6. To re-appoint PKF BBA Limited as auditors of the Company at a fee to be agreed by the directors.

Special resolution

7. In addition to the resolutions that we regularly bring to shareholders at our annual general meeting, this year, in order to (i) clearly set out the Company's objects as being to promote the success of the Company not only for the benefit of its members but to have a material positive impact on society and the environment as a whole and (ii) to ensure that the Company's constitution is up to date and continues to reflect current Jersey law and Jersey and UK market practice, we are proposing to adopt new articles of association. The principal changes to the articles of association are summarised in the appendix to this document.

   That the articles of association produced to the annual general meeting and initialed by the chair of the annual general meeting (for the purpose of identification) be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

By Order of the Board
Louisa McInnes
Company Secretary

Registered Office:
Durell House, 2nd Floor, 28 New Street, St Helier, Jersey JE1 1JW
7 December 2023

Explanatory notes to the Notice of Annual General Meeting

Ordinary business

Resolution 1: Report and accounts

Resolution 1 invites the shareholders to receive the Company's annual financial statements for the year ended 30 September 2023 together with the directors' report and auditors' report thereon. A copy of this document is included with the notice and is available on the Company's website. Further copies can be made available upon request to the Company Secretary.

Resolution 2: Dividend

The Board has recommended the payment of a final net dividend for the year ended 30 September 2023 of 8.558 pence per share on the ordinary and 'A' ordinary shares of the Company. The dividend will be paid (net of tax) by the Company on 14 March 2024 to all shareholders on the register of members on 18 January 2024.

Resolution 3 to 5: Directors retiring by rotation

At each AGM, one-third of the directors, or if their number is not three or a multiple of three, the number nearest to one-third, shall retire from office. The directors to retire by rotation include any director who wishes to retire and not offer themself for re-election.

Any director who has served three years or more is required to retire by the articles of association of the Company and seek re-election. Anthony Ferrar (non-executive director), Michael Pocock (non-executive director) and Julie Taylor (executive director) have served three years since last being re-elected and accordingly are resigning by rotation and seeking re-election.

Full biographical details of each of the directors standing for re-election have been uploaded onto the Company's website, www.jerseywater.je

By way of a summary, Anthony is a chartered accountant and has extensive experience within the UK water industry and service and manufacturing industries. Michael is a chartered civil engineer with over forty-four years' experience in the water industry having spanned across all aspects of water engineering and management. Julie was appointed to the board as Operations Director in November 2021 and brought a wealth of experience and technical knowledge to the Company. Julie is a chartered process chemist by profession and an environmental scientist.

The Board considers that the directors standing for re-election continue to make an effective and valuable contribution and that these directors all demonstrate commitment in their respective roles.

Resolution 6: Reappointment of PKF BBA Limited as auditors and authorisation for the directors to fix the auditors' remuneration

To re-appoint PKF BBA as auditors of the Company at a fee to be agreed by the directors.

Non-Executive Directors' fees

No change in non-executive directors' fees is proposed for 2024. The Board consider fees against prevailing market rates and any need to amend non-executive directors' fees on an annual basis and will next do so for consideration at the 2025 AGM.

Special business

Resolution 7: That the articles of association produced to the annual general meeting and initialled by the chair of the annual general meeting (for the purpose of identification) be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

The Company's articles of association were adopted in 2011. It is proposed that new articles of association are adopted in order to: incorporate a new objects article which clearly sets out the objects of the Company, reflect developments in practice, create additional flexibility, provide clarity to shareholders and embrace the evolving technological landscape.

The principal changes to the current articles of association are summarised in the appendix to this document. Article references within the appendix are to the new articles of association. Other changes of a minor, technical or clarifying nature have not been summarised in that appendix.

Appendix B

JerseyWater
for Island life

2023
Annual Report and Financial Statements

The Jersey New Waterworks Company Limited

Front cover image of Floating Earth at Queen's Valley: Photographer Max Burnett
Inside cover image of Floating Earth with Jersey Water employees: Photographer Jon Guegan

Contents

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 2022 to 30 September 2023.

2023 Highlights

1.4km Mains extensions
2022: 2.1km

1.78km Mains renewals
2022: 1.92km

one Floating Earth and **31,000+** visitors

£1,165k Profit before tax
2022: £6,765k

£19,397k Turnover
2022: £18,792k

6,777 Million litres
Water supplied
2022: 6,838 Million litres

Leakage rate
2.181 Million litres daily
2022: 2.215 Million litres daily

83.6% Customer Satisfaction Index
2022: 82.7%

£4,872k Capital expenditure
2022: £10,820k

£2,296k Dividend paid
2022: £2,180k

Water quality compliance **99.98%**
2022: 99.99%

Zero nitrate or pesticide failures in treated water
2022: Zero

14,608 Calls
9,000 Emails
Handled by customer services
2022: 15,714 Calls
2022: 8,000 Emails

Two additional board members appointed

Events and organisations supported **79**
2022: 98

New refill machines at Jersey Airport
1 2 3 4

Reusable bottles for public **6,378**
2022: 5,100

TEENAGE CANCER TRUST
£34,600 raised
2022: £17k for Dementia Jersey

116 litres
Water used per day per person
2022: 114 litres

6% Tariff increase
2022: 3.5%

Zero minutes lost to customer water supply
2022: Zero

98 Employees
2022: 89

Employees agree it's a great place to work **94.3%**
2022: 95%

Chair's introduction

Heather MacCallum

Chair

Extremes in weather and our response to them characterised the year. Indeed, they continued to do so in the new financial year, with the Island left reeling from the impact of Storm Ciarán in November 2023. Force 12 winds, heavy rainfall, gigantic hailstones and one of the strongest tornadoes to ever hit the UK caused untold damage and destruction for many in our community and to our natural landscape. While Jersey Water remained operational throughout, our properties did not escape unscathed. We have lost a substantial number of trees across our sites, including rare species at Val de La Mare's arboretum. As for many in the Island, we now focus on rebuilding what has been lost.

Looking back on the year, the changing weather brought variable operational challenges; from the exceptionally dry summer conditions last year that saw a hosepipe ban remain in place until autumn 2022 to the floods in January 2023 that inundated homes and business in Grands Vaux, to the unusually wet summer and autumn months. Once again, our Jersey Water team responded commendably, while maintaining industry-leading levels of water quality and customer service on which we pride ourselves.

Our drinking water is rated among the best in the world, evidenced once again by our quality compliance rating with EU and UK regulations and our customers have reported being even more satisfied with our service. These are outcomes we are proud of and work hard to retain for our community, both for today and tomorrow.

A financially and operationally resilient future

Jersey, like everywhere else, has been feeling the ongoing effects of the macro-economic climate during 2023, with concerns about recession, inflation, interest rates and other forces acting on our economy. This is reflected in Jersey Water's financial performance for the year, which fell below our target due to one-off costs such as an extended run of the desalination plant and the work that we have undertaken to support the Government of Jersey with its solutions for flood mitigation in Grands Vaux.

Meeting the needs of our stakeholders is our number one priority. We can only do this if we continue to invest in the future of Jersey Water, making sure we improve the Island's water supply infrastructure in times of drought and address the longer-term water deficit that the Island faces as our population grows.

We carefully review our tariffs on an annual basis to make sure any increase is proportionate and necessary to cover our operational costs and to provide sufficient revenue to fund our vital capital investment programme. In 2024, we will be increasing our water charges by 10.9%, in line with inflation (Retail Price Index June 2023: 10.9%). We remain mindful that many Islanders are experiencing financial pressures of their own and have therefore done all we can to limit what is passed onto our customers.

As we have seen lower levels of profitability this year, due to the ongoing pressures of the challenging economic climate, we have reflected this in the dividend. We view this level of dividend as necessary to ensure we have the resources to build a sustainable business through our strategic projects, in strengthening our operational and financial resilience, and making sure we can keep tariff increases at manageable levels for our customers. (See more about our finance and resources on pages 31-36.)

Our sustainability journey

Being a sustainable business is at the core of everything we do at Jersey Water; it drives our purpose and touches on every aspect of our strategic values and objectives. The work we undertook in 2022 and 2023, and will continue to do over the course of the coming year, to devise our sustainability strategy will allow us to measure and report on our performance and impact. Our intention is for sustainability to underpin our overall strategy, so that we don't just have a business strategy; we have a sustainable business strategy.

Together under one roof

A key part of our sustainability journey is bringing almost all of our operations under one roof so we can become more efficient at what we do. Last year, we purchased the Rue des Pres property that is planned to become Jersey Water's new hub and headquarters in 2025. This year, we made great progress with the redevelopment project, designing and submitting the planning application and completing the strip out in preparation for building works to begin, once planning permission is granted.

Committed to service

I would like to thank my fellow Board members for their support and commitment during another busy year for Jersey Water; a year that presented us with a variety of challenges but brought many accomplishments. Once again, I have been grateful for their insights and contributions, and I look forward to working with them all during the year ahead.

This year, we said farewell to Daragh McDermott after seven years of service, but welcomed two new members to the Board, as part of our succession planning. Donna Abel and Johanna Dow were appointed in March, following an anonymous and robust recruitment process, designed to remove bias and foster greater diversity. Both Donna and Jo bring great talent, expertise and differing perspectives to complement our existing Board skillsets.

Finally, my fellow Board colleagues and I would like to extend our thanks to everyone at Jersey Water for their continued commitment and service to the company and the Island. 2023 has not been without its challenges, but once again all our employees responded by continuing to deliver high levels of water quality and service to our customers. My thanks also go to our shareholders and other stakeholders for their ongoing support.

Heather MacCallum
Chair
7 December 2023

Operating review

Helier Smith

Chief Executive

My 8th year at the helm presented a variety of challenges which I am delighted to report our team rose to, in true Jersey Water style, demonstrating once again our intrinsic values, strong company culture and the overarching care we have for our community and our environment.

This is why we have set sustainability as one of our long-term business priorities; because we understand the very real need to protect our planet and the unique role we play as the sole provider of water in the Island. Our intention over the coming years is to take further proactive steps to be the most sustainable and resilient business we can be, by making sure our environmental and social impact is as positive as it can be. We have made considerable efforts this year to assess and benchmark our performance to establish our sustainability journey; we have strong foundations and, with our strategy now defined, we have clear direction. More detail about our approach to sustainability can be found on pages 37-42. We look forward to sharing our progress with you over the coming years.

From a water supply perspective, it was a strong year of performance, with our Operations, Water Quality and Network teams all delivering the seamless levels of service from source to tap that our customers expect. We are delighted that we continue to provide some of the best quality drinking water, retaining high rates of compliance (from 2019 to 2023: 99.98% average). Our investment in new processes and technology during 2023 improved our already industry-leading leakage rates even further. Our quick response to fixing disruptions to customers' water supplies again resulted in properties on average being without water for less than a minute (compared to a UK national average of 12 minutes[1]). As ever, our customers remain our number one priority. We are committed to providing high levels of service. And we do. Year-on-year, our customers report being increasingly satisfied when dealing with us. In 2023, 83.6% (2022: 82.7%) of people surveyed highly rated their customer experience, compared to the all-sector UK average of 76.6%. Customers also still believe we represent value for money, despite the rising cost of living (2023: 73%, 2022: 74%).[2]

After the drought of 2022, we entered the year feeling the effects of water scarcity. However, a wet start to 2023 set the tone for the rest of the year, with a summer that was 145% wetter than the previous year. We ended the financial year with water resources in a strong position, with reservoir levels at 70%. Looking at long-term weather records, the period from January to September 2023 was in fact the 9th wettest since 1865.

£19,397k

Turnover

2022: £18,792k

£1,165k

Profit before tax

2022: £6,765k

[1]*Average minutes lost per property per year. Results based on loss of supply events over three hours or longer. Source: Water UK; England and Wales, Apr 2021– Mar 2022*

[2]*Results from our annual Institute of Customer Service (ICS) survey*

With more regular variability in weather patterns and the future climate change projections, our work is critical for ensuring the Island has a resilient water supply.

January, in particular, saw the Island hit by heavy rainfall, with 60mm falling over a 19-hour period that caused significant flooding in Grands Vaux and upheaval and distress for members of our community. While neither Jersey Water operations nor the reservoir caused or worsened the flooding, the incident has led to detailed work between the Government of Jersey and other agencies to understand the root cause and investigate ways in which flooding in the area could be prevented or managed more effectively. This work, which is ongoing, has involved comprehensive studies to assess to what extent the reservoir could be used for flood protection in the future, whilst remaining protective of water resources, water quality and public safety. At the end of the financial year, Jersey Water had incurred costs of approximately £190,000. We will continue to work with the Infrastructure and Environment Department to complete this important work, which is outlined on pages 19–20.

With more regular variability in weather patterns and future climate change projections, a key part of our role involves understanding and addressing the Island's water supply challenges. In 2023, we started work on updating our water resources and drought management planning for the next 40 years. This work is critical for ensuring the Island has a resilient water supply. Our planning will provide options for meeting the forecast deficit of 8.2 million litres per day that Jersey will face by 2045. One of the solutions which we have already started work on is the expansion of the desalination plant. 2024 will see us finalise our designs for this work, with a view to starting the redevelopment before 2030.

Making sure we have the people and technical skills necessary to provide our services is not without its challenges. So that we attract and retain the right talent, we continue to address skills, succession planning and resilience risks. To this end, in 2023, we established our Operational Leadership team; a skilled group of senior leaders who are representative of all areas of the business and will now support the Executive Committee with the smooth and efficient running of the company.

The safety of our people at work is something we take very seriously. We work hard to provide our team with the training, equipment and working environment they need to operate safely. In 2023, we had the equivalent of one day of lost time due to an accident (2022: 0 days). We have a dedicated manager who looks after all aspects of our health and safety provision, to make sure we continue to meet all required standards in this area.

Financially, with a profit before tax of £1,165k, our performance for the year was lower than the 2022 profit of £6,765k which included exceptional one-off financial gains. Turnover increased by £605k to £19,397k, driven by a 6% increase in water revenue and a 4% increase in non-water revenue. Operating costs for the financial year were £17,457k, which was higher than 2022 (£15,498k). This was due to significant increases in the cost of materials, labour and power, brought about by macroeconomic factors beyond our control combined with specific costs relating to one-off events, such as continuing to run the desalination plant during the drought and the Grands Vaux flooding incident. Overall, like-for-like profit before tax for the year was £1,231k, compared to 2022's profit of £2,745k. Capital expenditure for the year totalled £4,872k compared to £10,820k in 2022, which included the purchase of our headquarters, Douet House. Refer to page 35 for a detailed breakdown of the 2023 capital expenditure.

While our financial position is stable, in order to respond to rising operating costs and strengthen our resilience for the future, from 1 January 2024, our water charges will go up by around 12p per day for an average household. We are proposing a final dividend payment of 8.558p per share, making a total dividend for the year of 15.874p per share. This represents a 33% decrease (2022: 23.693p per share). These measures are a necessary response to the ongoing economic climate and the need to invest in our infrastructure. They will enable us to continue to deliver the high quality water supply and service levels that customers expect, while ensuring the resilience of our Island's water resources, network, treatment facilities and other operations to provide a sustainable water supply for current and future generations.

Looking back on 2023, I am immensely proud of what Jersey Water has achieved. For a relatively small organisation, we have a big purpose. I am always impressed by the enormity of what we achieve on a day-to-day basis to ensure our Island is supplied with water. As we close another financial year and start to embark on our business plan for 2024 and 2025, and beyond, my thanks go to the incredible team at Jersey Water for their continued hard work and support. Thanks also to the Board for their valued insights and guidance. And finally, to our shareholders and other stakeholders for supporting the company as we pursue our purpose of supplying water for the Island to thrive, today and every day.

Helier Smith
Chief Executive
7 December 2023

Jack Findlay, Engineer

Our business

Our purpose

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

What we do

We collect, treat and supply 18.6 million litres of clean water every day to more than 40,000 households and 3,600 businesses in our community.

Our values

WE CARE

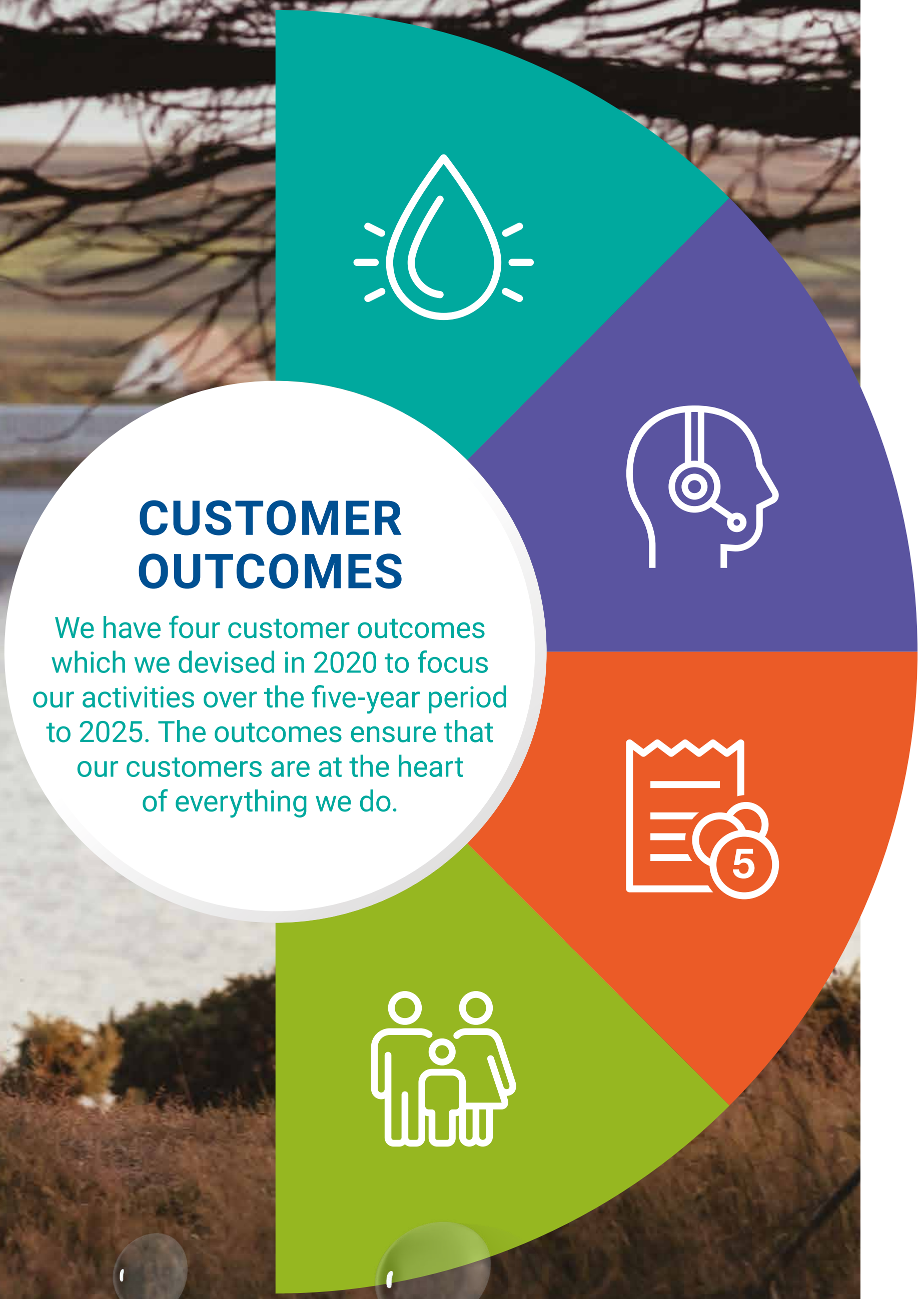
We care for colleagues, our customers and more widely for the environment we serve. We act thoughtfully and with kindness at all times.

WE ARE AMBITIOUS

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.



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.

Environmental and community benefits

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

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

Principal and emerging risks

Listening to our customers and stakeholders

Community benefit

- **Provide households and businesses with access to a reliable, safe water supply**
- **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 2022	Actual 2023	Target 2023
Water quality compliance %	99.99%	99.98%	> 99.98%
Customer contact regarding the acceptability of the water (zonal rate per 1,000)	0.65	0.96	<1.1
Leakage (million litres per day)	2.215	2.181	2.097
Water supplied (million litres per year)	6,838	6,777	NA
Per capita consumption (PCC litres per day)	114	116	<116
Length of mains renewed (km)	1.92	1.78	1.68
Supply interruptions (customer minutes lost)	00:00 minutes	00:28 seconds	<02:00 minutes
Water restrictions	Temporary use ban	None	None
Number of new connections made in the year	299	307	185

2023 Highlights

99.98%
Water quality compliance
2022: 99.99%

ZERO
Nitrate or pesticide failures in treated water

100%
compliance with regulatory standards for per- and polyfluoroalkyl substances (PFAS) and lead

- Carried out comprehensive maintenance works for desalination plant
- Developed an outline design for extending desalination plant to increase production capacity and improve drought resilience
- Improved operational resilience of water treatment works by replacing key systems
- Took part in industry-wide research project to optimise algae treatment in raw water supplies
- Installed more remote monitoring devices on mains network to more quickly detect leaks and burst mains

2024 Key initiatives

- Continue our work to update our Water Resources and Drought Management Plan outlining our strategy to manage the forecast deficit in the Island's water supply
- Complete the outline design to extend the existing desalination plant
- Begin work to upgrade key systems at our water treatment works
- Adopt new practices for managing algae blooms, following initial findings from collaborative research project with UK universities
- Continue to trial Smart Metering technology
- Continue to support and work with the Government of Jersey on flood protection in Grands Vaux

For more than 140 years, Jersey Water has been delivering safe, high quality water to Islanders, 24 hours a day, 365 days a year.

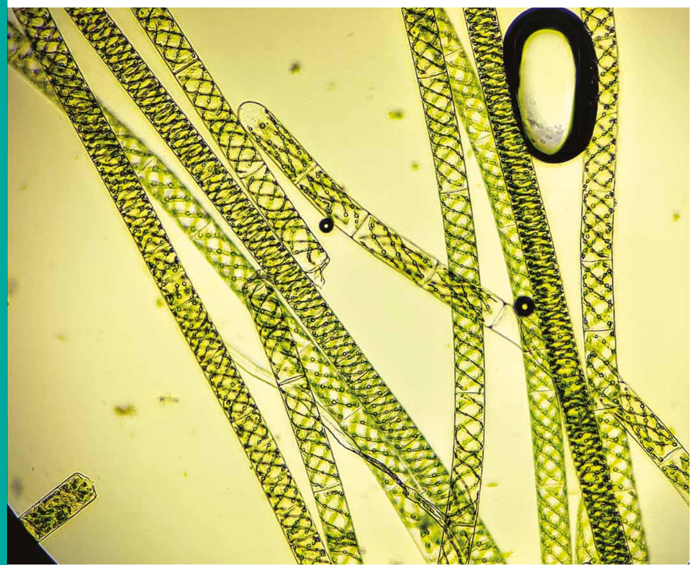
We are proud that drinking water quality in Jersey is among the best in the world, demonstrated annually by our compliance with stringent UK and European quality standards. This year, our supply continued to be of excellent quality, with 99.98% of all samples of our treated supplies and 100% of all tests at our treatment works meeting regulatory requirements. The 2022 Environmental Performance Index (Yale)[1], which includes a global measure on safety of sanitation and drinking water, ranks the UK in the top six performing countries in the world and, while Jersey does not feature in the report, our water quality exceeds the UK's standard.

Day and night, our Water Quality and Operations teams check and monitor our water supply at all stages of our supply process to make sure our water meets the relevant standards. We use the latest technology and sophisticated monitoring systems to continually supply high quality water every time customers turn on their taps; we test both the untreated water stored in our reservoirs and elsewhere around the Island, and the treated water that we supply to Islanders. During our financial year from October 2022 to September 2023, we completed more than 27,000 sampling tests from untreated water and our water treatment works, and we visited more than 250 customers to check the quality of the water from our source to their taps. From this testing, just three samples were outside of the respective regulatory parameters and presented no risk to public health. We have thoroughly investigated and taken action to prevent similar failures happening in the future.

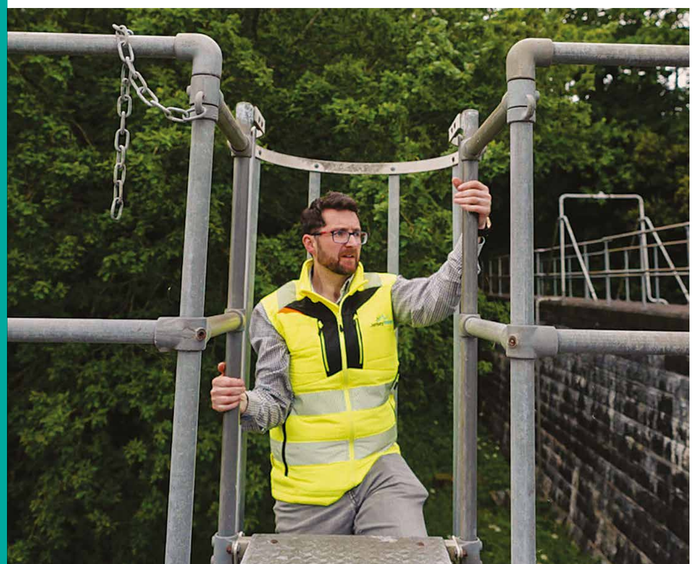
1 Wolf, M. J, Emerson, J. W., Esty, D. C., de Sherbinin, A., Wendling, Z. A., et al. (2022). 2022 Environmental Performance Index. New Haven, CT: Yale Center for Environmental Law & Policy. epi.yale.edu

Max Jouault and Katie Minchinton, Water Quality Technicians

Jack Irving, Operational Scientist



A sample of water silk algae (Spirogyra spp) from Queen's Valley reservoir



Patrick Oakes O'Connor, Head of Production Operations

Investing in safe drinking water

In 2023, we had zero failures in our treated drinking water for nitrate or pesticides. In fact, for more than a decade, our drinking water has been compliant with the nitrate standard of 50 milligrams per litre and, for the 7th consecutive year, compliant with the pesticide standard of 0.1 micrograms per litre. This is the result of extensive work by the Action for Cleaner Water Group, (made up of Jersey Water, the Government of Jersey and the farming community) to make water quality improvements and protect the Island's catchments. In an ongoing commitment, we are working closely with key land users to promote biodiversity and land management practices, particularly in the agricultural sector, that are sustainable and reduce pollution risks.

Since 1989, we have been closely monitoring the level of per- and perfluoroalkyl substances (PFAS) in both raw water and drinking water and today we have an extensive sampling and analysis programme in place. The results of our testing provide assurance that Jersey's drinking water supply remains fully compliant with water quality limits for PFAS set by the EU Drinking Water Directive and UK Regulations.

We continue to work closely with the Government of Jersey's PFAS Technical Officer Group to investigate the pollution in the vicinity of the airport within the St. Ouen's Bay aquifer and Pont Marquet catchment. To manage the potential water quality risks from these catchments, we have suspended the use of these sources since November 2022. By taking this action, we are minimising PFAS as far as we practically can, without jeopardising our resources. However, the Island needs a holistic solution to address the pollution issue and both the current and future water quality risks presented by PFAS.

To reduce the amount of lead that could dissolve into drinking water from lead pipes or solder, we have plumbosolvency control treatment in place. During the year, we replaced 277 lead communication pipes, as part of our own planned programme of work and when customers upgraded their own supply pipe. We achieved 100% compliance with the drinking water standard for lead, a significant improvement compared to before we started our phosphate dosing strategy in 2014. We continue to review our approach to ensuring lead in drinking water is minimised and this has driven the continuous improvement in compliance with the current Jersey standard and the lower EU Directive standard.

Over the last ten years, we have replaced 16.32 kilometres of water mains and removed iron sediment which causes water discolouration. While more customers contacted us about water quality in 2023, we have seen an overall reduction in the number of customers reporting discoloured water in the last decade.

During 2023, we participated in an industry-wide research project with the Universities of Cardiff and Bath to better understand how to manage algae blooms and manganese in our raw water storage reservoirs. We also optimised our treatment programme which will minimise the risks of adverse taste, odours and manganese which can cause discolouration. As part of this project, we have maximised our chemical dosing techniques for managing algae, which has led to us using fewer chemicals and less manpower. This is better for the environment and more economical.

Planning for our future water supply

We currently supply an average of 18.6 million litres of water per day to some 40,000 homes and 3,600 commercial properties across Jersey. With the forecasts on population growth and the impact of climate change, it is estimated that demand for water during dry weather conditions will increase by 15% - from around 21 million litres per day in 2019-2020 to nearly 24 million litres by 2045.

In 2023, we saw the Island's yearly water demand reduce by 3.7%. It was a wet year overall with above average rainfall for seven of the 12 months from October 2022 to September 2023, there was 1,154mm of rain compared to just 795 mm for the same period the year before. July and August 2023, in particular, were very wet; 241mm of rain compared to 45 mm for the same months in 2022. This meant we had a plentiful supply of water during the summer months, in sharp contrast to the Europe-wide drought of 2022.

During the year, we made progress on the measures outlined in our 2021 Water Resources and Drought Management Plan, including:

- Rolling out water catchment and raw water protection initiatives to improve water quality and protect valuable raw water sources from pollution and algal blooms
- Completing the outline design to increase the production capacity of the desalination plant
- Reducing leaks in our distribution network
- Contributing to the scoping of an enhanced Water Strategy for Jersey in conjunction with the Government and other stakeholders.

Mark Manton, Head of Strategic Operations

We also started work to update the Water Resources and Drought Management Plan to reassess how Jersey Water currently will meet the future supply and demand balance for the Island based on the latest population data and best available techniques. We will continue this project through 2024 and publish the updated plan in 2025.

Worldwide, climate change is worsening both water scarcity and water-related hazards like floods and droughts. We will always actively encourage our customers to use less water, a unique role for a company supplying its product. The year-end forecast for Jersey's per capita consumption in 2023 was 116 litres per person per day, which is significantly lower than the UK average of nearly 146 litres[2]. Our smart meter trial is exploring how we can further improve water use behaviours in the Island (detailed on page 18). This will complement our existing efforts of providing tools like the GetWaterFit water savings app and ongoing water efficiency campaigns.

Tackling water loss is a critical step in safeguarding our water supply and making it resilient for the future. As you will see on the following pages, we have the lowest levels of leakage for any water company in the British Isles, a position that we've maintained since it was last benchmarked in 2017. We have also set an ambitious five-year reduction target that we are on track to achieve.

[2]According to OFWAT, 145.5 was the UK average for 2022-2023

1.78km

of existing water main pipework renewed

2022: 1.92km

277

lead communication pipes renewed

2022: 227

Exercise at desalination plant to locate entrance of 1960s sub-sea tunnel. Credit: Bam Perspectives

In 2023, our Operations team successfully delivered several maintenance and improvement projects to strengthen our resilience, reliability and water quality. This was in addition to committing our time and resources to supporting the Government of Jersey with the ongoing response to the Grands Vaux flooding incident, which occurred in January 2023.

We continued our work this year to develop an outline design for expanding and enhancing our desalination plant. We undertook and commissioned numerous site investigations and surveys to substantiate the field data and engineering design. Islanders will remember when we temporarily turned the sea green off the headland near the plant to locate the entrance of a 1960s sub-sea tunnel in a coordinated exercise with Ports of Jersey. The result of all our investigative work is a design that increases our water production at the site by 50% and enhances water quality by installing a remineralisation process to replace minerals that are lost during desalination. With the increased output that the expanded plant would provide, the remineralisation process would be a key part of the upgrade, to ensure the overall quality of the desalinated water that enters our wider water network. In 2024, our work will continue to examine opportunities to enhance resilience of water transfers across the Island.

In parallel to this design work, we gave the existing site a substantial overhaul to make sure all our critical mechanical equipment is in good order. We serviced the main pumps and pressure exchangers to improve the efficiency and reliability of the plant in case it was needed for production over the summer, which did not materialise due to the wet weather.

We are committed to ensuring high quality water and operational efficiency in the delivery of safe drinking water. In the early part of 2023, a new synchronous reluctance motor was successfully integrated into our treated water delivery main system. This strategic upgrade means we can maintain consistent water flow rates to our treated water service reservoir, while significantly reducing energy consumption costs.

Ben Moody, Facilities

Laying mains

Our mains network strategy

Connecting new customers to the mains water network and renewing our existing network remain key priorities for us. We estimate that 2,500-3,000 Jersey properties are not currently connected to the mains water supply, which is roughly 5% of the total number of domestic households.

In 2023, we continued to invest in mains extensions and installed a further 705m of treated water main: we laid 309m of water main at La Rue De La Ville Au Bas in St Ouen, adding 13 new properties to the network and the other 396m was part of a shared trench scheme with Jersey Electricity in La Rue De la Mare Bellam in St John. The commissioning of this water main and new connections will be completed when we commence phase 2 of the scheme next year. In phase 2, we will extend the water main by an additional 500m, providing the opportunity for an additional 38 properties to connect to the network. In total, during the year, we installed 307 new connections, of which 13 were part of our mains extension project and 294 were at the request of developers and customers.

Over the past year, we have made further investments in our network infrastructure, adopting new working practices and technology to optimise the service we give to our customers. As a result, we continue to reduce the level of leakage on the mains network and minimise interruptions to customer supply, while maintaining water quality and encouraging water efficiency. We installed more remote monitoring devices across the network which means we can detect leaks and locate and repair burst mains quicker than ever before. We dealt with 15 burst mains during the year and reduced leakage to 2.181 millions of litres per day, just missing our 2.097 target. Once again this year, we demonstrated our efficiency for detecting and repairing leaks by maintaining one of the lowest rates of leakage in the UK water sector.

We also improved our already-industry leading rates for minimising the average length of time that customers go without water in excess of three hours due to interruptions to their supply. In 2023, customer minutes lost averaged 28 seconds due to disruptions caused by bursts, leaks or work being carried out on the network. We continue to reduce the frequency and the length of these disruptions. By comparison, in the UK, the figure is an average of 12 minutes lost per property per year[3].

Despite some technical challenges, we made progress with our Smart Metering trials in 2023 and will continue this work throughout 2024, with completion due in March 2025. We have been trialling two different technologies, NBIOT and LoRaWan, with two telecoms platform providers and 2,383 properties. If the technology and cost prove to be beneficial, and align with our other priorities and projects, we will seek to roll out Smart Metering Island-wide, installing intelligent meters across most of the network. If the trial is successful, it would mean meter reading can be automated further and done remotely, capturing improved data. For customers, there could be a number of benefits, including a customer app to monitor their water use and better billing information. It would also lead to earlier and more accurate leak detection.

[3](Water UK: England and Wales April 2021-Mar 2022)

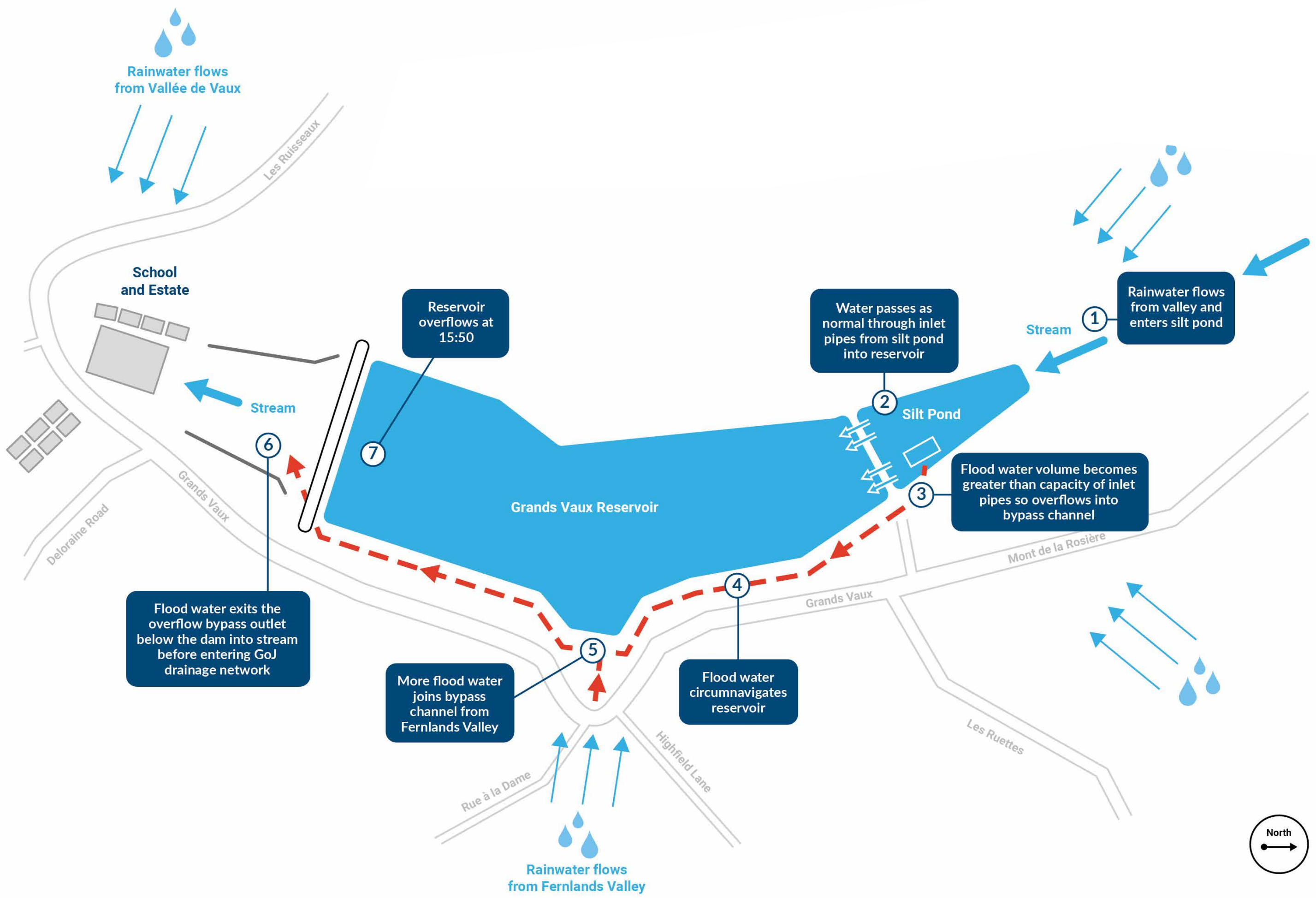
Flooding in Grands Vaux valley

If ever we needed a clear indicator of the effects of climate change and the need for us all to take positive action to reduce our impact on the environment, we saw it with the extreme weather events that Jersey experienced over the six months from July 2022 to January 2023. No sooner had we lifted the hosepipe ban in November, after one of the driest summers on record and one of the longest operation of our desalination plant, the Island was hit by some of the worst flooding in recent years.

On 17 January 2023, several days of prolonged and heavy rainfall caused significant flooding in Grands Vaux, which led to multiple homes being evacuated and a major incident being declared. Over a 19-hour period, more than 58.6 mm of rain fell in the valley, equating to approximately one Olympic-sized swimming pool coming down and around the catchment every seven minutes.

The diagram below shows what happened on the day. The volume and pace of the floodwater coming down the valley was so substantial that it bypassed the reservoir and overwhelmed the downstream drainage network. Members of our Jersey Water team were on the scene all day and over subsequent days, supporting the emergency response efforts and pumping millions of litres of water away from the area.

Since the events of 17 January, there remain, understandably, very real concerns about future flooding in Grands Vaux and what protection there is for the school, residents and businesses from another significant or even greater rainfall event. While the cause of the flooding was not connected to our Jersey Water operations or the reservoir, everyone at the company understands the upheaval and upset the flooding caused for those directly affected. This is why we have done all we can over the course of the year to support the Government of Jersey to find solutions to mitigate flooding in the area and to educate the public about the reservoir's critical role for supplying water to the whole Island.



During the year, we met with people living and working in the valley, as well as pupils and teachers at Grands Vaux primary school, to reassure them about the safety of the reservoir and to explain that it did not cause or worsen the flooding. We gave a number of tours of the dam to Islanders, the primary school, members of the Government, the emergency services, the Met Office and Andium Homes, taking them through how the reservoir operates and how it performed on the day. We also attended three meetings hosted by the Government for residents and businesses to provide updates on the work we were undertaking and to answer their questions.


Grands Vaux school children on tour of reservoir


Our Board members on a tour of Grands Vaux reservoir


Grands Vaux residents meeting


Residents and businesses on a tour of Grands Vaux reservoir

Since the flooding, we have been working extensively with the Infrastructure and Environment Department to update the Grands Vaux flood management plans, explore new flood defence options and enhance early warning systems up and downstream of the reservoir. A large focus of the joint working has been on whether the reservoir could play a role to prevent or alleviate flooding in the future. The assessment is ongoing but, during the year, we commissioned independent studies into the suitability of it being used for flood defence, factoring all relevant technical and safety aspects. A key consideration is the reliance on the Grands Vaux catchment for our Island-wide water supply and water quality; it is Jersey's largest water catchment and accounts for approximately 20% of the Island's water requirements. Additionally, the design and small size of the reservoir, relative to the significant volumes of water that can be generated during heavy rainfall, limit the protection that it could provide without material modification.

We will continue to work with the Government, other agencies and our community to investigate workable solutions to mitigate flooding in the area. At the end of the financial year, our work on Grands Vaux, which is ongoing, had cost Jersey Water in the region of £190,000.

With extreme weather events predicted to become more frequent in the future, as an Island we need to develop greater resilience to both drought and flooding and we are committed to supporting this important work for the benefit of our community.

Great customer experience

Key results	Actual 2022	Actual 2023	Target 2023
Customer satisfaction index (%)	82.7	83.6	+/-5
Net promoter score (see page 22)	39.7	40.4	+/-5
Right first time (%)	66.4	65.1	>75
How easy we are to do business with (out of 10)	8.6	8.7	Trend not decreasing
Trust score (out of 10)	8.2	8.2	Trend not decreasing
Customer complaints (per 1000 properties)	0.47	0.32	Trend not increasing
Text feedback score (out of 10)	9.08	9.43	Trend not decreasing

2023 Highlights

53% of customers now receive e-bills
2022: 49%
+4%

Improving our customer satisfaction rating and outperforming other UK companies on customer experience and complaint handling

"So helpful and competent, a pleasure to deal with"

"Very knowledgeable and helpful"

2024 Key initiatives

Renewing our focus on getting our customer service "right first time" by improving our customer journeys and information sources, delivering proactive and informative communications, and ensuring coordinated service delivery across departments

Continuing to make process improvements to drive digital efficiencies and free up our team to focus on providing excellent customer interactions

Supporting customers who are struggling to pay their bills and promoting water efficiency with water saving campaigns and GetWaterFit app

"Professional, courteous and answer emails in a timely manner"

Nicky Van Der Vliet, Senior Customer Services Advisor

Every aspect of the work we do focuses on our customers; whether that's our Operational teams making sure we get water from source to tap, our Water Quality team rigorously sampling and testing our supply, our Network team renewing and extending the mains network and detecting and resolving leaks, or our Customer Services team fielding enquiries.

To make sure we continue to deliver the best possible service, we listen to our customers. Every year, the Institute of Customer Service (ICS) undertakes a customer satisfaction survey on our behalf, to benchmark our performance with other utilities and UK companies.

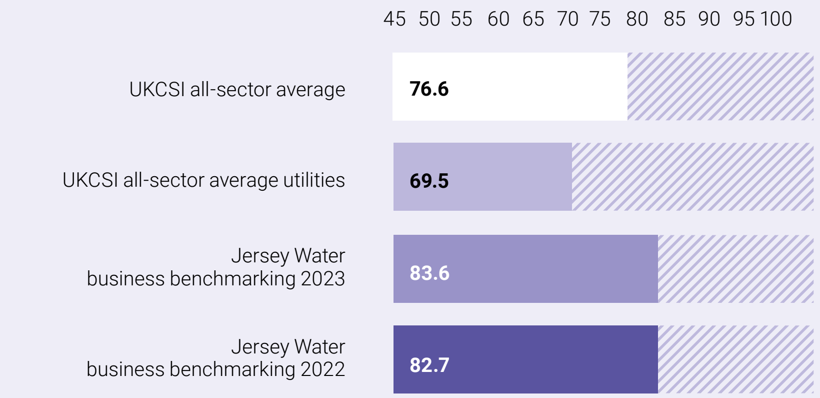
Once again, in 2023, we improved our overall rating for customer satisfaction and, for the 6th year running, we outperformed the average ratings for all UK sectors and utilities that we were benchmarked against. Our score went up to 83.6% (2022: 82.7%) and every year our customers say they are finding it easier to do business with us, rating us 8.7 out of 10 (2022: 8.6).

In addition to ICS survey, we record our own internal standards of customer satisfaction by conducting call reviews on our Customer Services colleagues, which this year averaged 96%. We also use a text feedback service to monitor how consistently we engage with our customers, with an overall score for the year of 9.43 out of 10, compared to 9.08 for the previous year.

We see complaints as an opportunity for learning how we can improve our services. In 2023, we dealt with 11 formal complaints, which was seven fewer than the previous year (2022:18 complaints). We make a point of investigating any complaint we receive so we can understand what went wrong and how we can do things differently. The ICS survey feedback helps us identify the key touchpoints, pain points and opportunities that our customers go through as they interact with us so we can make improvements. We also really value direct feedback and are looking at ways to make it easier for customers to share their views with us.

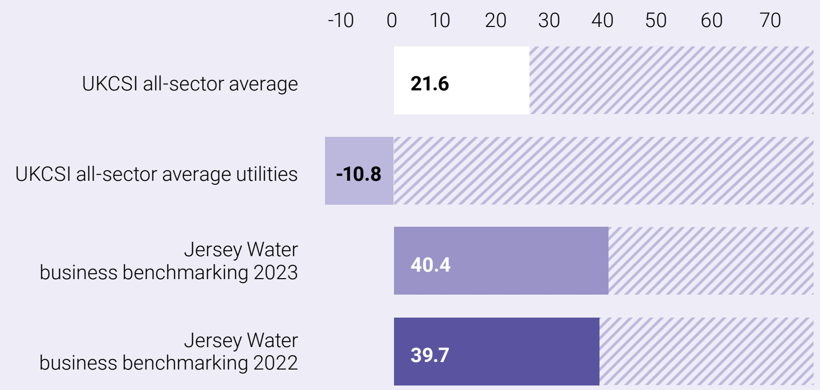
For the year ahead, we will be focusing on getting our service "right first time", as this is one area where customers have indicated we could do better. We will aim to do this by improving our customer journeys so people can easily access the information and services they are looking for; by proactively and regularly contacting our customers so they feel more informed; and by making sure all aspects of our services are coordinated so the overall experience of dealing with us is seamless and enquiries are resolved in one interaction.

UK Customer Satisfaction Index (UKCSI)



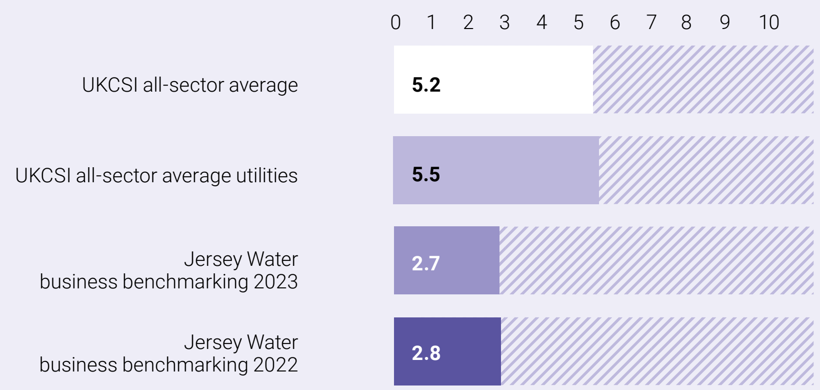
UKCSI July 2023 data sourced from nationwide ICS survey panel of 10,000 customers. Our business benchmarking survey data is based on respondents from the customer survey. The results are generated from a total of 430 customer respondents.[1]

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 customer.[1]

[1] Survey data as provided by the Institute of Customer Service.

Fair and affordable bills

Key results	Actual 2022	Actual 2023	Target 2023
Value for money rating (out of 10)	7.4	7.3	Not reducing
Tariff increase/ retail price index (RPI)	3.5%	6%	At or below RPI
Bad debt as a percentage of turnover	0.06%	0.05%	0.08%

2023 Highlights

97%
of customers pay for water by meter
2022: 97%

6%
tariff increase effective 1 January 2023
(This increase was less than inflation June 2022 RPI: 7.9%)

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

2024 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 10.9% with effect from 1 January 2024 (in line with RPI as at June 2023) and no further increases before 1 January 2025

Our customers expect to pay no more than is necessary for their water. Charges need to be fair and affordable; providing value for money, being cost reflective; and allowing for sufficient revenue to ensure that the long-term financial sustainability of the company is maintained, and suppliers of finance are fairly recompensed. We also need to make sure there is sufficient investment in our infrastructure to ensure our future resilience and ability to adapt to climate change.

We remain committed to keeping tariff increases to a minimum as constrained by investment requirements, operating expenditure and return on capital employed targets, ideally, maintaining a real-term decrease in prices over a ten-year period. In our annual ICS survey, we collect feedback from customers on the affordability and value we provide. With the cost of living currently rising, the average value for money score for 2023 remained broadly in line with last year at 7.3 out of 10 (2022: 7.4 out of 10).

To ensure our water stays affordable, we have historically limited price increases to at or below inflation. This policy has been successfully applied in all but three of the past 20 years. Adjusting for the effects of inflation, the price of water has decreased in real terms by 19% over that period thanks to our commitment to cost efficiency.

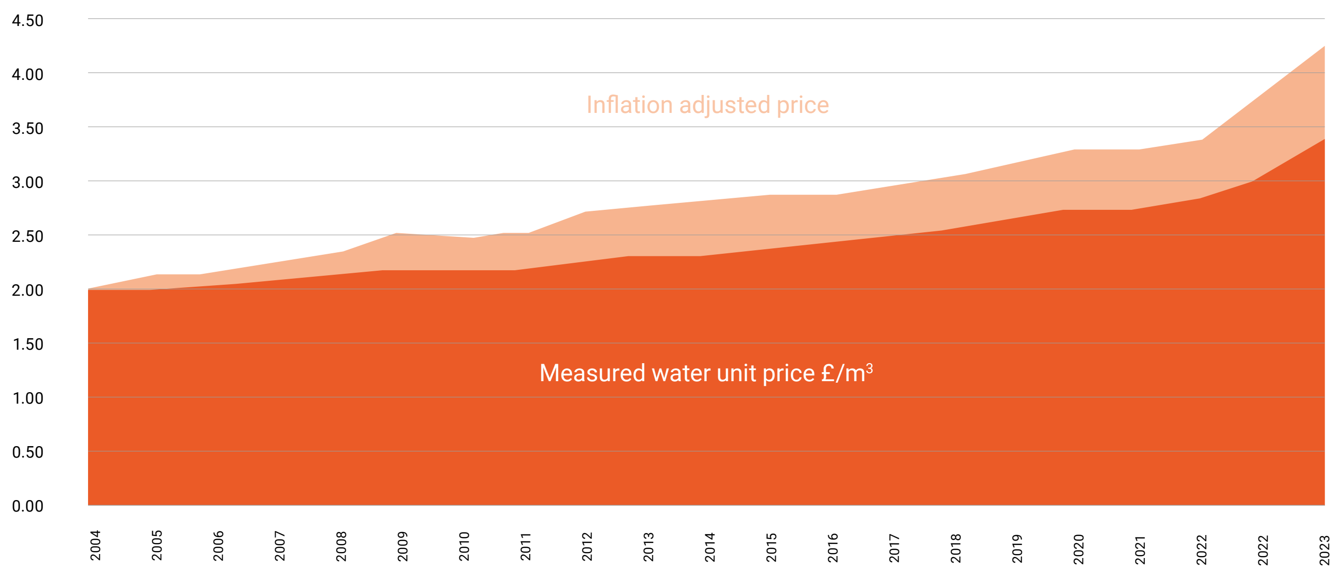
Similar to other industries, the costs of energy, raw materials, labour, transport and financing continue to rise. Consequently, so does the cost of providing our service. There is also upward cost pressure from the investment necessary to advance our strategic plan and address key risks (such as the impact of climate change/ drought, skills shortages, succession planning and cyber resilience) while encouraging our customers to use our product less.

In balancing these factors, we are also mindful of the pressure being placed on household budgets by the current high rates of inflation in our tariff consideration. We did this by limiting the cost increases passed on to the customer in 2023, keeping our tariff increase below the most recent RPI and maintaining the ten year real-term price decrease.

In October 2023, we announced that water charges would increase by 10.9% from 1 January 2024 to accommodate rising service costs and support our business plan for 2024. This increase is in line with RPI against which our tariffs are benchmarked (June 2023: 10.9%).

Looking ahead, we remain committed to balancing the need to minimise increases in water charges with the need to continue to invest in the Island's water-supply infrastructure and address the risks listed on pages 45-50.

Price of water



Environment and community benefits

Key results	Actual 2022	Actual 2023	Target 2023
Environmental regulatory compliance (%)	100	100	100
Community events supported	98	79	>75
Funds raised for charity	£17k	£34.6k	£20k

2023 Highlights

100% compliance with environmental regulations

Partnered with ArtHouse Jersey to host Floating Earth art installation attracting 31,000+ Islanders to Queen's Valley

£34,600 raised by employees for Teenage Cancer Trust Jersey Appeal

Supported events with:

82,000 litres of water
2022: 84,000

6,378 reusable water bottles
2022: 5,100

Installed first public outdoor water refill station in town and four indoor refill points at Jersey Airport

Ongoing support for community events

- Battle of Flowers
- Boat Show
- Caesarean Cycling Club
- CI Surfing Championships
- Dementia Jersey
- Durrell
- Family Nursing and Home Care
- Farmers Cricket Club
- Forest Friends
- Genuine Jersey
- Gorey Fete
- Government of Jersey events
- Various Island primary and secondary schools
- Jersey Marathon
- Jersey Classic and Modern Trials Club
- Jersey Cricket
- Jersey Hospice Care
- St Martin's Bonfire
- Trail Monkey Running
- Jersey Fire and Rescue
- Jersey Bat Group

Committed to three-year sponsorship deal with Jersey Trees for Life to look after Val de la Mare arboretum

Partnered with Jersey Electricity and Jersey Telecom on National Trust's Green Grid hedgerow regeneration project

Sponsorship

- ArtHouse Jersey
- Jersey Farming Conference
- Jersey Trees for Life
- National Trust for Jersey

2024 Key initiatives

Start implementing sustainability strategy

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, MacMillan Jersey

Support Jersey Trees for Life with Val de La Mare arboretum maintenance project

Connecting people and protecting our Island

Every year, we support local organisations and charities with projects that have a positive impact on our community and environment. As well as strengthening existing partnerships in 2023, we also built new relationships that have fostered exciting initiatives for the longer-term benefit of our Island.

Educating our community on water responsibility is an important part of our work; we are committed to reducing our impact and creating lasting environmental change. A successful project in 2023 was our *Refill and Revive* campaign, where we installed four Jersey Water-branded water stations at Jersey Airport to encourage travellers to take a stand against single-use plastics by refilling their own bottles. In the first two months of operation, the machines had already clocked up 41,500 refills, saving the same number of plastic bottles. In January 2023, we also installed an outdoor refill point at the Weighbridge; the first of our programme to roll out a minimum of two stations per year across the Island.

Once again, our team dedicated lots of time in 2023 manning our Hydration Station at local events, including the Boat Show and local festivals; Out-There, Weekender and Channel Islands Pride. We provided water refills and sold reusable water bottles to raise funds for our 2023 chosen charity of the Year: Teenage Cancer Trust Jersey Appeal.

Thanks to these efforts and other fundraising activities, we donated £34,600 to support their important work helping Jersey teenagers fighting cancer.

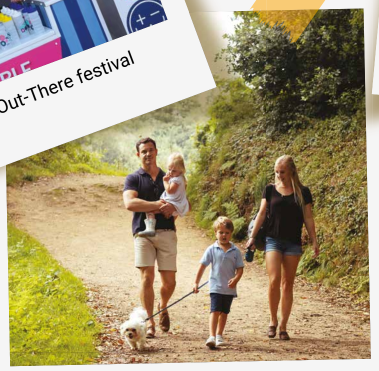
Perhaps the most memorable event we were involved with this year was bringing renowned artist Luke Jerram's Floating Earth to the Island, in collaboration with ArtHouse Jersey. Over 12 days, more than 31,000 people came together to experience this stunning replica of our planet, installed on Queen's Valley reservoir. It united our Island's diverse communities, offering a fresh perspective of earth and the shared responsibility we all have to protect it.

Working to directly help protect our Island environment, we support initiatives connected to fostering our natural ecosystem. In 2023, one of these was our partnership with Jersey Electricity and Jersey Telecom to sponsor the National Trust for Jersey's Green Grid campaign; a regeneration project where employees from all three utilities worked together to plant and maintain five miles of hedgerows. Another initiative is our three-year sponsorship deal with Jersey Trees for Life to revive and develop the collection of rare trees at Val de la Mare reservoir. With our support, there is now a dedicated maintenance team on-site each week to look after the arboretum and host volunteering sessions for the public. We also continued our sponsorship of the National Trust's walking programme which offers Islanders guided walks in nature.

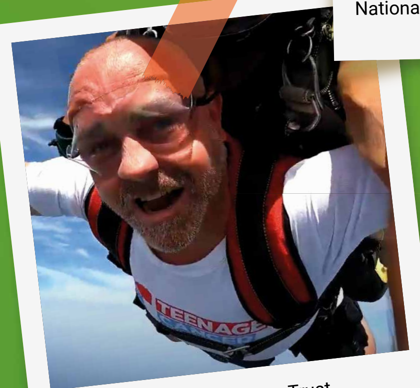
One of our refill machines at Jersey Airport

Hydration Station at Out-There festival


National Trust's Green Grid Project Credit: Paul Wright


National Trust's Walking Programme

Refilling at Jersey Airport

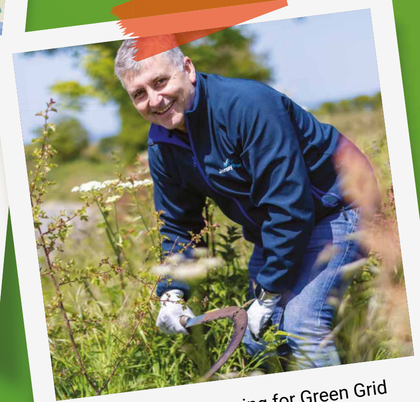

Skydive for Teenage Cancer Trust

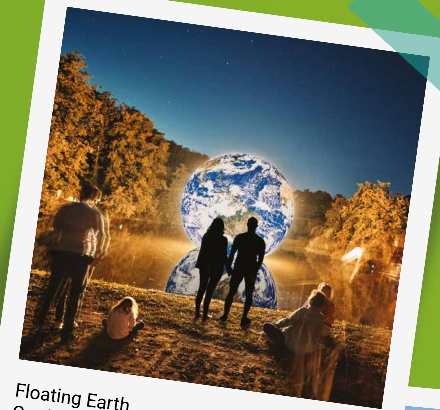

Lieutenant-Governor at Val de la Mare


Floating Earth at Queen's Valley


Floating Earth
Credit: Max Burnett


Blue Islands crew using airport refill point


Helier Smith volunteering for Green Grid
Credit: Paul Wright

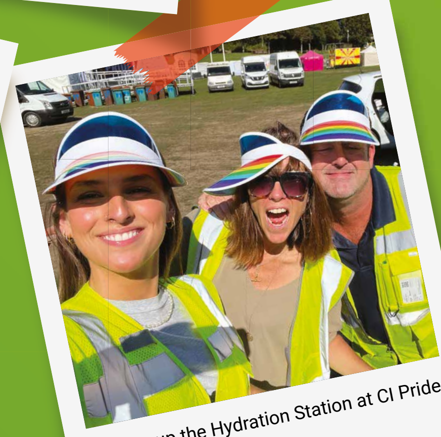

Floating Earth
Credit: Max Burnett


Our employees volunteering for Green Grid

Supporting World Refill Day


Refill point at Jersey Airport
Credit: Max Burnett


Some of our employees preparing for charity skydive


Setting up the Hydration Station at CI Pride


One of our youngest customers at our Weekender Hydration Station


With Jersey Trees for Life at Val de la Mare arboretum


Floating Earth
Credit: Sy Mildren


Fundraising for Teenage Cancer Trust

Great, safe place to work

94.3% of our employees think Jersey Water is a great place to work, according to our quarterly pulse surveys carried out in 2023. We are proud that our people feel passionately about being part of the Jersey Water family and our 12-year average length of service is testament to this.

98
employees
2022: 89

2
long service milestones
2022: 7

23
new joiners
2022: 19

5 out of 10
females on operational leadership team
Formed in 2023

12 years
average length of service
2022: 12 years

5 out of 8
Board members are female
2022: 3 out of 7

1 day
lost time due to work injury
2022: 0

43
proactive health and safety measures
2022: 49

Developing our people

We know how important it is to invest in our people; they are our number one asset so we make sure we continually improve what we offer them and how we invest in them. For 17 years, we have maintained Investors in People Status, which is all down to our strong workplace culture.

Towards the end of 2022, we celebrated being one of the finalists at the Investors in People Awards as Overseas Employer of the Year. With over 300 organisations involved, this was a record-breaking year for entries, and we were proud to find ourselves in the top five.

Terry Gasnier, Facilities Manager

Recruiting and retaining talent

We started the year by launching our new careers website to improve our hiring process, to reach a wider pool of candidates, to reduce our reliance on recruitment agencies and to showcase life at Jersey Water. And we ended the year by rolling out our new online performance management programme, which makes it easier for employees and managers to review and track progress and performance.

To support succession planning for the organisation, in 2023 we made changes to our leadership structure to establish an Operational Leadership team (OLT). Made up of senior leaders representing all Jersey Water departments, this team now works closely with the Executive Committee and has day-to-day responsibility for the operational and financial performance of the organisation. Together, members of the OLT underwent an in-depth training programme during the year before officially forming on 1 October 2023.

In the autumn of 2022, we introduced an anonymous recruitment process to appoint two new non-executive directors to our Board. Candidates were shortlisted without our team knowing their identities or backgrounds. While 60% of the applicants were male, we achieved a final shortlist that was 60% female. This approach resulted in the appointment of two female directors and has brought greater diversity of thinking and decision-making to the Board.

In 2024, we will be reviewing our wider recruitment process as part of our strategic commitment to furthering Equity, Diversity and Inclusion, continuing to create a culture where our people feel valued and accepted. Our goal is an ongoing programme of regular training – 2023's menopause awareness workshop was just the beginning.

Artistic impression on the design of the new Jersey Water hub and headquarters

Fostering the leaders of tomorrow

For the 15th year, we offered our university bursary scheme to local students embarking on a degree relevant to water supply. We also sponsored a local student to take part in LEAP, a female leadership and entrepreneurial accelerator programme that gives students across the world the opportunity to develop their business skills through social enterprise projects that focus on key global issues.

Our new hub and headquarters

As well as having the ethos to create a great and safe place to work, you need the bricks and mortar to hold it all together.

2023 marked the start of the journey to bring our people and services together under one roof. We made significant progress with the plans and initial building works for our new hub and headquarters at Rue des Pres. The new property will provide us with a workplace that is fit-for-purpose where we can be more collaborative and efficient. We have also designed the building to be as environmentally sustainable and energy efficient as possible. Our employees have been fully involved in the design process.

Keeping people safe

Given the technical and often very manual nature of our operational activities, we keep health and safety at the forefront of our procedures, both for our people and the public. Under the oversight of a dedicated Safety and Risk Manager, during the year we conducted seven safety visits of our sites and gave 309 briefings to contractors and visitors. We introduced 43 proactive measures to make sure we are operating as safely as we can be (five-year average: 50) and recorded eight injuries in the workplace (five-year average: ten), with only one-day of time lost. To maintain our five-star rating awarded by the British Safety Council after their independent Occupational Health and Safety Audit last year, we will spend 2024 preparing for our next assessment that is scheduled for 2025.

Lynsey Downey, Executive Assistant and Christie Robinson, Communications and Digital Marketing Officer

Financially secure

Our financial performance and resources

Key results

	2022	2023	Target 2023
Turnover	**18,792**k	**19,397**k	**19,521**k
Operating profit	**5,950**k	**1,940**k	**2,437**k
Profit for the reporting year	**5,903**k	**1,075**k	**1,399**k
Capital expenditure	**10,820**k	**4,872**k	**5,065**k

Profit after tax for 2023 totalled £1,075k (2022: £5,903k), lower than both target and the like-for-like comparison in 2022.

2023 was a challenging year financially for us. We anticipated a decline in profitability, given the economic climate and our focus on managing key strategic risks and building operational resilience. At the same time, by only introducing a below inflation tariff increase, we consciously limited the impact on our customers, as the Island continued to face ongoing pressures with the cost of living. Our tariff increase for 2023, as mentioned on page 23, was 6% (effective from 1 January 2023), compared to the actual retail price index of 12.7% (December 2022).

The impact of continued high inflation, increasing interest rates and weather events, such as the 2022 drought and the Grands Vaux flooding, resulted in additional cost pressure across our operations. As a result, on a like-for-like comparison, underlying profit before tax of £1,231k was £427k lower than our target (£1,658k) and 55% lower than 2022 (£2,745k) (see table below).

	2022	2023
Profit before tax	**6,765**k	**1,165**k
Less:		
Fair value (gain)/loss on derivative financial instrument	**(1,364**k**)**	**66**k
Net curtailment gain on defined benefit pension scheme	**(2,656**k**)**	**-**
Underlying profit before tax	**2,745**k	**1,231**k

Turnover

Turnover for the year was £19,397k (2022: £18,792k). This was 3.2% or £605k more than the prior year, but £123k less than target, due to households using less water than expected over the summer months, as a result of the wet weather.

The increase in turnover on the prior year was a result of the following factors:

- Higher water revenue of £559k taking overall water revenue to £18,230k (2022: £17,671k). This is attributable to a combination of the 6% tariff increase and approximately 400 new customers joining the network, offset to a degree by the impact of a wet summer, where average consumption in June, July and August was 5% lower than the five-year average.
- A 4% (£46k) increase in non-water revenue. We achieved an increase in other income of £139k, mainly arising from rental income on our properties at Rue Des Pres. This increase more than offset a £93k drop in rechargeable works income reflecting the overall slowdown in the Island's construction industry.

Operating expenditure

Operating expenditure of £17,457k was higher than target (£17,083k) and the prior year (2022: £15,498k). This was driven by the following key variances:

- Unexpected costs relating to running the desalination plant (principally electricity) (£145k) and supporting the Government of Jersey with its response to the Grands Vaux flooding (£190k). See pages 19-20 for more detail
- Inflationary increases on many areas of expenditure, in particular chemicals, energy and contractors
- Increased insurance premiums due to higher replacement costs of critical assets
- Planned increases in employee and contractor costs as we recruited additional roles to address key skills and succession risk
- Expenditure relating to temporary office and stores accommodation, while our new operational hub is being developed.

Natalie Passmore
Finance Director

Operating profit

Operating profits totalled £1,940k, compared to a target of £2,437k and £5,950k in the prior year. The variance to target is due to a combination of lower than expected water revenue, the cost of running the desalination plant and costs incurred for the response work to the Grands Vaux flooding. The main reasons for the variance to the prior year is the net curtailment gain on the defined benefit pension scheme of £2,656k, recognised in 2022, and increases in operating expenditure, described on previous page.

Net finance expense

Net finance expense was £394k, compared to an income of £1,196k in the prior year. 2022 included a fair value gain on the derivative financial instrument of £1,364k relating to a ten year interest rate hedge executed in the year. For 2023, there is a fair value loss on the derivative financial instrument of £66k, together with an increase in interest payable of £386k, which is partially offset by net interest income arising on pension obligations of £280k (refer to note 8 for more detail).

Profit before taxation

Profit before tax for the year was £1,165k, which was £5,600k or 83% lower than 2022. Profit in 2022 included exceptional items, such as the closure of the pension scheme (£2,656k) and the significant fair value gain on the financial derivative (£1,364k). Removing the exceptional items for like-for-like comparison show that the results for 2023 were £1,514k or 55% lower than 2022.

Income tax

In 2023, the tax charge was £90k, compared to £862k in 2022. The reduction was driven by a combination of the reduction in profit before tax and a favourable ruling on the tax treatment of financial derivatives, resulting in the unwinding of a tax provision made in the prior year.

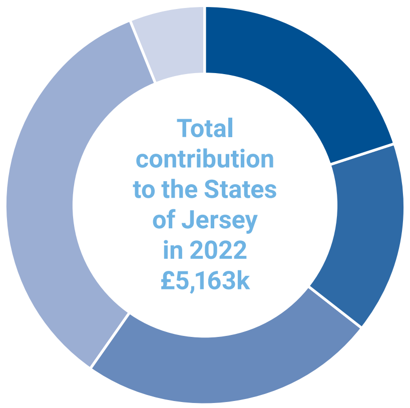
Earnings per share

Earnings per share for 2023 was £0.11 for each ordinary share, a decrease of £0.50 on 30 September 2022: £0.61). 73.91% of the ordinary share capital is owned by the States of Jersey (representing 83.33% of voting rights), with the remaining 26.09% held by approximately 180 private and institutional investors.

Transactions with the States of Jersey

The total cash paid to the States of Jersey during the year, including dividends, was £4,610k (2022: £5,163k).

Mark Bowden, Asset Manager



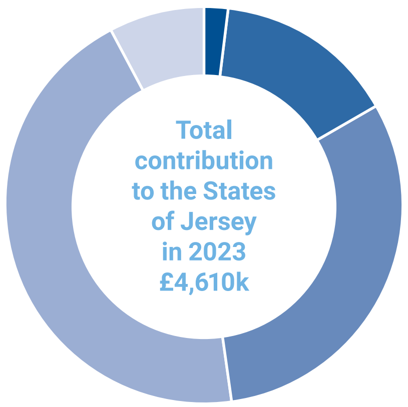
£862k Income tax

£798k GST

£1,228k Employment taxes (ITIS and Social Security)

£1,971k Dividends (paid to the States of Jersey)

£304k Rates and licenses



£90k Income tax

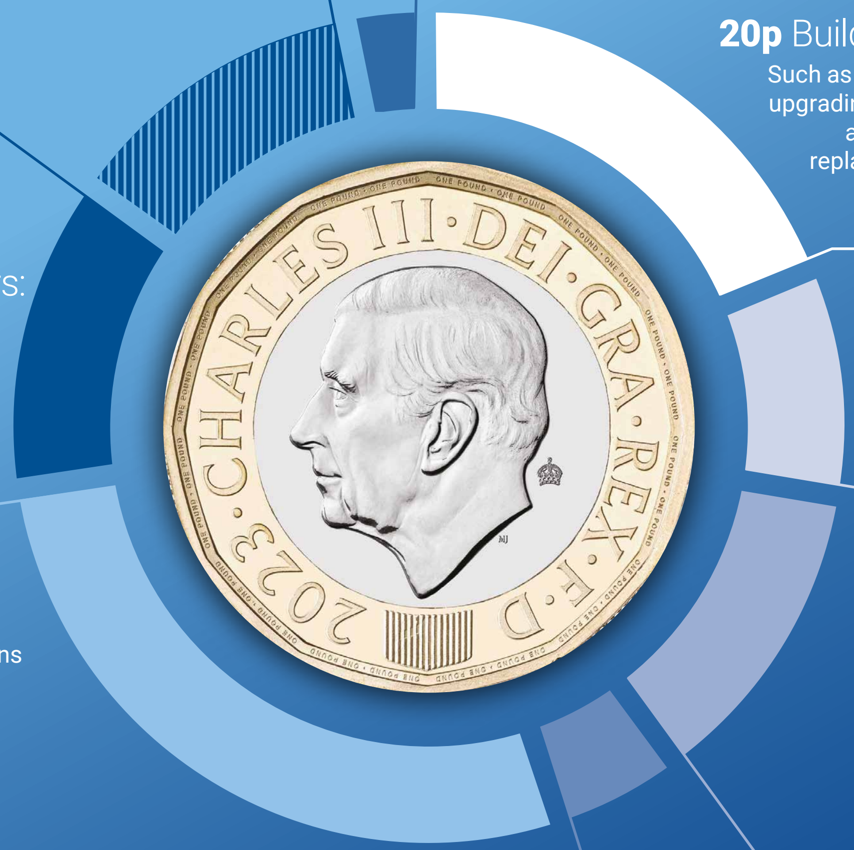
£685k GST

£1,430k Employment taxes (ITIS and Social Security)

£2,057k Dividends (paid to the States of Jersey)

£348k Rates and licenses

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



5p Paying back interest:
On money borrowed to improve services and invest in infrastructure (loan interest and preference share dividends)

7p Paying taxes, rates and licences:
Income tax on profits, GST paid, employer's social security, rates and licences

6p Our shareholders:
Dividends paid to all ordinary shareholders

31p Our people:
Wages, salaries, pensions and other benefits

5p Energy:
To cover day-to-day running of our operations

20p Building new assets:
Such as connecting new homes, upgrading the desalination plant and treatment works and replacing the mains network

13p Maintaining our equipment:
To ensure plant and equipment works efficiently

13p Our suppliers:
Costs of suppliers' services

	2023	2022
Dividends declared and paid	**£'000**	**£'000**
Previous year - final dividend	1,589	1,480
Current year - interim dividend	707	700
	£2,296	**£2,180**
Dividends proposed		
Current year - final dividend	**£827**	**£1,589**

Equity dividends and dividend policy

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
- any relevant external issues that may impact overall resilience.

For 2023, while operating performance was strong, it was necessary to reduce the level of dividend to take into account lower levels of profitability during this challenging economic period. This also recognises the need to allocate our cash resources to key strategic projects, strengthen our financial resilience and manage our intolerable risks.

The Board approved a final dividend on the Ordinary and 'A' Ordinary shares of 8.558 pence per share (2022: 16.449 pence), bringing the total dividend for the year to 30 September 2023 to 15.874 pence per share (2022: 23.693 pence).

Fixed assets and capital expenditure

In 2023, the total capital expenditure was £4,872k. We spent £2,401k on reducing leakage, improving water quality and our network infrastructure, and a further £1,294k on the desalination plant, of which £837k related to completing the outline design for expanding and enhancing the plant's production capacity. The capital maintenance programme for the plant also accounted for a further £457k. The strip-out of the new headquarters cost £600k and a further £577k was invested in operating infrastructure and equipment across the business.

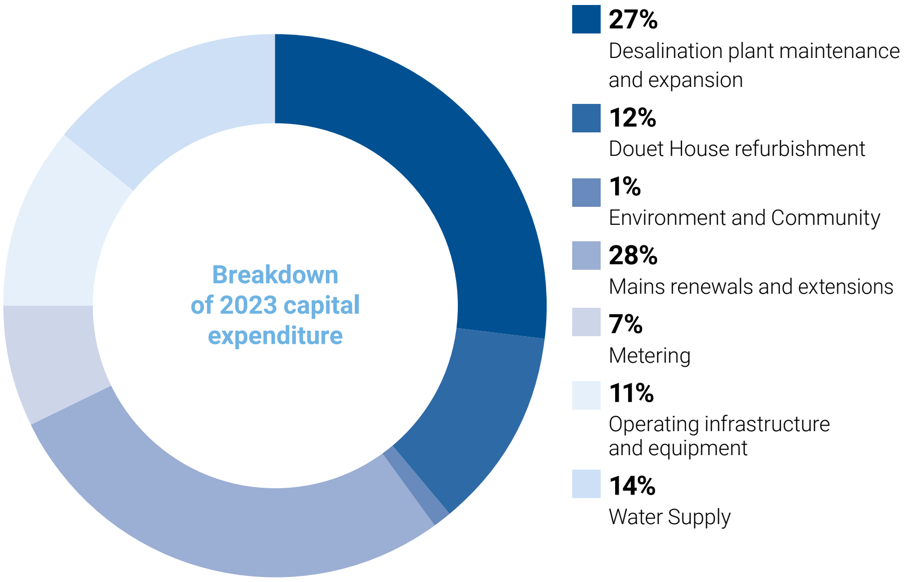
The chart below provides an analysis of 2023 expenditure.

At the year end, we held assets with a net book value of £86,821k (2022: £85,249k), with tangible assets making up 97% of the book value at £84,001k (2022: 96% £82,169k).

Loans and borrowing

We have one revolving credit facility (RCF) for £15,000k. This gives us the ability to proactively manage our level of borrowing, offsetting cash balances to reduce interest charges, when there are timing differences between investment requirements. For the year ended 30 September 2023, our loans and borrowing remained at £15,000k (2022: £15,000k). The RCF includes an accordion which allows us to increase borrowings by a further £10,000k. On 16 October 2023, we exercised the option to access the £10,000k accordion to increase the RCF to £25,000k. A further £5,000k was drawn down, bringing our total borrowing to £20,000k.

We hold a ten year interest rate swap to hedge against interest rate exposure. Under Financial Reporting Standard 102 (FRS 102), this derivative is stated at a fair value of £1,298k on the statement of financial position, a loss of £66k on the value in 2022. This loss on the fair value has been recognised in the income statement, reflecting the movements in interest rate forecasts since the execution date.



Jeanette Sheldon, Water Quality Manager

Cash flow

There was a net cash outflow of £3,193k in 2023, resulting in the use of the overdraft facility to £1,372k. As described above, at the year-end we were in the process of accessing the accordion facility, which was successfully executed in early October, offsetting the drawn overdraft. The net outflow was a combination of lower cash generated from operating activities of £4,180k (£1,711k lower than 2022) and continued investment in our fixed assets, totalling £4,124k. Lower cash inflow from operating activity reflects the net impact of higher expenditure, as well as the change in timing of income tax payments, following reclassification to a large company during the year, which resulted in tax payment dates being brought forward.

Defined benefit pension scheme (closed to future accrual on 1 January 2022)

The value of the defined benefit pension scheme at the end of the year was £5,933k, compared to £5,235k in 2022, with the actuarial gain and market factors being key drivers in the movement in the valuation (as detailed in note 22 of the financial statements).

Deferred tax liability

The deferred tax liability increased in the year by £96k to £8,072k. 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.

Natalie Passmore
Finance Director
7 December 2023

Sustainable and resilient

One of our key areas of focus during this year has been to devise our sustainability strategy. We are driven by our purpose, which naturally requires a sustainable approach. However, we want to go to the next level with a comprehensive and dedicated strategy. This will help us measure and report on the good work we are already doing, and guide us toward areas where we can do better, so we are continually improving. Our end goal is for sustainability to underpin all our activities and serve as the driver for our overarching approach, ensuring we don't just have a business strategy but a sustainable business strategy.

A holistic approach

We know that sustainability isn't a destination: it's a journey. And, while we may be in the early stages of that journey, we have strong foundations to become an even more sustainable business. We are already delivering meaningful environmental and social change, blending practical action with bold thinking to take impactful steps forward.

We believe that it is crucial for all businesses to implement sustainable practices that prioritise people and the planet, while also holding themselves accountable for any negative impacts that remain.

We are working hard to enhance the resilience of the Island's water supply in both the short and long-term, making investments that will ensure a sustainable source of high quality water for our customers and community for years to come. We offer meaningful careers, prioritising the growth and development of our employees, and we partner with local charities and community causes to make a positive and lasting impact on our Island.

In 2023, we began working with an experienced sustainability partner to review our operations and inform our approach. We have identified where we can use our resources to have the best impact on Island life so we can continue to deliver our services in the most environmentally friendly way possible, while at the same time look after the people we work with and for.

Benchmarking our sustainability performance

As a forward-thinking and purpose-led organisation we want to embed sustainable practices into the very heart of the way we work. This is why we are benchmarking our performance against a leading sustainability framework to inform our roadmap for improvements.

Our intention is to go above and beyond to ensure we meet the highest standards of verified social and environmental performance, public transparency and legal accountability. It's a team effort, engaging every department across the company, and an investment in our long-term success and impact.

Over the last year, we have gone through a comprehensive assessment process to understand our current impact. The assessment quantified the solid foundation we have already, which we can continue to build upon and improve. By the end of 2023, we will have created and implemented our roadmap for improvements.

Understanding our material issues

We have a reciprocal relationship with all our key stakeholders and strive to stay connected with them. This includes our customers, suppliers, local charity and community groups, the Government of Jersey, our shareholders and our people. Actively gathering their feedback helps us to improve our transparency, decision-making and accountability.

This year, we conducted a materiality assessment, interviewing and surveying our five main stakeholder groups to better understand the environmental, social and governance (ESG) issues that matter most to them.

Put simply, materiality ensures that we focus on what matters. While there are hundreds of ESG issues, not all of them directly impact our business. Conducting a materiality assessment has enabled us to define the most relevant issues and prioritise these effectively, so we understand how and when to take action. We are using these insights to build out our strategic direction and sustainability strategy.

The graph below illustrates the results of our materiality assessment. We asked our employees and external stakeholders to rank the following ESG issues in order of importance to them, to determine what they consider to be the areas for Jersey Water to prioritise. Each of the 14 relates to either our governance or one of our three sustainability pillars; our water, our community, our people (see page 39 - 40).

We see all of these ESG issues as important and relevant to our business and, with this feedback, we will be able to focus our efforts on those that matter most to our stakeholders, while at the same time actively making sure we make progress in all areas.

OUR GOVERNANCE
1. Water quality
2. Purpose & values
3. Water leakage & shortage
4. Transparency, ethics & accountability

OUR WATER
5. Access & affordability
6. Consumer experience
7. Energy & carbon usage
8. Employee experience

OUR COMMUNITY
9. Biodiversity & land use
10. Employee health & wellbeing
11. Diversity, equity & inclusion
12. Supplier engagement

OUR PEOPLE
13. Charity & community investment
14. Industry influence & leadership

"Jersey Water's purpose is clearly defined and can be used as a guiding beacon to ensure we are doing the right things"

Employee

"We have built a strong relationship with Jersey Water. They are a breath of fresh air and clearly different from other actors in the water industry"

Supplier

"Climate change creates significant challenges for securing water supply. There needs to be greater focus on the Island's storage capacity."

Customer

Our sustainability vision

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

This is our vision and the three pillars of our strategy, that will guide all activities and decision-making across the business. We are currently setting ambitious targets and goals within each pillar and are committed to monitoring key metrics to ensure we stay on track.

Sustainable water for Island life

Our company purpose is to supply the water for our Island to thrive, today and every day. Through ongoing investment, we can enhance the resilience of our water supplies, for our customers and for the environment.

Our governance

Shaping our future with accountability and integrity

Our commitment to sustainability comes from the top down, driven by our Board and Executive Committee. It wraps around three strategic pillars – our water, our community, our people – and informs all of our decision-making.

Aligning with a leading sustainability framework means placing people and the planet on an equal footing with profit, and bringing them into the heart of our governance. To reinforce this commitment, we have already begun the process of changing our Articles of Association. This will make our business legally required to consider the impact of our decisions on our people, customers, suppliers, the community and the environment. Read more about our corporate governance on pages 51-70.

Our water

Providing lasting solutions for sustainable water

Our approach to water management looks at water as part of a bigger system that includes social welfare and environmental protection. We are consistently making proactive investments to maintain our water supply infrastructure, while also preserving the existing natural environment, promoting water reuse and recycling, improving energy efficiency and protecting the wellbeing of our community. Read more about how we get water from source to tap on pages 13-18.

Our community

Connecting people and protecting our Island

When we talk about our community, we mean our customers and other stakeholders including local charities, associations, organisations and causes we collaborate with, the Government of Jersey, our shareholders and Islanders more widely. Read more about our environmental and community work on pages 25-28.

Our people

Making Jersey Water a place where people thrive

Our people are what makes Jersey Water so special. Their achievements and growth are integral to our own, and we are dedicated to providing the support they need to unlock their full potential. Read more about Jersey Water being a great, safe place to work on pages 29-30.

Our carbon footprint

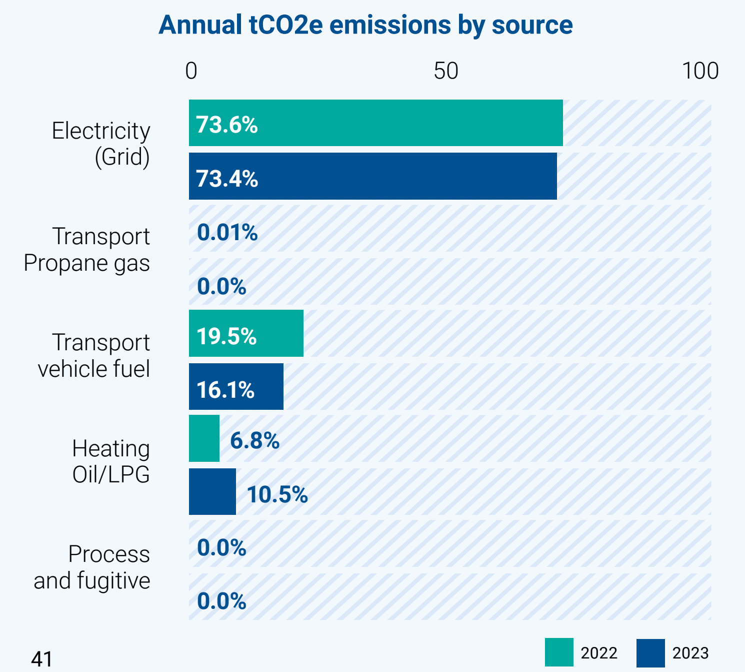
Our calculations of Jersey Water's carbon footprint show overall emissions of 477.93 tonnes in 2023 (2022: 512.60. See table on page 41). Just under three quarters of these emissions relate directly to the electrical energy use involved in capturing, treating and distributing water to our customers, with the balance split between space heating and transport emissions. Measurements are currently restricted to Scope 1 and 2 emissions, as defined below. We intend to extend into the calculation of Scope 3 emissions on a case-by-case basis, as and when the information becomes available.

Scope 1	**Scope 2**	**Scope 3** (Not included in calculation yet)
• Fuel combustion • Company vehicles • Fugitive emissions	• Purchased electricity, heat and steam	• Purchased goods and services • Business travel • Employee commuting • Waste disposal • Use of sold products • Transportation and distribution (up and downstream) • Investments • Leased assets and franchises

2023 and 2022 performance and baseline year data

Scope 1 and Scope 2 carbon emissions	2023				2022 (restated)			
Source	Consumption	Unit	tCO2e	Total emissions	Consumption	Unit	tCO2e	Total emissions
Electricity (Grid)	7,977,784	kWh	352.04	73.6%	8,526,387	kWh	376.25	73.40%
Transport – Propane gas	108	kg	0.32	0.1%	-	kg	-	0.0%
Transport – Vehicle fuel	38,369	litres	93.19	19.5 %	33,028	litres	82.5	16.1%
Heating Oil/LPG	16,653	litres	32.37	6.8 %	28,242	litres	53.83	10.5%
Process and fugitive	0.0003	kg	0.01	0.0 %	0.0007	kg	0.01	0.00%
Total			**477.93**				**512.59**	
Intensity ratio (kg of CO2 per million litres supplied)			0.050				0.047	

tCO2e is tonnes of carbon dioxide equivalent, the standard metric measure 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 CO2.



Methodology

We have calculated our Scope 1 and 2 carbon footprint using the Greenhouse Gas Protocol methodology in line with best practice. We have applied the 2022 and 2023 UK Government's Department of Environment, Food and Rural Affairs (DEFRA) emission factors for all fuels and the Government of Jersey's greenhouse gas emission factor for grid electricity.

Restatement

In 2023, to improve accuracy, we updated our electricity emission calculations to apply the Government of Jersey's published emission factor for electricity, which is calculated using Jersey Electricity's grid supply. We have recalculated and restated our 2021/22 electricity emissions using this Jersey specific emission factor to ensure consistent methodology year on year.

Our sustainability journey

As we look to the future, it is increasingly essential that all organisations, big and small, take action to reduce their impact on the planet and support the communities they serve. Jersey Water is no different. We will make sure our operations become more sustainable every year and we adapt to the challenges posed by climate change, so we can supply water to future generations and add value to the business in the process.

We will do all we can within our financial constraints and other resources at our disposal to progress our sustainability journey, making sure we focus on what both we and our stakeholders believe to be most important. The table below provides an overview of our broad areas of work for the coming years. As sustainability is a collaborative journey rather than a destination, our priorities will evolve. We will update our plans and report on our progress on an annual basis with honesty and transparency, openly sharing our successes, setbacks and learnings for the benefit of our people, our Island and our planet.

Our governance

Connecting ESG with our core strategy	**We will define key performance indicators (KPIs) for environmental, social and governance (ESG) performance, based on our present performance and insights from key internal and external stakeholders, with corresponding metrics and targets**
Leadership and decision-making	**We will amend Jersey Water's Articles of Association to include a commitment to considering all stakeholders when making business decisions**

Our water

Measuring and reducing our carbon footprint	**Using 2022/2023 Scope 1 and 2 emissions data, we will set specific carbon reduction targets, make these publicly available and track and monitor progress against these. We will also develop a timeline and plan for measuring Scope 3 emissions**
Environmental management system (EMS)	**We will create an EMS to monitor, control, and continuously improve Jersey Water's environmental performance, covering key areas including water, waste and energy**
Water efficiency, leakage and resources	**We will continue the delivery of our Water Resources Management Plan and specifically those areas aimed at reducing leakage, encouraging water efficiency and preserving water resources**

Our community

Community and customer engagement	**We will enhance Jersey Water's existing community engagement programme, continuing to support local charities through fundraising, volunteering and in-kind support. We will take our customers on our sustainability journey, keeping them informed about our activities**
Supplier engagement	**We will develop Jersey Water's engagement with its supply chain with a particular focus on delivering sustainability outcomes and benefits through a partnership approach**

Our people

Diversity, Equity and Inclusion Strategy (DEI)	**We will develop our DEI Strategy, which includes establishing a dedicated DEI committee and provision of diversity training to all employees, as well as communication strategies to raise awareness about the importance of DEI within the organisation**
Wellbeing strategy	**We will enhance our approach to employee wellbeing, incorporating Jersey Water's various wellbeing initiatives into an overarching strategy, with clear targets and measures of success**
Employee skills and development	**We will support our people to maximise their impact and fulfil their potential through our learning and development strategy, equipping them with the skills and capabilities necessary to ensure a sustainable and successful company**

Meeting the needs of our stakeholders

Collaborating with our stakeholders and making sure we consider their needs is key to how we plan for the future. Only by understanding the environment in which we operate and the expectations of the community we serve will we be able to ensure we deliver the best possible service.

Customers

Why we focus on them	How we engage them	What they tell us	How we respond to them
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, online via email, our website and social media channels, and we conduct an annual customer survey to get their feedback. We pay close attention to the customer feedback we receive (compliments and complaints), particularly the results of our ICS customer survey (see page 21-22). We track UK water sector consumer groups and use their large-scale research to inform the position in Jersey.	Based on the feedback we get from our interactions with customers and wider industry research, we know that customers want: • 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 pages 13-26). 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 2023, in addition to our annual satisfaction survey, we asked for customer views on our approach to sustainability through a targeted questionnaire, the results of which have helped drive our sustainability strategy (see pages 37-42).

Our people

Why we focus on them	How we engage them	What they tell us	How we respond to them
Our people are our most valuable asset, critical to our success. Investing in our people drives our culture and performance.	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 quarterly pulse surveys to track engagement and seek views on topical issues. We act on this feedback through our "You Said, We Did" tracker. Our leadership team engages 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 a key factor for determining how we run Jersey Water. Our pulse surveys during 2023 revealed: • 94.3% agreed that Jersey Water is a great place to work • 93.4% employees consider themselves engaged, empowered and effective.	Making sure our people feel informed, updated and able to do their jobs with real purpose is the only way we can be a truly great, safe place to work. In 2023, we hosted in person and online company-wide updates to share our plans and celebrate our successes. We also held bite-sized briefings on key topics to educate our people on different areas of our work. We introduced a weekly video message from our Chief Executive so employees hear directly from the top about what's going on across the business. We share regular updates on our internal social media platform and we send topic specific e-newsletters to engage and seek their views on matters that affect them, for example sustainability. So that our people feel involved with the development of our new hub and headquarters, we set up a Change Champions group. The Champions are spokespeople for all areas of the business and serve as the link between employees and the project team, helping us to ensure our new headquarters and operational hub meets the needs of the business, our people and our customers.

Island community

Why we focus on them	How we engage them	What they tell us	How we respond to them
Meeting the wider needs of our community and its interest groups is critical to our long-term success. The health and wellbeing of our Island community relies, to a great extent, on a reliable supply of clean water.	We have regular and ongoing dialogue with special interest groups in Jersey to develop our understanding of emerging or topical areas of concern. We participate in numerous forums, both 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 the good not just of our customers, but 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.	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. Every year, we commit to a variety of sponsorships and initiatives. Refill water machines at Jersey Airport, a unique collaboration with ArtHouse Jersey and a three-year grant to maintain Val de la Mare's arboretum were just some of the projects we got involved in during 2023 that delivered real benefit for the Island. (See pages 26-28). We sought the views of local organisations on our approach to sustainability. Their feedback has helped to define our strategy.

Government

Why we focus on them	How we engage them	What they tell us	How we respond to them
We provide public services that are essential to Island life. The key to our success is engagement with the Government of Jersey in its capacity as our regulator and provider of other public services.	We have a collaborative and transparent relationship with the environmental regulator and 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 regulators and other government departments, who expect that we will 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. A significant amount of joint working was undertaken in 2023 to tackle the issues raised by the flooding in Grands Vaux. Our team worked extensively with the Infrastructure and Environment Department, the Met Office, emergency services and Andium Homes to investigate solutions to mitigate flooding in the valley. During the year, we also started work on updating our Water Resources Management Plan, which looks at how Jersey Water currently meets the Island's water supply-demand and what we will need in order to meet the forecast water deficit for 2065. Our work will feed into the Island Plan and Water Strategy and we have started to consult key stakeholders on our proposals to address the Island's long-term water shortage issues. In 2023, we continued to work with the Action for Cleaner Water Group to improve water quality in our catchments. This collaborative approach between the Government, the farming community and Jersey Water has resulted in a decade of nitrates and pesticide concentrations being below the regulatory limit for drinking water. Our work with the PFAS Technical Officer Group continued to resolve the PFAS pollution issue in St Ouen's Bay and Pont Marquet.

Investors

Why we focus on them	How we engage them	What they tell us	How we respond to them
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.	We meet with our majority shareholder biannually to discuss performance, strategy and other matters. We also engage informally as and when required. Our AGM gives the Board the opportunity to meet our shareholders in person, to answer questions and receive feedback. Our annual report and financial statements provide a transparent and comprehensive review of our financial and operational performance. We engage with other providers of finance (i.e. banks) on an ad hoc basis to keep them informed of our performance and plans.	Discussions with our majority shareholder continue throughout the year. Dialogue centres around: • our 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	To ensure transparency and openness, our financial reporting exceeds the level of disclosure required for companies the size of Jersey Water. Although not a requirement, our corporate governance framework follows, but does not fully comply with, the standards required of the UK Corporate Governance Code.

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 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:

The risks we identify are either:

Principal risks

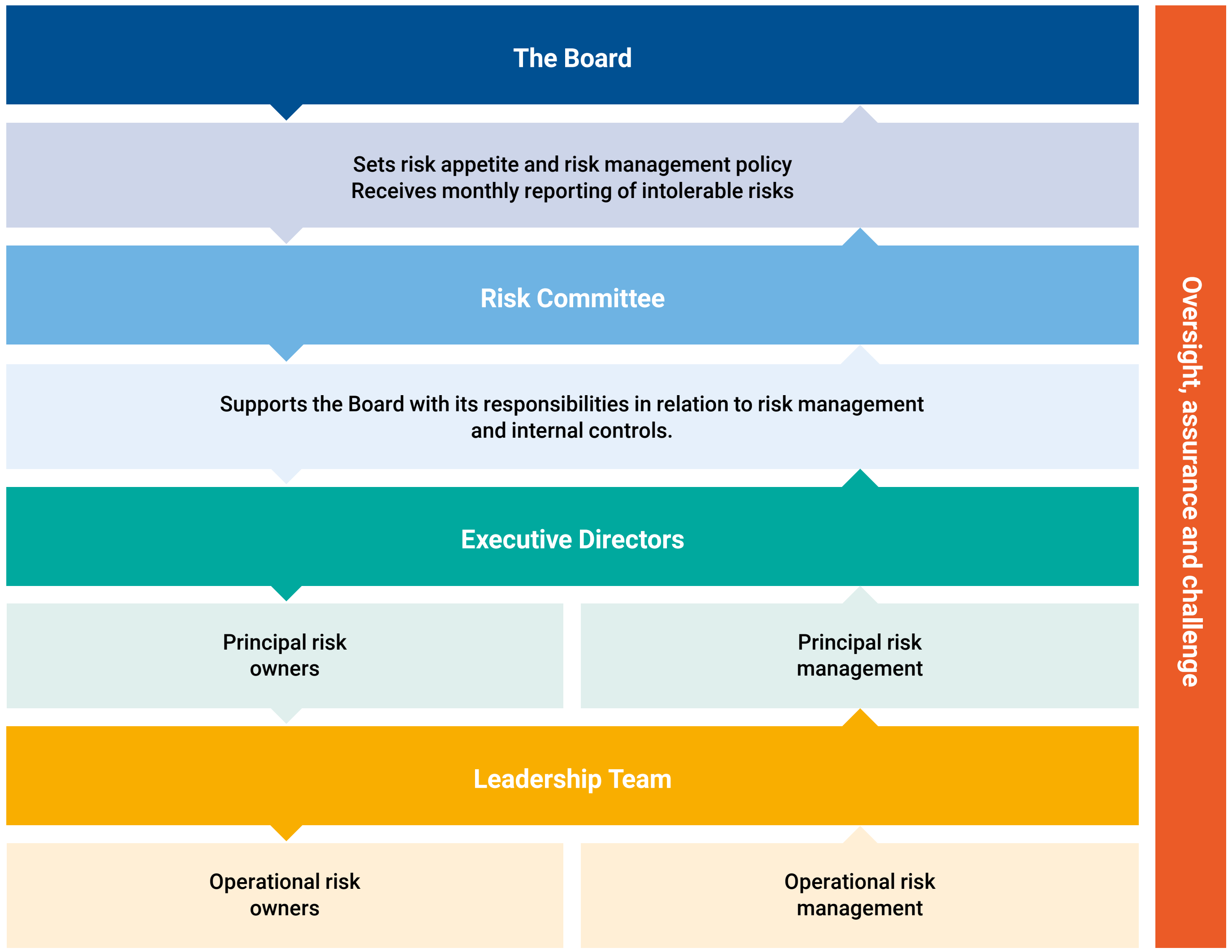
Principal risks are risks that we are actively managing now that could stop us achieving our strategic objectives.

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 70.

Emerging risks

Emerging risks could be new, uncertain or changing risks not considered 'current.' Emerging risks may, at a time 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 identified 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 47-50 identify key challenges that we are trying to address through the delivery of our strategic outcomes.

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



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 (on the page opposite), with the risk management activities for intolerable and undesirable risks detailed on page 49-50.

Queen's Valley reservoir

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	Climate consideration	High quality water	Great customer experience	Environment and community	Fair and affordable bills
Water supply failure		↔	✓	✓	✓	✓	✓
Information security		↔	✓	✓	✓		
Income and profitability		↑					✓
Supply chain		↑	✓	✓	✓		✓
Key skills and succession		↓		✓	✓		
Environment and community impact		↔	✓		✓	✓	
Liquidity and funding		↑	✓	✓			✓
Water quality failure		↔		✓	✓		
Critical infrastructure		↔	✓	✓	✓		✓
Project delivery		↔		✓	✓	✓	✓
Large scale employee absence		↔		✓	✓		
Political/regulatory		↔	✓	✓	✓	✓	✓
Customer satisfaction and trust		↔			✓		
Health and safety		↔		✓	✓		
Pension liabilities		↓					✓
Conflict of interest shareholder and customer		↔	✓	✓	✓	✓	✓
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	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. 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 we may be unable to meet demand. 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.	• Water Resources and Drought Management Plan for next 40 years • Drought response planning • Spare treatment works capacity • Universal customer metering • Desalination plant which can provide 50% of the Island's current daily demand • Plans to extend desalination plant to provide additional capacity, with remineralisation process to ensure quality or raw water • 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.	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 the latest population statistics. Our involvement in the proposed Government of Jersey Water Strategy for the Island will help focus the need for additional resources.
Information security	Risk of detractors gaining unauthorised access to our systems, potentially resulting in business disruption and/or significant data breach.	• 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.	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 benefiting quality of service and customer experience.
Income and profitability	Risk of rising costs, significant one-off costs or a prolonged decrease in revenue reducing profitability, affecting financial performance and generating pressure to increase water charges.	• Financial governance model sets financial targets and objectives, ensuring charges are fair and affordable by keeping them at the minimum level required to deliver consistently 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 • Frequent and regular monitoring of financial performance • Investment in systems and resources to enable development of long-term asset investment strategy • Comprehensive insurance cover in place • Targeted operating model improvements to grow business capability, deliver efficiencies and generate value.	Investment in systems and processes drives efficiency and helps keep our costs down. In turn, this will keep bills down for customers.

Risk	Description	Risk management	Opportunities
Supply chain	Risk of external events outside of our control (Brexit, conflict, adverse weather, workforce availability or corporate failure) resulting in disruption to our supply chain. Risk of inability to access critical stocks or procure services from key contractors, adversely impacting our operations, with reputational, legal and financial implications.	• Participation in the South Staffordshire Water purchasing consortium • Large stocks of consumables and chemicals maintained on Island • Mutual aid agreement with Guernsey Water and participation in UK water industry mutual aid scheme • Close working relationships with key contractors • Active risk management.	Active engagement and monitoring of our key suppliers ensures value and quality for customers. Working with other organisations and our supply chain helps build resilience.
Key skills and succession	Risk of over reliance on individuals with critical skills, knowledge or experience and lack of adequate succession adversely affecting our operations and customer service. 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.	• Achievement of 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 and Information Technology teams in progress • Active focus on employee culture.	Being a great, safe place to work means we can attract the best talent and employ the skills we need for the future.
Environmental and community impact	Risk of failing to meet expected standards/best practice for sustainability and stakeholder expectations. Risk of failing to demonstrate a positive impact on environment and community by not meeting best practice and providing related disclosures, in line with Jersey's intention to be carbon neutral by 2050.	• Compliance with all applicable environmental laws and regulations • Development of Jersey Water's own sustainability strategy (see pages 37-42) • Reliance on largely decarbonised electricity supply to power most plants and equipment • Investment in an electric vehicle fleet • Inclusion of renewable energy consideration in all capital projects • Refill and Revive Campaign • Partnership with Jersey Trees for Life • Biodiversity action plans.	Adopting increasingly sustainable business practices benefits our community and the local environment, and contributes to Jersey's overall net zero journey.
Liquidity and funding	Risk of failing to maintain sufficient funds or facilities to finance our investment programme, service our debt, cover day-to-day operating cash-flow requirements and pay dividends. Risk of cost of existing borrowing and securing any new borrowing increases.	• Low gearing capital structure, maintaining adequate cash headroom and credit facilities • Interest rate swap to fix rates on £7,500k of debt • Hedging policy to regularly monitor and mitigate the impact of interest rate movements • Effective processes for budgeting and stress testing capital investment, operating expenditure and cash-flow requirements • Utilisation of the Revolving Credit Facility accordion increasing credit facilities to £25,000k • Development of a funding strategy (financing and tariff) to support delivery of a longer-term business plan.	We will keep the cost of customer bills down. Having an effective and efficient finance structure supports long-term value generation and resilience. We remain an attractive investment for providers of finance.

Corporate Governance

Left to right: Louisa McInnes, Michael Pocock, Heather MacCallum, Anthony Ferrar, Donna Abel, Natalie Passmore, Helier Smith, Julie Taylor, Johanna Dow.

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

Johanna Dow
FCCA

Tenure on Board
Appointed March 2023

Committee memberships
- Audit Committee
- Nomination Committee
- Risk Committee

Anthony Ferrar
FCMA, CGMA, ACIS

Tenure on Board
Appointed July 2020 and Senior Independent Director from February 2022

Committee Memberships
- Audit Committee – Chair from October 2020
- Nomination Committee
- Remuneration Committee
- Risk Committee

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

Tenure on Board
Appointed May 2018

Committee Memberships
- Audit Committee
- Nomination Committee
- Risk Committee - Chair

Natalie Passmore
Finance Director
MA(Hons) BFP FCA, CMgr MCMI, CDir FIoD

Tenure on Board
Appointed May 2017, Finance Director

Helier Smith
Chief Executive
BA (Hons), BFP, FCA, FIoD, CDir, MIWater, FCMI

Tenure on Board
Appointed October 2003, Chief Executive since April 2015

Julie Taylor
Operations Director
BSc (Hons), MBA, MCIWEM

Tenure on Board
Appointed November 2021, Operations Director

Louisa McInnes
Company Secretary
TEP

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

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

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

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 the Board

The Board

Our Board currently comprises eight directors, three of whom are Executive Directors and five of whom are Non-Executive Directors. The 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 – 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 and Natalie Passmore is a Trustee of ArtHouse Jersey, both of which are Jersey registered charities.

The Board is collectively responsible for the long-term resilience and success of Jersey Water. To achieve this, the Board sets the overall operating strategy, approves detailed business plans, and oversees the delivery of objectives by continually monitoring performance against those plans. The 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.

The 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. The 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 the Board maintains oversight through regular meetings, the day-to-day strategic operations of the Company are delegated to the Executives. The 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 2023	**7**	**3**	**2**	**2**	**2**
Donna Abel*	4/4	2/2	1/1	1/1	1/1
Johanna Dow*	3/4	1/2	-	1/1	0/1
Anthony Ferrar	6	3	2	2	2
Heather MacCallum	7	-	2	2	2
Daragh McDermott**	1/3	1/1	-	0/1	0/1
Natalie Passmore	7	-	-	-	-
Michael Pocock	7	2	1/1	2	2
Helier Smith	7	-	-	-	-
Julie Taylor	6	-	-	-	-

*Appointed in March 2023. **Retired in March 2023.

Our Board at Grands Vaux reservoir

Director independence

The Board considers all the Non-Executive Directors to be independent in character and judgement. In determining independence, the Board considers the specific circumstances of each director, inclusive of those directors who have served more than nine years on the Board. The Board has concluded that Donna Abel, Johanna Dow, Anthony Ferrar, Daragh McDermott and Michael Pocock shall be deemed independent.

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

The Board undertakes a review of its effectiveness and that of its Committees annually. Following an external evaluation that was undertaken in September 2021 by Value Alpha Limited, our internal assessment was strengthened for FY2022 and 2023 to assist in assessing the effectiveness of the Board and its Committees as is good governance. The questions assessed the performance of both the Board and its sub-committees, focusing on themes around meetings management, Board and Committee membership, compositions, Board structure, Board culture and behaviours, Board roles and responsibilities, relationships between the Non-Executive Directors and the Executive Directors and the corporate governance arrangements.

Board evaluation process

1. Assessment
Assessments including questions to be scored and open text format are circulated to all Board members assessing various aspects of effectiveness, including Board, Chair and Committee performance.

2. Appraisal
Results are anonymous and collated and analysed by the Company Secretary.

3. Consultation
Results are then shared and reviewed with the Chair before being presented to the collective Board for discussion and action. The opportunity is also used to provide feedback to the Chair.

4. Evaluation and actions
The conclusions of the evaluation are then recorded, and an action plan is devised to target specific areas of improvement.

Response to feedback

The Board discussed its feedback and next steps, and an action plan has been formulated.

2022 focus areas	2022 outcomes	2023 focus areas
Board composition and succession planning	• Appointment of Donna Abel and Johanna Dow as Non-Executive Directors at the 2023 AGM. • Review of composition of all sub-committees and relevant changes made	**Board development and training**
Board technology	• Enhancement to the board management software and upgraded hardware provided to all Non-Executive Directors	**Long-term planning for Board skills, composition and succession**
Risk management	• Clear focus on risk management within Board reporting papers and the introduction to deeper dives on significant risk areas	**Key stakeholders relationships – Non-Executive Directors and Executive Directors**
Stakeholder groups	• Active engagement with key stakeholders, strengthening of relationships	**Meetings and supporting papers**

Conclusion

Following this internal assessment, the Board concluded that for the reporting year, it possesses the requisite mix of skills, experience and knowledge required to approach, develop, and deliver the strategies, challenges, opportunities, and principal risks facing Jersey Water. The composition of the Board is reviewed at least twice a year, with recommendations put forward to the Board by the Nomination Committee.

Three-year Board evaluation cycle

2021/2022 External review of Board and Committees → **2022/2023** Internal review of Board and Committees → **2023/2024** Internal review of Board and Committees → **2024/2025** Anticipated external review of Board and Committees

Jose Alves, Labourer

Other significant commitments

The Board has a process in place for reviewing the 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, retires by rotation (based upon length of service) and, where eligible, seeks 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 that share our purpose and values is important to us, while working towards shared goals assists us in delivering long term sustainable success.

Workforce engagement

There are various forms of engagement with teams and individual employees ranging from informal one to ones with the Non-Executive Directors to more formal group workshops or consultations on specific topics. Output from such processes is reported back to the Board as necessary.

Relations with shareholders

We are in regular contact with the Company's majority and controlling shareholder, the States of Jersey, with whom we meet at least twice a year. Details of contact and the views of the States of Jersey are cascaded to the Board. 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.

Internal controls

The 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 and 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 Financial Reporting Council (FRC)'s 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' and 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 the Board (or its Committees) to ensure the effectiveness of the systems of internal control include:

- Reviewing and approving the Risk Management Policy and Risk Appetite Statements;
- Reviewing the corporate and operational risk and control registers maintained and updated by the Company and of the status of any actions arising from their regular review;
- Receiving confirmation from senior management of the proper operation of controls throughout the reporting period;
- Reviewing and approve the terms of reference of committees;
- Reviewing and approving schedule of matters specifically reserved for its attention; and
- Reviewing reports received from the Audit Committee concerning the findings of the external auditors on the financial statements of the Company 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 2023.

Membership and meetings
The Committee, which I chair, comprises Donna Abel, Johanna Dow and Michael Pocock. The external auditors, Executive Directors (Natalie Passmore, Helier Smith and Julie Taylor) and the Company Secretary, along with the Financial Controller, also attend the whole or parts of the meetings by invitation. During the reporting period, the Committee met three times.

The composition of the Committee ensures that there are sufficient skills, experience, knowledge, professional qualifications, utility and water industry expertise to discharge the Committee's responsibilities effectively. Biographical information of each of the members of the Board can be found on Jersey Water's website and for those members of the board standing for re-election their biographical information will be summarised in the 2024 annual general notice.

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, the 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. To enhance assurance practices, a third-party internal auditor was engaged to carry out a review of customer revenue processes and internal controls. Work is underway to address the recommendations put forward by the third-party internal auditor. 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 54.

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 2023 year end, these include: accounting for company properties, desalination plant assets and the derivative financial instrument. Further details can be found in notes 3 and 4 of the financial statements. The Committee also considered changes in accounting or disclosure requirements and the accounting or 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 assumption 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.

Craig Balyckyj, Water Network Controller and Iain Samson, Network Supervisor

The process is completed in consultation with the 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, the 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 continually and formally considered by the Audit Committee before a recommendation is made to the Board regarding their reappointment. Length of service of the incumbent 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.

In 2022 a competitive tender for the audit services for the year ended 30 September 2023 was initiated by the Audit Committee. The Committee concluded this process in July 2022 where it made the recommendation to the Board to appoint PKF BBA Ltd with David Moehle as Lead Audit Partner. This recommendation was approved at the 2023 AGM.

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 auditors for non-audit services are detailed in note 6 of the financial statements. Based on these procedures we are satisfied that the auditors are independent.

Anthony Ferrar
Committee Chair
7 December 2023

Remuneration Committee report

Committee purpose

The Committee sets the remuneration policy for Senior Management, including remuneration packages and incentives, such as annual performance related bonus payments. Senior Management consists of members of the Executive Committee and the Company Secretary. The Committee is also responsible for agreeing the rules of the performance related bonus scheme and approving the business 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 2023.

The Committee, which I have chaired, since March 2023 comprises Heather MacCallum, Anthony Ferrar and myself and we have been supported by Michael Pocock, the former Committee Chair, to ensure a smooth handover. The Chief Executive, the Company Secretary and the Head of People and Culture may also 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.

In the reporting period, the Remuneration Committee met twice. Additional meetings may be called when necessary – for example, when a specific matter arises requiring the Committee's immediate attention.

Remuneration policy

The Remuneration Committee reviews Senior Management salaries, variable pay awards and remuneration packages annually, ensuring that they are appropriate, fair and competitive in light of relevant benchmarking data, incentivise improving performance and that Jersey Water can attract and retain employees in these key roles.

Duties of the Committee

The Committee is charged by the Board to:

- Determine the policy on Senior Management remuneration and consider specific remuneration packages (including performance-based incentives) for individual Senior Management, 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 (corporate and individual);
- Review and approve specific remuneration packages for all members of the Senior Management and Operational Leadership Team;
- Review the terms of Executive Directors service agreements from time to time;
- Provide oversight and scrutiny of the Executive Committee's pay-award decisions for the Operational Leadership Team
- Maintain contact as required with its principal shareholder regarding remuneration through the Chair of the Board; and
- At least once per year, or as required by the Board, review its own performance, constitution, and terms of reference to ensure it is operating at maximum effectiveness, and to recommend any changes it considers necessary to the Board for approval.

In executing its role, the Remuneration Committee considers external benchmarking data where appropriate.

Directors remuneration

	Salary	Bonus awarded for 2023	Fee	Benefits	Total remuneration (excluding pension contributions)	
					2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000
Executives						
Helier Smith	197	38	-	12	247	237
Natalie Passmore	134	21	-	10	165	159
Julie Taylor	133	21	-	11	165	152
Non-Executives						
Donna Abel	-	-	13	-	13	-
Johanna Dow	-	-	13	-	13	-
Anthony Ferrar	-	-	26	-	26	25
Tim Herbert			-		-	8
Stephen Kay			-		-	8
Heather MacCallum	-	-	32	-	32	31
Daragh McDermott	-	-	11	-	11	23
Michael Pocock	-	-	24	-	24	23

During the year, the Company made pension contributions on behalf of Helier Smith of £30k (2022: £29k), Natalie Passmore of £21k (2022: £20k) and Julie Taylor of £13k (2022: £12k). 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.

Donna Abel and Johanna Dow were appointed as Non-Executive Directors on 22 March 2023 with Daragh McDermott retiring from the Board on the same date.

Gender pay gap

At the reporting date, we had total of 98 employees, of which 71 (72%), were male and 27 (38%) 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 employees as at the reporting date.

Pay gap	2023	2022
Mean	-31%	-26%
Median	-44%	-34%

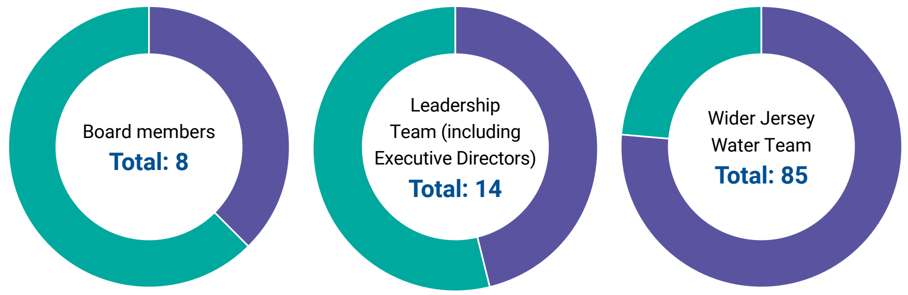
The gender pay gap reflects the distribution and relative proportions of male and female employees across the Company. This does not consider any differences in the role that male and female employees perform, or their seniority.

The gender pay gap calculated shows that our female employees earn, on average, more than male employees in 2023 and 2022. This outcome arises from the proportion of total females in management and leadership positions in Jersey Water, in comparison to male employees in similar positions as a proportion of the total male workforce (as detailed in the adjacent table / illustration).

Focus for the reporting year

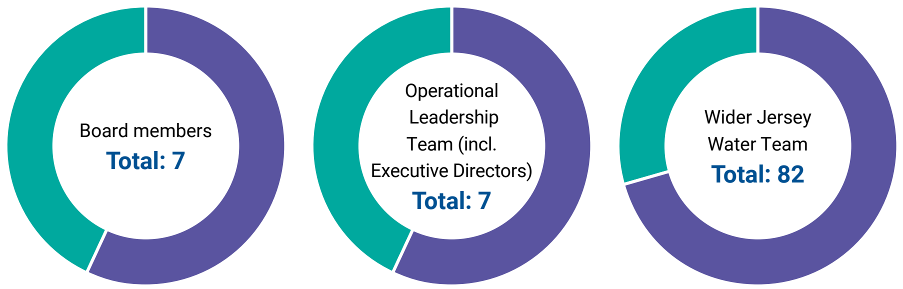
In addition to executing its normal duties during the year, the Committee engaged the services of a third-party consultant to update and redesign the remuneration policy and framework, for the Executive Committee and Operational Leadership Team, with a view that the principles can be applied across our business, driving Company values and behaviours.

Gender balance as at 30 September 2023



Female 5 Male 3 | Female 8 Male 6 | Female 20 Male 65

Gender balance as at 30 September 2022



Female 3 Male 4 | Female 3 Male 4 | Female 24 Male 58

	2023 Salary	2023 CEO ratio	2022 Salary	2022 CEO ratio
At 25th percentile	33,200	5.92	31,563	5.96
At median	39,000	5.04	36,725	5.12
At 75th percentile	55,714	3.53	49,925	3.77

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.

Employees pay awards are determined annually on a case-by-case 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 2023 pay review also took account of the current cost of living crisis and focussed on protecting those at the lower end of the pay scale from the effects of the increased cost of living to a greater extent than those at the higher end, ensuring the awards were fair and affordable to the Company.

Donna Abel
Committee Chair
7 December 2023

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 2023.

The Committee, which I chair, comprises Donna Abel, Johanna Dow, Anthony Ferrar, Heather MacCallum and myself. The Executive Directors (Natalie Passmore, Helier Smith and Julie Taylor) and the Company Secretary may also attend the whole or parts of the meetings by invitation, together with members of the leadership team.

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

The Committee is charged by the Board to be 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 45-50.

Duties of the Committee
The other duties of the Committee include:

- Overseeing 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;
- Overseeing the Company's risk exposure and proposing improvements to the Company's risk management framework, strategy, principles and policies. This includes proposed changes to risk governance, risk appetite and risk policy frameworks, and the organisation's risk universe;
- Reviewing the adequacy of the Company's risk management framework and the resources available to the Company to appropriately manage risk including conducting in-depth reviews of specific high-risk areas as required;
- Reviewing and assessing identified principal and emerging risks and determining how these may affect the achievement of the organisation's strategic objectives and the continued resilience and viability of its business model;
- Reviewing risk principles, policies and material amendments to such risk principles and policies, as recommended by the Executives and reporting for approval by the Board;
- Overseeing adherence to risk principles, policies and standards and any action taken resulting from material policy breaches;
- Reviewing and approving the statements to be included in the annual report concerning internal control, risk management and the viability statement from a non-finance risk perspective;
- Reporting to the Board in November 2023 that the organisation's purpose, values and Board approved risk culture expectations are appropriately embedded in the organisation's risk strategy, risk appetite and are reflected in observed behaviours and decisions.

Key areas of focus
During the financial year, a key focus of the Committee's was monitoring the progress on the resilience framework and the on-going work undertaken across the water supply network. The Committee also received a detailed presentation from the Company's Senior Cyber Security Manager.

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 and associated matters such that the disclosure on risk management compliance for the annual report can be made with confidence.

Michael Pocock
Committee Chair
7 December 2023

Matthew Balleine, Labourer

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 2023.

One of the key activities of the Committee during the financial year was the successful completion of the Non-Executive Director recruitment campaign which concluded with Donna Abel and Johanna Dow being appointed to the Board of Directors at the 2023 AGM. For the first time in the Company's history, an unbiased recruitment platform, Be Applied, was used and saw nearly 200 applicants apply for these roles.

The Committee, which I chair, comprises Donna Abel, Johanna Dow, Anthony Ferrar, Michael Pocock and myself. The Executive Directors (Natalie Passmore, Helier Smith and Julie Taylor) and the Company Secretary may also attend the whole or parts of the meetings by invitation.

In the reporting period, the Nomination Committee formally met twice.

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 other duties of the Committee include:

- 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 Director 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
- Keep under review the leadership needs of the organisation, both executive, non-executive and other senior executives, 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.

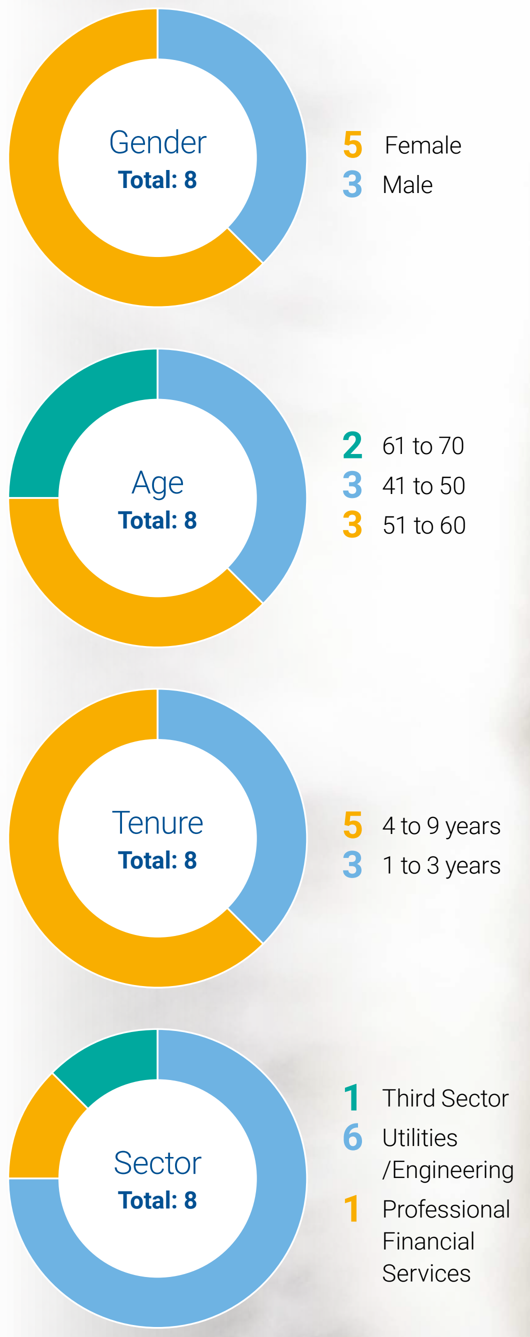
It is the policy of the Board to appoint directors who have a diverse range of skills, attributes, and backgrounds so that, collectively, the Board is appropriately resourced to discharge its duties effectively and meet the changing needs of the business. A wide range of factors are considered in determining 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.

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
7 December 2023

Current Board Profile



Handois reservoir: photographer David Conboy, Jersey Water employee

Directors' report

Louisa McInnes
Company Secretary

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 of 7.316 pence per share on 12 June 2023 (2022: 7.244 pence). The Directors are proposing a final dividend on ordinary and 'A' ordinary shares for 2023 of 8.558 pence per share (2022: 16.449 pence).

	2023	2022
	£'000	**£'000**
Interim dividend paid	707	700
Final dividend proposed	827	1,589
	£1,534	£2,289

Preference shares

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

Directors

Changes in directors

The directors of Jersey Water, on the date the consolidated financial statements were approved, are detailed on pages 51-52.

No changes to the Board composition are being proposed at the 2024 AGM.

As described on page 54, the Board undertook an annual formal assessment of its performance and that of the individual directors, including structured meetings between the directors being assessed and the Chair. Following this review, the Chair and Senior Independent Director have confirmed that the directors standing for re-election at the AGM continue to perform effectively and demonstrate commitment to their roles.

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 2023 are:

	Ordinary shares	Preference shares
Heather MacCallum	24,100	5,803
Natalie Passmore	915	-
Helier Smith	925	589
Michael Pocock	650	-

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

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 7 December 2023:

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

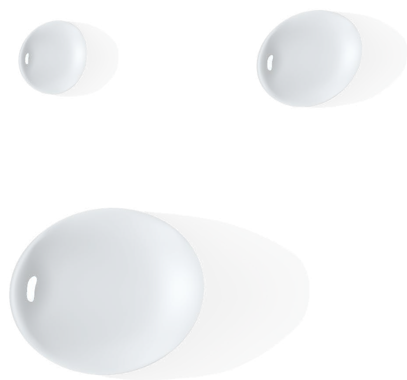
The States of Jersey owns 4,620,000 (100%) 'A' Ordinary shares, 2,520,000 (50%) Ordinary shares and 900,000 (100%) 10% cumulative fifth preference shares. The 'A' Ordinary shares, while in their ownership, have voting rights that confer twice the number of votes than those cast in respect of all other 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
7 December 2023



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;
- 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. Therefore, enabling 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 the 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.

Board members in Grands Vaux pumping station

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 prospects for the Company over a longer period than the 12 months required by the ‘going concern’ provision. The Board conducted this review for a period of five years, in line with the Company’s five-year strategic business plan, for which the Company has sufficiently robust financial forecasts. 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.

The 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 45-50. 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.

The following sensitivities 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, 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 change; 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, its wide and varied customer base within Jersey, the steady demand for its products and services and its 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 2028.

Going concern

We also consider it appropriate to prepare the financial statements on a ‘going concern’ basis, as explained in note 3 of the financial statements.

Approved by the Board on 7 December 2023 and signed on its behalf by

Heather MacCallum
Chair

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

Report on the audit of the financial statements

Opinion

We have audited the consolidated financial statements of The Jersey New Waterworks Company Limited (the 'group') for the year ended 30 September 2023 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 affairs as at 30 September 2023 and of its profit 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 (UK) (ISAs (UK)) 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 in the UK, including the FRC's Ethical Standard, 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.

Conclusions relating to going concern

In auditing the consolidated financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the consolidated financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

Corporate governance statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the entity's voluntary compliance with the provisions of the UK Corporate Governance Code.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting;
- Directors' explanation as to their assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 70;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 70;
- Directors' statement on fair, balanced and understandable set out on page 69;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 70;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 54; and;
- Section describing the work of the audit committee set out on page 57.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 69, 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 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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory framework applicable to the group through enquiry of management, review of board minutes and correspondence, industry research and the application of cumulative audit knowledge. We identified the following principal laws and regulations relevant to the group:

- Companies Jersey (Law) 1991;
- The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice); and
- The Water (Jersey) Law 1972.

We developed an understanding of the key fraud risks to the group (including how fraud might occur), the controls in place to help mitigate those risks, and the accounts, balances and disclosures within the consolidated financial statements which may be susceptible to management bias. Our understanding was obtained through review of the consolidated financial statements for significant accounting estimates, analysis of journal entries, walk-through of the key control cycles in place and enquiry of management.

Our procedures to respond to those risks identified included, but were not limited to:

- Identifying and assessing the design of key controls implemented by management to prevent and detect fraud;
- Enquiry of management and those charged with governance;
- Performance of analytical procedures to identify unusual relationships which may indicate a risk of fraud or an irregularity;
- Review of board minutes and relevant correspondence;
- Journal entry testing - including analysis of the general ledger to identify entries deemed to represent a higher risk of fraud or error; and
- Assessment of the reasonableness of judgements made by management in significant accounting estimates.

The inherent limitations of an audit mean that there will always be a risk that irregularities will go undetected, including those which may ultimately lead to a material misstatement. This risk is considered greater where an irregularity results from fraud including misrepresentation, collusion, and forgery.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the group's members, as a body, in accordance with 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
9 Bond Street, St. Helier
Jersey, JE2 3NP
8 December 2023

Consolidated financial statements

Consolidated income statement
For the year ended 30 September 2023

	Note	2023		2022	
		£'000	£'000	£'000	£'000
Turnover	5		19,397		18,792
Net gain on curtailment of defined benefit pension scheme	22		-		2,656
Operating expenditure	6		(17,457)		(15,498)
Operating profit			**1,940**		**5,950**
Finance costs					
- interest receivable and similar income	8a	283		57	
- interest payable and similar expenses	8b	(611)		(225)	
- fair value (losses)/gains on derivative financial instrument	8c & 19	(66)		1,364	
Net finance (expenditure)/income		**(394)**		**1,196**	
Non-equity dividends	9	(381)		(381)	
			(775)		**815**
Profit before taxation			**1,165**		**6,765**
Income tax	10a		**(90)**		**(862)**
Profit for the reporting year			**£1,075**		**£5,903**
Basic and diluted earnings per ordinary share of £0.50	11		**£0.11**		**£0.61**

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

Consolidated statement of comprehensive income
For the year ended 30 September 2023

	Note	2023	2022
		£'000	£'000
Profit for the reporting year		**1,075**	**5,903**
Re-measurements of defined benefit obligations	22	418	(235)
Total income tax on components of other comprehensive income	10b	(84)	(484)
Other comprehensive income/(loss) for the year net of tax		**£334**	**£(719)**
Total comprehensive income for the year		**£1,409**	**£5,184**

Consolidated statement of financial position
As at 30 September 2023

	Note	2023		2022	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	13	1,522		1,697	
Tangible assets	14	84,001		82,169	
Goodwill	13	-		19	
Derivative financial instrument	19	1,298		1,364	
			86,821		**85,249**
Current assets					
Inventories	15	599		700	
Trade receivables	16	4,783		4,609	
Cash and cash equivalents		(1,372)		1,821	
		4,010		**7,130**	
Creditors – amounts falling due within one year					
Creditors and accruals	17	(3,266)		(2,355)	
Income tax		(280)		(1,250)	
		(3,546)		**(3,605)**	
Net current assets			464		3,525
Total assets less current liabilities			**87,285**		**88,774**
Creditors – amounts falling due after more than one year					
Borrowings	18	(15,000)		(15,000)	
Non-equity preference shares	20b	(5,382)		(5,382)	
			(20,382)		**(20,382)**
Provisions for liabilities and charges					
Deferred taxation	21		(8,072)		(7,976)
Net assets excluding pension asset			**58,831**		**60,416**
Pension asset	22		5,933		5,235
Net assets			**£64,764**		**£65,651**
Capital and reserves					
Called up equity share capital	20a		4,830		4,830
Revaluation reserve			675		675
Retained earnings			59,259		60,146
Total equity			**£64,764**		**£65,651**

The financial statements on pages 73-93 were approved by the Board of Directors on 7 December 2023 and were signed on its behalf by:

Heather MacCallum
Chair

Consolidated Statement of Changes in Equity
For the year ended 30 September 2023

	Note	Called-up equity share capital	Revaluation reserve	Retained earnings	Total
		£'000	£'000	£'000	£'000
Balance as at 1 October 2021		**4,830**	**675**	**57,142**	**62,647**
Profit for the reporting year		-	-	5,903	5,903
Other comprehensive income for the year		-	-	(719)	(719)
Total comprehensive income for the year		**-**	**-**	**5,184**	**5,184**
Equity dividends	12	-	-	(2,180)	(2,180)
Balance as at 30 September 2022		**£4,830**	**£675**	**£60,146**	**£65,651**
Balance as at 1 October 2022		**4,830**	**675**	**60,146**	**65,651**
Profit for the reporting year		-	-	1,075	1,075
Other comprehensive income for the year		-	-	334	334
Total comprehensive income for the year		**-**	**-**	**1,409**	**1,409**
Equity dividends	12	-	-	(2,296)	(2,296)
Balance as at 30 September 2023		**£4,830**	**£675**	**£59,259**	**£64,764**

Consolidated Cash Flow Statement
For the year ended 30 September 2023

	Note	2023	2022
		£'000	£'000
Net cash inflow from operating activities	23	5,229	6,456
Income tax paid		(1,049)	(565)
Net cash generated from operating activities		**4,180**	**5,891**
Cash flow (used in)/generated from investing activities			
Purchase of fixed assets		(4,124)	(10,728)
Disposal of fixed assets		-	7
Net cash used in investing activities		**(4,124)**	**(10,721)**
Cash flow from/(used in) financing activities			
Loans received	18	30,000	48,000
Loans repaid	18	(30,000)	(41,000)
Interest paid and similar expenses		(575)	(208)
Interest received and similar income		3	-
Non-equity dividends paid		(381)	(381)
Equity dividends paid		(2,296)	(2,180)
Net cash (used in)/from financing activities		**(3,249)**	**4,231**
Net decrease in cash and cash equivalents	24	(3,193)	(599)
Cash and cash equivalents at the beginning of the year		1,821	2,420
Cash and cash equivalents at the end of the year		**£(1,372)**	**£1,821**

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

Reconciliation of net cash flow to movement in debt

	Note	2023	2022
		£'000	£'000
Decrease in cash and cash equivalents	24	(3,193)	(599)
Net movement in borrowings	24	-	(7,000)
Movement in derivative financial instrument	24	(66)	1,364
Movement in net debt	24	(3,259)	(6,235)
Net debt as at 1 October	24	(17,197)	(10,962)
Net debt as at 30 September	24	**£(20,456)**	**£(17,197)**

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 3-50, Financial Review on pages 31-36, 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. This is described in the Financial Review on page 35 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.

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 2023 and 30 September 2022. 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 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.

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.

3 Summary of significant accounting policies (continued)

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.

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

3 Summary of significant accounting policies (continued)

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.

(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 period 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 period end.

3 Summary of significant accounting policies (continued)

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.

(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 interest expense.

Following the closure of the scheme to future accrual on 1 January 2022, the Company recognised a net curtailment benefit separately on the face of the income statement in the prior year comparative.

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 at which 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 in 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.

(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.

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

	2023 £'000	2022 £'000
Measured water charges	17,053	16,588
Unmeasured water charges	358	349
Service charges and other charges for water	819	734
Total water supply charges	18,230	17,671
Rechargeable works income	535	628
Other income	632	493
Turnover	**£19,397**	**£18,792**

6 Operating expenditure

	Note	2023 £'000	2022 £'000
Included in operating expenditure are the following:			
Net employment costs	7	5,952	5,035
Impairment of inventory/(reversal of impairment of inventory)	15	1	(162)
Write off of tangible uncompleted works	14	26	316
Amortisation and depreciation	13/14	3,195	3,056
Loss on disposal of fixed assets		13	40
Inventories recognised as an expense		958	867
Consumables, hired in services and other costs		7,083	6,086
Directors' fees		119	118
Auditors' fees			
- Statutory audit		91	120
- Other services (Tax compliance)		8	10
- Other services (Pension scheme audit)		11	12
Total operating expenditure		**£17,457**	**£15,498**

Included within consumables, hired in services and other costs are noncancellable lease which amount to £194k (2022: £140k).
The total future minimum lease payments under noncancellable operating leases for each of the following periods are:

	2023 £'000	2022 £'000
Not later than one year	194	194
Later than one and not later than five years	439	529
Later than five years	192	296
Total future minimum lease payments	**£825**	**£1,019**

7 Net employment costs

	2023 £'000	2022 £'000
Wages, salaries and other payments	5,378	4,386
Social security	307	256
Pension costs of defined benefit scheme	-	76
Pension costs of defined contribution scheme	471	380
	6,156	5,098
Less amount capitalised within fixed assets	(186)	(63)
Less amount included within rechargeable works income	(18)	-
Net employment costs	**£5,952**	**£5,035**

Included within wages, salaries and other payments are Director's emoluments amounting to £579k (2022: £539k).
The Remuneration Committee report on pages 59-60 provides further details on salaries and benefits.

8 Finance costs

a) Interest receivable and similar income

	2023 £'000	2022 £'000
Bank interest received	3	-
Net interest income on pension obligations	280	57
Total interest receivable and similar income	**£283**	**£57**

8 Finance costs (continued)

b) Interest payable and similar expenses

	2023 £'000	2022 £'000
Bank loans, revolving credit facility and overdrafts	718	178
Refinancing costs	-	31
Interest (receivable)/payable on derivative financial instrument	(107)	16
Total net interest payable and similar expenses	**£611**	**£225**

c) Other finance expense/(income)

	Note	2023 £'000	2022 £'000
Fair value losses/(gains) on derivative financial instrument	19	**£66**	**£(1,364)**

9 Non-equity dividends

	2023			2022		
	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

	2023 £'000	2022 £'000
Current tax		
Income tax on the profit for the year	134	955
Deferred tax		
Credit for the year	(44)	(93)
Total tax on profit	**£90**	**£862**

b) Tax expense included in other comprehensive income

	2023 £'000	2022 £'000
Current tax		
Movement relating to pension surplus	(56)	1
Deferred tax		
Movement on deferred tax relating to pension surplus	140	483
Total tax charge included in other comprehensive income	**£84**	**£484**

10 Income tax (continued)

Reconciliation of tax charge for the year

The tax assessed for the year is lower than the standard rate of Jersey income tax (20%) (2022: 20%) applicable to utility companies. The differences are explained below:

	2023	2022
	£'000	£'000
Consolidated profit before tax	1,165	6,765
Profit before tax multiplied by the standard rate of Jersey income tax of 20%	233	1,353
Tax at 20% on:		
Depreciation for the year in excess of capital allowances	185	121
Capital expenditure, deductible for tax purposes	(233)	(163)
Loss on disposal of fixed assets	3	8
Loss on revaluation of financial derivative	13	-
Dividends on non-equity shares – non-deductible	76	76
Net gain on curtailment of defined benefit scheme	-	(531)
Non-deductible expenses	14	9
Adjustment for prior year tax charge	(201)	(11)
Total tax charge for year	**£90**	**£862**

There are no income tax losses from prior years to be carried forward (2022: £nil).

11 Basic and diluted earnings per ordinary share

Basic and diluted earnings per ordinary share of £0.11 (2022: £0.61) is based on earnings of £1,075k (2022: £5,903k), being the profit available for distribution to equity shareholders and 9,660,000 (2022: 9,660,000) ordinary and 'A' ordinary shares of £0.50 in issue.

12 Equity dividends

Ordinary and 'A' Ordinary shares	2023	2022	2023	2022
	Pence per share	Pence per share	£'000	£'000
Dividends paid				
Final dividend for the previous year	16.449	15.321	1,589	1,480
Interim dividend for the current year	7.316	7.244	707	700
	23.765	**22.565**	**£2,296**	**£2,180**
Dividends proposed				
Final dividend for the current year	**8.558**	**16.449**	**£827**	**£1,589**

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 2022	252	2,756	134	3,142
Additions	–	-	127	127
Disposals	–	-	-	-
Transfers	–	25	(54)	(29)
As at 30 September 2023	**£252**	**£2,781**	**£207**	**£3,240**
Amortisation				
As at 1 October 2022	(233)	(1,193)	-	(1,426)
Charge for the year	(19)	(273)	-	(292)
Disposals	-	-	-	-
As at 30 September 2023	**£(252)**	**£(1,466)**	**£ -**	**£(1,718)**
Net book value				
As at 1 October 2022	£19	£1,563	£134	£1,716
As at 30 September 2023	**£-**	**£1,315**	**£207**	**£1,522**

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

Included within intangible fixed assets is £26k (2022: £2k) relating to internal labour costs capitalised in the year.

Transfers from intangible uncompleted works include £29k capitalised as a tangible asset within equipment.

At 30 September 2023, capital commitments contracted for amounted to £81k (2022: £59k).

14 Tangible assets

	Property and completed works	Tangible uncompleted works	Motor vehicles, mobile plant and equipment	Total
	£'000	£'000	£'000	£'000
Cost				
As at 1 October 2022	125,786	1,070	3,303	130,159
Additions	1,396	3,099	250	4,745
Disposals	(152)	(26)	(231)	(409)
Transfers	746	(807)	90	29
As at 30 September 2023	**£127,776**	**£3,336**	**£3,412**	**£134,524**
Depreciation				
As at 1 October 2022	(45,537)	-	(2,453)	(47,990)
Charge for the year	(2,613)	-	(290)	(2,903)
Disposals	148	-	222	370
As at 30 September 2023	**£(48,002)**	**£ -**	**£(2,521)**	**£(50,523)**
Net book value				
As at 1 October 2022	£80,249	£1,070	£850	£82,169
As at 30 September 2023	**£79,774**	**£3,336**	**£891**	**£84,001**

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

Included within tangible fixed assets is £160k (2022: £61k) relating to internal labour costs capitalised in the year.

Transfers to motor vehicles, mobile plant and equipment include £29k reallocated from intangible uncompleted works.

At 30 September 2023, capital commitments contracted for amounted to £405k (2022: £659k).

15 Inventories

	2023 £'000	2022 £'000
Inventory as at 1 October	860	823
Inventory purchased in year	858	904
Inventory consumed in year	(958)	(867)
Inventory as at 30 September	760	860
Provision for impairment as at 1 October	(160)	(322)
Movement in provision in year	(1)	162
Provision for impairment as at 30 September	**(161)**	**(160)**
Net inventory balance as at 30 September	**£599**	**£700**

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

	2023 £'000	2022 £'000
Trade debtors	2,009	2,051
Prepayments	687	580
Accrued income	2,060	1,954
Other debtors	27	24
	£4,783	**£4,609**

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

	2023 £'000	2022 £'000
Trade payables	918	77
GST, taxation and social security	154	180
Contract retentions	11	20
Accruals and deferred income	1,447	1,270
Payments on account	714	782
Other creditors	22	26
	£3,266	**£2,355**

Trade payables and accruals relate to amounts owed to various suppliers through the normal course of business. There was £nil deferred income as at 30 September 2023 (2022: £94k).

The increase in trade payables is due to capital expenditure invoices received at year end and a change in the invoicing pattern of a key supplier.

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	2023 £'000	2022 £'000
Facilities drawn down			
HSBC Bank plc	2026	**£15,000**	**£15,000**
Loans falling due between one and two years		**£15,000**	**£-**
Loans falling due after two years but within five years		**£-**	**£15,000**

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

On 4 June 2021, the Company entered into an unsecured £15,000k revolving credit facility (RCF) with HSBC Bank plc. 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. 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 RCF has been fully drawn down since June 2022 and the utilisation renewals during the year are shown as a gross outflow of £30,000k and a gross inflow of £30,000k.

The accrued interest payable on loans drawn down as at 30 September 2023 is £59k (2022: £22k). The accrued interest on the undrawn portion of the facility is £nil (2022: £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:

	2023 £'000	2022 £'000
Financial assets that are debt instruments measured at amortised cost	2,010	2,054
Financial assets at fair value through profit or loss	1,298	1,364
Financial liabilities that are measured at amortised cost	23,569	22,610

Derivative financial instruments

The Company actively reviews its interest rate exposure risk in accordance with its interest rate hedging policy. The Company policy includes trigger levels requiring the Company to formally consider whether a hedge is required. These include:
3 year interest rate swap exceeds 1.25%;

- consecutive months of 3 year swap rate increases; and
- total drawdowns of above £15,000k and interest rate swap levels rising.

The trigger points were met during the prior year and the Company entered into an interest rate swap contract with HSBC Bank plc with an effective date of 3 May 2022 to hedge against the interest rate exposure of the Company on the revolving credit facility. The interest rate swap contract has a nominal value of £7,500k and matures on 4 May 2032. 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	
	2023 %	2022 %	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Less than 1 year	-	-	-	-	-	-
1 to 2 years	-	-	-	-	-	-
2 to 5 years	-	-	-	-	-	-
5 years +	1.93	1.93	7,500	7,500	1,298	1,364

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 2023 as an asset of £1,298k (2022: £1,364k), generating a fair value loss of £66k (2022: gain of £1,364k). As the Company has not elected to apply hedge accounting for this instrument the gain has been recognised within net finance income.

20 Share capital

a) Called up equity share capital

	Shares of 0.50 each	2023	2022
	'000	£'000	£'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

		2023	2022
		£'000	£'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**

		2023	2022
		£'000	£'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	2023	2022
		£'000	£'000
Accelerated capital allowances		6,885	6,929
Asset arising from pension surplus		1,187	1,047
Net liability		**£8,072**	**£7,976**
As at 1 October		7,976	7,586
Amounts charged in the income statement	10a	(44)	(93)
Amounts charged in the statement of comprehensive income	10b	140	483
At 30 September		**£8,072**	**£7,976**

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 2023 totalled £471k (2022: £380k). There are no unpaid contributions at year end (2022: £nil).

Defined benefit section

The FRS 102 valuation as at 30 September 2023 shows a net asset of £5,933k (2022: £5,235k).

The major assumptions used by the independent actuary were:

	2023	2022
Rate of increase in pensions accrued after 1 January 1999	3.30%	3.49%
Discount rate	5.48%	5.35%
Inflation assumption	3.50%	3.79%
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	Liabilities	Total
	£'000	£'000	£'000
Reconciliation of the present value of scheme assets and liabilities			
At 1 October 2022	19,071	(13,836)	5,235
Benefits paid	(869)	869	-
Interest income/(expense)	997	(717)	280
Re-measurement gains			
- Actuarial gains	-	260	260
- Return on plan assets excluding interest income	158	-	158
As at 30 September 2023	**£19,357**	**£(13,424)**	**£5,933**

22 Pensions (continued)

Total income/(cost) recognised as an expense within the income statement	2023	2022
	£'000	£'000
Current service cost	-	(76)
Past service cost	-	(318)
Curtailments	-	2,974
Life assurance premiums	-	(2)
Income within net interest expense	280	57
Total	**£280**	**£2,635**

Current service cost is included within operating expenditure in the income statement. In the prior year comparative a net gain £2,656k representing past service cost and curtailments is shown separately on the face of the income statement as net gain on curtailment due to its materiality. Net interest income/(expense) 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	2023	2022
	£'000	£'000
Re-measurement gains/(losses)		
- Actuarial gains	260	7,877
- Return/(expense) on plan assets excluding interest income	158	(8,112)
Total re-measurement gains/(losses)	**£418**	**£(235)**

Analysis of scheme assets	2023	2022
	% of total fair value of scheme assets	% of total fair value of scheme assets
Equities	12%	11%
Maturing buy and maintain credit funds	80%	81%
Gilt funds	5%	6%
Cash and receivables	3%	2%
	100%	**100%**

The fair value of the plan assets was:	2023	2022
	£'000	£'000
Equities	2, 432	2,071
Maturing buy and maintain credit funds	15,425	15,450
Gilt funds	943	1,145
Cash and receivables	557	405
	£19,357	**£19,071**

Return/(expense) on plan assets:	2023	2022
	£'000	£'000
Interest income	997	577
Return/(expense) on plan assets excluding interest income	158	(8,112)
Total return/(expense) on plan assets	**£1,155**	**£(7,535)**

22 Pensions (continued)

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 made scheduled retirement benefit contributions into the defined benefit scheme totalling £nil (2022: £16k).

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.

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 5.48%, 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.

Sensitivity analysis of funded scheme

Value at the end of 30 September 2023 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	19,357	18,590	20,168	19,357	19,357	19,357	19,357
Present value of funded defined benefit obligations	(13,424)	(12,693)	(14,226)	(13,472)	(13,370)	(13,887)	(12,955)
Net defined benefit asset	**£5,933**	**£5,897**	**£5,942**	**£5,885**	**£5,987**	**£5,470**	**£6,402**

Impact on the income statement to 30 September 2024	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
Service cost	-	-	-	-	-	-	-
Death in service premiums	-	-	-	-	-	-	-
Interest on the net defined benefit asset	(325)	(353)	(296)	(322)	(328)	(300)	(351)
Total income recognised in the income statement	**£(325)**	**£(353)**	**£(296)**	**£(322)**	**£(328)**	**£(300)**	**£(351)**

23 Notes to the consolidated statement of cash flows

	2023	2022
	£'000	£'000
Profit for the reporting year	1,075	5,903
Tax charge on profit on ordinary activities	90	862
Non-equity dividends	381	381
Net finance expense/(income)	394	(1,196)
Operating profit	1,940	5,950
Loss on disposal of fixed assets	13	40
Depreciation, amortisation and impairment	3,195	3,056
Write off of tangible uncompleted works	26	316
Change to bring pension charges onto a contribution basis	-	62
Net gain on curtailment of defined benefit pension scheme	-	(2,656)
Decrease/(increase) in inventories	101	(199)
(Increase)/decrease in trade receivables	(178)	179
Increase/(decrease) in creditors	132	(292)
Net cash inflow from operating activities	**£5,229**	**£6,456**

24 Analysis of changes in net debt

	At 1 October 2022	Cash flows	Derivative movement	At 30 September 2023
	£'000	£'000	£'000	£'000
Bank and cash	1,821	(3,193)	-	(1,372)
Debt due within one year	-	-	-	-
Debt due after one year	(19,018)	-	(66)	(19,084)
Total	**£(17,197)**	**£(3,193)**	**£(66)**	**£(20,456)**

25 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.

The remuneration of key management (which is defined as the Executive and Non-Executive Directors) is set out in the Remuneration Committee report on page 59-60.

26 Ultimate controlling party

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

27 Events after the end of the reporting date

On 16 October 2023 the Company exercised its option to increase the borrowing facility on its revolving credit facility with HSBC Bank plc and to extend the term of the facility by a further year to 3 June 2026. This increased the Company's facility by a further £10,000k to £25,000k. On 17 October 2023 a further £5,000k was drawn down bringing the total borrowings to £20,000k.

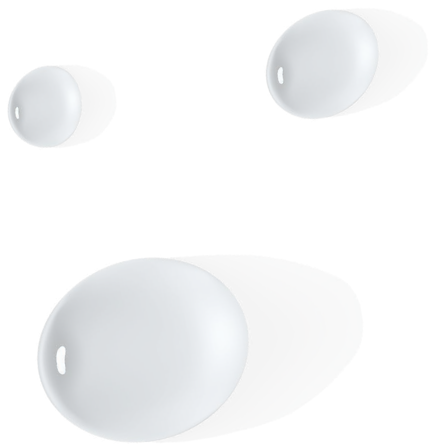
28 Subsidiaries

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

	Units	12 months to 31 Sep 2023	12 months to 30 Sep 2022	12 months to 30 Sep 2021	12 months to 30 Sep 2020	12 months to 30 Sep 2019[1]	9 months to 30 Sep 2019
Statement of financial position							
Total equity	£'000	64,764	65,651	62,647	56,594	55,383	55,353
Net debt	£'000	20,456	17,197	10,962	16,113	16,256	16,256
Income statement							
Turnover	£'000	19,397	18,792	18,356	17,627	17,760	13,229
Operating profit	£'000	1,940	5,950	7,446	3,926	3,576	2,586
Profit before tax	£'000	1,165	6,765	6,691	3,240	2,792	1,997
Profit for the reporting year/period	£'000	1,075	5,903	5,976	2,680	2,160	1,593
Equity dividends paid/payable	£'000	2,296	2,180	2,127	1,736	1,913	1,913
Financial statistics & ratios							
Capital expenditure	£'000	4,872	10,820	3,051	3,553	3,879	2,818
Net cash (outflow)/inflow	£'000	(3,193)	(599)	(1,856)	71	283	347
Earnings per share	£	0.11	0.61	0.62	0.28	0.25	0.16
Dividend cover	Times	0.5	2.7	2.8	1.5	1.3	0.8
Interest cover	Times	2.2	12.8	11.4	5.6	4.6	4.4
Gearing[2]	%	24	21	15	22	23	23
Operational statistics							
Total water supplied	Ml	6,777	6,838	7,065	7,061	7,001	5,309
Maximum daily demand	Ml	22.7	24.6	24.7	23.6	23.8	23.8
Annual rainfall	mm	1,154	795	1,129	1,192	815	554
New mains laid	km	1.4	2.1	1.5	2.0	3.2	1.3
Mains re-laid/relined	km	1.8	1.9	2.2	1.2	1.5	0.7
New connections	No	307	299	470	470	339	276
Live metered connections	'000	35	34	34	34	33	33
Desalination plant output	Ml	296.8	453.8	61.2	165	65	180
Customer satisfaction index[3]	No	83.6	82.7	82.7	86.1	84.0	86.5
% Employee engagement	%	93.4	92.8	90	90	89	89
Employees	No	98	89	88	93	91	91
Water quality							
% Compliance with water quality parameters	%	99.98	99.99	100.00	99.98	N/A	99.97

[1] 12 month comparative period including prorated adjustments to present a like-for-like comparison.
[2] Gearing = Debt/(debt + equity).
[3] 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



St Helier, Jersey, JE1 1JW
T: 01534 707300
E: customerservices@jerseywater.je
www.jerseywater.je

Appendix C

The Jersey New Waterworks Company Limited (the Company) New Articles of Association (the New Articles) – Key Changes

Article(s)	Summary of changes
	Objects of the Company
2	The addition of the new Article 2 (Objects) is intended to clearly set out the Company's objects as being to promote the success of the Company not only for the benefit of its members but to have a material positive impact on society and the environment as a whole. The proposed amendments reflect the need for directors to have regard to a wide range of stakeholder interests when promoting the success of the Company, including the interests of employees, the Company's relationships with its suppliers and customers, the Company's operations impact on the community and environment, the Company's reputation for high standards of business conduct and the need to act fairly between its members.
	General modernisation
N/A	The opportunity has been taken to de-gender language and provide greater detail and clarification to certain provisions of the New Articles, as well as to align certain provisions with current Jersey law. Certain provisions have also been modernised to allow for the use of electronic facilities or communications.
	General meetings
28, 29 and 34	*Hybrid and satellite general meetings* *The proposed amendments permit the Company to hold 'hybrid' and 'satellite' general meetings, where shareholders have the option to attend and participate in person (either at the main location of the meeting or in specified satellite locations) or virtually by electronic means (Articles 28 and 29). In line with market practice, the New Articles do not facilitate 'virtual-only' general meetings, but provide the Company with the flexibility to hold an electronic general meeting in parallel with a physical general meeting, which can make it easier for shareholders to take part in future general meetings.* *Certain consequential changes to facilitate this amendment have been made throughout the New Articles. For example: (a) to facilitate attendance and participation by electronic means, the new Articles allow for any document required to be on display or available for inspection at a meeting to be provided in electronic form (Article 29); and (b) to clarify that any resolution put to vote at a general meeting held partly by means of electronic facility will be decided on a poll, being a more transparent method of voting in these circumstances (Article 34).*
26, 27, 31, 33 and 45	*Arrangements for general meetings* *The New Articles provide the board of directors, the company secretary and the chair additional flexibility as regards arrangements for general meetings, in each case with a view to facilitating proper and orderly proceedings, including in particular:* • *permitting the board and/or the secretary to make any arrangements considered appropriate for the orderly conduct of meetings and to ensure the health and safety of persons attending any meeting, including refusal of entry (both physical and electronic) and imposing any requirement or restriction necessary to ensure identification of persons taking part in a meeting by means of an electronic facility (Article 26);* • *where the board considers it impractical or undesirable to hold a general meeting as planned or otherwise appropriate to make changes, permitting the board to change arrangements in relation to a general meeting (including moving the place of the meeting, postponing or changing it,*

cancelling or introducing any electronic facility and/or any other changes) and give notice of such changes as the board sees fit (Article 31);

permitting the chair of a general meeting, whose decisions on points of order and procedure shall be final, to take any action considered appropriate for the proper and orderly conduct of meetings (Article 27);

- *permitting the chair of a general meeting to adjourn a meeting in a number of circumstances to ensure that the meeting can be properly carried out;*
- *the New Articles also make clear that general meetings can be adjourned more than once and identify who will decide the arrangements for the adjourned meeting; and*
- *the inclusion of consequential changes to ensure shareholders have an appropriate opportunity to appoint a proxy for any rearranged or adjourned meeting (Article 45).*

Voting at general meetings

38 and 44 *Appointment of multiple corporate representatives or proxies*

The New Articles clarify the way in which votes will be treated in certain circumstances where multiple corporate representatives or proxies are appointed (Articles 38 and 44 respectively), in order to provide certainty and clarity for both the Company and shareholders choosing to exercise their voting rights through corporate representatives or proxies.

Shares

20, 40, 41 and 115 *Rights of persons entitled by transmission, members incapable of managing their affairs or where sums are overdue*

The proposed amendments clarify the position as regards exercise of voting rights by certain categories of shareholder or person entitled to shares. In particular:

persons entitled by transmission to share(s) cannot exercise any shareholders' rights in respect of a general meeting (not only voting rights) until such time as they are registered as a shareholder (Article 20);
shareholders in respect of whom a court order has been made as to their inability to manage their own affairs (not only as to mental disorder) can exercise voting rights through a proxy, attorney, receiver, curator bonis or other person appointed by the court (Article 40); and
where sums are overdue in respect of a share that shareholder cannot exercise any of their rights as a shareholder in respect of a general meeting (not only voting rights) until such time as all such sums presently payable have been paid up (Article 41).

In addition, the proposed amendments offer the Company flexibility as regards communications with persons entitled by transmission, by allowing the Company to send communications in hard copy or, if necessary or appropriate to address legal, regulatory or practical problems in any territory, to decide not to send hard copy communications to such persons entitled by transmission (Article 115).

116 *Sale of shares of untraced members*

The new Articles modernise the approach as regards shareholders who are considered untraced after a period of 10 years. In line with market practice, the proposed amendments remove the requirement to publish an advertisement in a national newspaper and a local newspaper; rather, requiring the Company to send a notice to the last known address of such untraced shareholder informing them of the Company's intention to sell their shares, having used reasonable efforts to trace that shareholder.

104 *Capitalisation of reserves*

The proposed amendment brings the New Articles in line with current Jersey law, whereby the Company can, upon the recommendation of the board, resolve to capitalise any sum standing to the credit of any reserve account of the Company by ordinary resolution, except in relation to the capital redemption reserve fund of the Company where a special resolution is required.

The board of directors

54 and 64	*Directors' rights and ability to delegate* For reasons of certainty, the Articles make clear that: • any Director's membership of a committee or sub-committee of the board terminates upon the termination of their appointment as a Director (Article 54); and • the board's ability to delegate exists regardless of whether or not expressly referenced in a provision of the Company's Articles of Association (Articles 64).
66	*Directors' interests and voting* The proposed amendments provide clarity to Directors and the Company by confirming that the Directors have authority to exercise voting rights attaching to shares or their directorship of another company held by the Company in any way that they decide (Article 66).
98	*Dividends* With a view to greater flexibility, the New Articles allow the board to determine and notify shareholders as to how payments in respect of any dividend or other money payable in respect of a share will be paid and whether shareholders will have a right to elect their preferred means of payment. The proposed amendments also provide latitude as to payment, by expanding the methods of payment to include certain financial instruments and mandatory direct credit. The New Articles further clarify that, where a shareholder fails to provide the necessary information in order to make a payment or a payment cannot be made to a shareholder using the information provided, then that dividend or other money will be treated as unclaimed.

Durell House, 2nd Floor, 28 New Street,
St Helier, Jersey, JE1 1JW
T: 01534 707300
E: companysecretary@jerseywater.je
jerseywater.je