Clear investment. Pure energy.

SUSTAINING LIFE AND GROWTH, INVESTING FOR THE FUTURE
REPORT AND ACCOUNTS 2015

Jersey Electricity

OUR YEAR
KEY ACHIEVEMENTS 2015

ENVIRONMENT
- Delivered power at our lowest ever carbon intensity level of 33g CO_2e/kWh

PEAK DEMAND
- 148MW recorded 5 February at 9.30pm, up on last year's 139MW but still below our all-time record of 161MW on 2 February 2012

ENERGY GROWTH
- Unit sales up 1% to 627 million
- Over 100 homes fuel switched from gas and oil heating
- Continue to win 95% of new developments
- Success converting commerical kitchens to all electric with induction technology

SECURITY AND RELIABILITY OF SUPPLY
- Just seven Customer Minutes Lost on average
- Ten times better than UK network

JERSEY-GUERNSEY CABLE REPAIR

- Successful pre-emptive repair to GJ1 in February, 500 metres off Guernsey coast when an 850-metre section was lifted from the seabed, cut and replaced

RETAIL ANNIVERSARY TURNAROUND

- July marked 90 years of Jersey Electricity Retail known as the Powerhouse today
- £0.1m loss last year turned into a £0.3m profit
- 475,000 customers visit Powerhouse store
- 142,000 in-store sales conversions

NORMANDIE 1 ON TARGET

- Planning permissions granted May
- Contracts for manufacture and installation signed July
- Seabed survey of route concluded August
- Contract for reactors signed October

AFFORDABILITY

- No tariff movements since April 2014
- Prices 5% lower than EU15 standard domestic tariff on average
- Tariffs materially lower than peer island jurisdictions

EXTERNAL AWARDS RECOGNITION

- Normandie 3 named Jersey Construction Council (JeCC) Project of the Year over £1m
- Former Project Manager Peter Snape receives JeCC Lifetime Achiever Award
- Powerhouse Retail division wins Travel Solutions Customer Service Strategy Award

INVESTMENT IN PEOPLE

- New Human Resources Director appointed
- New Talent Manager appointed
- New Head of Consultancy (Jersey Energy)
- New Contracts and Operations Manager (JEBS)
- Additional HSE Technician

NORMANDIE 3 OFFICIAL SWITCH ON

- Normandie 3 'officially switched on' by Réseau Transport d'Électricité (RTE) Paris and Normandy Region Director General Jean-Louis Muscagorry on 27 January in a ceremony attended by the Chief Minister, several other leading political figures and representatives from our contract partners Guernsey Electricity, Prysmian, ABB and Schneider

CONTENTS

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

NON-EXECUTIVE DIRECTORS
Geoffrey Grime FCA (Chairman)
Clive Chaplin BA
Michael Liston OBE FREng, BSc, CEng, FIEE, CIMgt
Aaron Le Cornu BSc, ACA

EXECUTIVE DIRECTORS
Christopher Ambler BA, MEng, CDipAF, CEng, MIMechE, MBA (Chief Executive)
Martin Magee CA (Finance)

SECRETARY
Peter Routier BSc, FCIS

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Queensway House, Hilgrove Street, St. Helier, Jersey

CHAIRMAN'S STATEMENT

2014/15 has been an exceptionally good year for Jersey Electricity. The completion of our Normandie 3 (N3) submarine cable to France at the end of the last financial year and the resultant first full year with our importation capacity restored to pre-2012 levels has transformed our business in several ways. Profitability, supply reliability and carbon intensity have all showed a marked improvement when compared with the last three years.

Group revenue for the year to 30 September 2015 rose 2% to exceed £100m and reflects good underlying, sustainable progress in achieving our strategic goals. Pre-tax profits, pre-exceptional items, rose 24% to £12.4m from £10.0m. Profit before tax, after exceptional items, rose from £6.5m to £13.2m.

Our Energy business delivered a strong performance, with unit sales offsetting energy efficiency pressures, increasing by 1% from 621 million to 627 million units, with profits rising from £8.0m last year to £11.5m.

The strong performance has meant that despite our significant investment in N3, we have been able to maintain tariffs at current levels whilst at the same time restore returns in our Energy business to a more normalised regulatory level which is key to funding on-going investment in our network.

Providing a secure and reliable electricity supply is fundamental to our proposition. With the 100MW N3 subsea cable working in parallel with our existing 90MW Normandie 2 (N2) submarine cable since 16 October 2014, our supply reliability has, this financial year, reached the exceptional level of just seven minutes loss of supply per customer (CMLs). A similar positive effect is seen on the carbon intensity of the power we distribute which is at an all-time low of 33g CO_2e/kWh this year. Both of these metrics come in at around ten times better than typical UK levels.

We are as committed as ever to our successful long-term importation strategy, initiated in the late Seventies, using a series of subsea cables built in partnership with our neighbours Guernsey Electricity (GEL) and overseen by the Channel Islands Electricity Grid (CIEG). In July we signed contracts worth £20m with an international consortium for the manufacture and installation of an enhanced 100MW Normandie 1 (N1) link to replace EDF1, our first submarine cable that came to the end of its life in 2012. N1 is on plan and scheduled to be in service in 2017 at a total cost of around £40m.

Last year I reported concerns over the condition of the Jersey-Guernsey cable (GJ1), a shared asset with GEL, and of our intention to make a pre-emptive repair. This challenging task was successfully completed in February when an 850-metre section of cable was lifted from the seabed, 500 metres off the Guernsey coast, cut and replaced by VBMS, our long-term partner in submarine cable maintenance services.

Our other non-Energy business units together produced a strong overall performance and, in particular, Powerhouse.je, our retail business, turned a £0.1m loss last year into a £0.3m profit in a challenging market following a significant restructure, re-brand and re-launch.

I am pleased to report a proposed final dividend for this year of 7.60p payable on 29 March 2016, being a 6% increase on last year.

During this year, we have put considerable effort into our Board succession plan. Clive Chaplin has decided it is right for him to retire at the next AGM and I would

like to thank him for the enormous contribution he has made to the Board and the Company over his 12 years of service. We welcome Alan Bryce to the Board who joins us from the UK with significant power sector and island experience.

Finally, I would like to thank our Executive and non-Executive Directors and colleagues at all levels for their continued hard work and dedication. They have not only put Jersey Electricity back on track, but they have exceeded expectations and we are well poised as a Group to take advantage of many future opportunities.

Geoffrey Grime
Chairman
17 December 2015

CHIEF EXECUTIVE'S REVIEW

I am delighted to report an exceptional set of results for 2014/15. Having successfully negotiated some challenging circumstances over the past three years we have returned to a level of profitability necessary for continued investment. Group turnover broke through £100m and pre-tax profits, pre-exceptional items, rose 24% from £10.0m to £12.4m. The main factor that enabled this increased performance was the shift towards using a higher mix of lower cost imported power, following the completion of our Normandie 3 (N3) interconnector which was delivered into service in October 2014, three months ahead of schedule and 10% below budget.

Since 2012, when our first interconnector, EDF1, came to the end of its working life, restricted levels of importation have been supplemented with more expensive, on-Island oil-fired generation at our La Collette Power Station. Our singular Group focus has been on restoring this importation capacity and 2014/15 was the first full year of operation of that restored capacity. This financial year saw our imports return to the levels of pre-2012, with 94% of our requirements imported from France, up from 80% in 2014. We generated 1% of our electricity on-Island compared with 15% last year, with the remaining 5% coming from the States of Jersey-owned Energy from Waste plant. The result was a 44% increase in Energy profits from £8m to £11.5m.

Increased electricity imports have also improved our carbon credentials. As this was the first full year of operation under our 10-year supply agreement with EDF – an agreement that guarantees power from certified low carbon hydro and nuclear sources – the average carbon intensity of power distributed to customers during the year was at an all-time low of 33g CO_2e/ kWh.

But N3 was not just focused on capacity. Laid entirely underground and connecting into a different, more robust 400kV section of the French grid, the cable was designed with supply security paramount. I am therefore delighted that our security performance was the best for seven years with only seven minutes on average of disconnected supply per customer, around ten times better than the UK average.

Investment in our subsea cable network has continued this year with a pre-emptive repair to the Jersey-Guernsey link (GJ1) completed in February and rapid progress on an additional link to France to replace EDF1. Planning permissions for the new cable known as Normandie 1 (N1) were granted in May, contracts for its manufacture and installation were signed in July and a survey of the seabed along the same route as EDF1 was completed in August. All being well, EDF1 will be lifted from the seabed next spring in preparation for N1's installation later in the year.

At 100MW, N1 will be 'future-proofed', having an enhanced capacity compared with its 55MW predecessor, albeit its initial operation will be at 55MW followed by an upgrade to 70MW.

Following our experiences over recent years with the failure of critical infrastructure during difficult scenarios, we have examined our on-Island generating capabilities in some detail. As a result the Board has approved the installation of a 5MW 'black start' diesel generator at La Collette to assist in quicker, more robust restoration during major interruptions to imported supplies, in this case protecting supplies that the Power Station itself needs to implement a full island restoration. We expect its installation and commissioning to be completed next year at a total cost of around £2m.

Though progress on our £17m project to build a new St Helier West primary substation has been hampered by structural complications on site and civil design issues, works are expected to commence in early 2016 and we hope to have this important new facility in service by 2018, securing new and existing supplies to the north and west of St Helier.

SmartSwitch, our programme to install Smart Meters across the Island, has gained momentum this year. In February we appointed a Programme Manager to oversee the day-to-day logistics of this project and manage a team which has been installing the single element meter on a pilot basis. The dual element meter is undergoing a comprehensive programme of testing. We expect deployment of both types of meter to ramp up in 2016.

Elsewhere in the business, the re-structure and re-branding of our Powerhouse retail business has paid dividends with a £0.1m loss last year turned into a £0.3m profit. Our Property division, Jersey Energy, Jendev and Jersey Deep Freeze all had profitable years. JEBS, our building services business, has also undergone a management re-structure and re-focus on its core activities. This has resulted in a near 20% increase in revenue to £4.9m. Though margins are under pressure due to competition in the sector, we are making progress with the foundations that are necessary for the future.

We have made some significant appointments during the year in JEBS, Jersey Energy and HR and have realigned resources to better focus on our business imperatives. Significantly, after an extensive recruitment process, we appointed a new Human Resources Director who has launched a multi-year programme of transformation to ensure our people processes, including people development, are better aligned to the future needs of the business.

GROUP PURPOSE

Our purpose is simple: To sustainably serve our community with affordable, secure, and low carbon energy, today and long into the future, enabling residents and businesses in Jersey to thrive and prosper.

At the centre of our purpose is the customer. We must better understand our customers and deliver the service they need in the most efficient way. To achieve this, it is essential that every employee understands our purpose – why we exist – and the part they as individuals play in our common goals and our shared vision. The Purpose, Vision and Values work (known as PVV) launched across the Company last year was designed to do this. It reinforced the principles of sustainability across the business, helping staff better understand the role each of them plays.

This year we have built on that early work by implementing many practical suggestions from the outputs of PVV. We have also facilitated improved communications and a better understanding between our businesses and functions. We have made some significant appointments and re-aligned resources in direct response to our employees' comments. Nowhere is that more evident than in Human Resources where a new HR Director has been appointed to take forward a programme of transformation and better align HR services to business needs. The HR team has already been restructured to follow a business partnering model to implement strategic initiatives through collaboration and consultation. We have introduced the role of Talent Manager to the HR team. This role is focused on helping the business 'unlock potential' of our people and our organisation; living our values, delivering performance and achieving our vision.

Our values

Our values are of central importance to our culture. They are what we can expect of each other and the way we work together day-in, day-out.
They are;

- Safety
- Customer focus
- Teamwork
- Responsibility
- Excellence
- Reliability

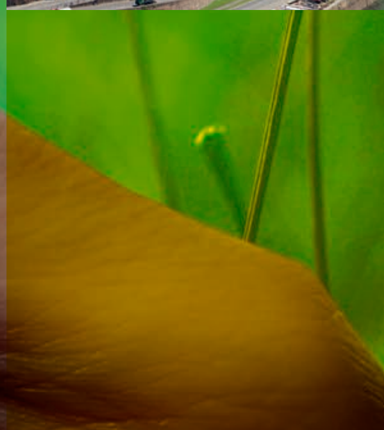
Our vision

Our vision is to responsibly and sustainably deliver value to customers by:

1. *Growing unit sales* and offsetting pressure from energy efficiency by fuel switching from fossil fuels as well as finding new applications for electricity through new technologies; especially heating, cooking and transportation
2. *Developing services and solutions* that create value for customers by designing, installing, maintaining, repairing and financing equipment and any new technologies that use electricity
3. *Developing 'Smart' infrastructure* that will supply clean electricity securely in the most cost effective manner
4. *Strengthening our relationships with customers* by better understanding their needs and meeting them

Our priorities

- Deliver Normandie 1 submarine cable project on time and to budget
- Deliver multi-year SmartSwitch Smart Metering programme reliably and with minimum inconvenience to customers
- Deliver St Helier West primary substation investment on time and to budget
- Finalise the design and develop the plan for new Queen's Road infrastructure
- Working with Guernsey Electricity, facilitate the installation of the next Jersey-Guernsey link under the supervision of the Channel Islands Electricity Grid
- Grow electricity's market share using resources in Energy Solutions, JEBS and the Energy business in an integrated way; winning fuel switches and developing new technology partnerships
- Optimise/ enhance La Collette Power Station to robustly protect customers' supplies in the most efficient way



"Introducing our new 24-hour heating tariff - Economy 20+"

ENERGY GROWTH

Unit sales were 1% higher than last year, rising from 621 million to 627 million, despite a second successive mild winter and continued pressure from increased energy efficiency.

- The total number of customers on supply at year-end was 49,320, an increase of 379 on last year
- Over 500 new domestic customers joined our discounted space and water heating tariffs Comfort Heat, Economy 7 and Economy 20, bringing the total number of customers now on these tariffs to 16,131
- Peak load for the year was 148MW recorded on 5 February at 9.30pm. This was an increase on last year's peak of 139MW but well below our all-time record of 161MW set on 2 February 2012

Energy Solutions

Launched at the end of last year from existing resources, we formed a new team, Energy Solutions, in response to a comprehensive study on load growth that identified several key opportunities. This small, specialist team is focused on unlocking new unit sales growth using new technologies in heating, cooling, cooking and transportation applications, across the commercial, residential and public sectors.

Fuel switch

Although our efforts will take many months, and in some cases years, before we will enjoy the full effect on unit sales growth, we are making progress in the commercial sector with real traction in switching professional kitchens to all electric by using modern induction cooking technology as well as commercial scale, ultra-efficient heat pump technology. We note a considerable shift in preference of professional chefs from gas to electric, assisted by significant new technological developments.

In the residential market, the Energy Solutions team, backed by a summer marketing campaign, made good progress increasing fuel switching by over 50% compared with normal baseline levels. The team has developed new user-friendly propositions for customers, a more streamlined system for handling the customer journey and has developed enhanced finance packages in support of fuel switching. It is also developing relationships with new technology providers to offer state-of-the-art solutions in Jersey for in-home energy services. Of note is the introduction of a new 24-hour heating tariff, Economy 20 Plus (E20+) which will launch in 2016 and provide attractively priced 24-hour electric heating for customers at a mix of off-peak rate and normal rate for approved heating systems.

Whilst we believe there is considerable opportunity for the States of Jersey to reduce its own energy bill, it has so far been difficult to make progress. We continue to try to engage at the highest levels to persuade it of the significant opportunity to save money and carbon across its building stock and in transportation.

Encouraging the use of high efficiency, lower cost off-peak heating across our customer base encourages customers to use electricity when supplies from France are cheaper. It also flattens the peak electricity demand, which is a significant driver of infrastructure costs. This enables Jersey Electricity to keep prices significantly lower than they otherwise would be.

New build

Despite the fall in oil prices, we have maintained our position in securing electricity as the fuel of choice for new build and this year more than 95% of new buildings were heated and cooled by all-electric solutions. Developers choose clean, low carbon electricity for heating in energy efficient building designs to meet increasingly stringent standards on energy use and emissions. Electric heating is also space efficient and avoids the need for storage tanks and flues. In the commercial sector, electric heating systems can also be designed to cool, increasing cost effectiveness.

Energy Plan

The Energy Plan recognises the importance of electricity to delivering a low carbon future and we are working closely with the new Energy Partnership forum, a community panel established by the Planning and Environment Department, the States of Jersey ministry responsible for facilitating the plan.

Electric transportation

One third of the Island's carbon emissions is attributable to transportation and whilst some of this market is not presently accessible, a good portion of it is with existing technology. We strive for the States of Jersey to work with us to encourage uptake – action which supports the Clean Air Policy and the Sustainable Transport Plan and essential if the Island is to stand any realistic chance of meeting its Energy Plan target of an 80% reduction in carbon emissions by 2050. We are also seeing an increase in requests from developers to install electric vehicle charging points as part of the initial build.

We estimate there are around 150 registered all-electric vehicles in the Island today but potential for significantly more. The market does require incentivisation and we have made a number of proposals to the States of Jersey to assist this.

We continue to innovate and adapt to market conditions as we strive to maintain underlying unit sales across our network and where possible 'sell out' spare capacity in the load curve. We have no doubt low carbon electricity is the 'energy of the future' in our Island and we actively encourage our customers to get the best possible value from our service, encouraging energy efficiency whilst at the same time looking for opportunities to offset its impact by converting customers to electric solutions using the most cost effective technologies available.

We position Jersey Electricity as the Channel Islands' 'low carbon, energy experts' that customers can trust.

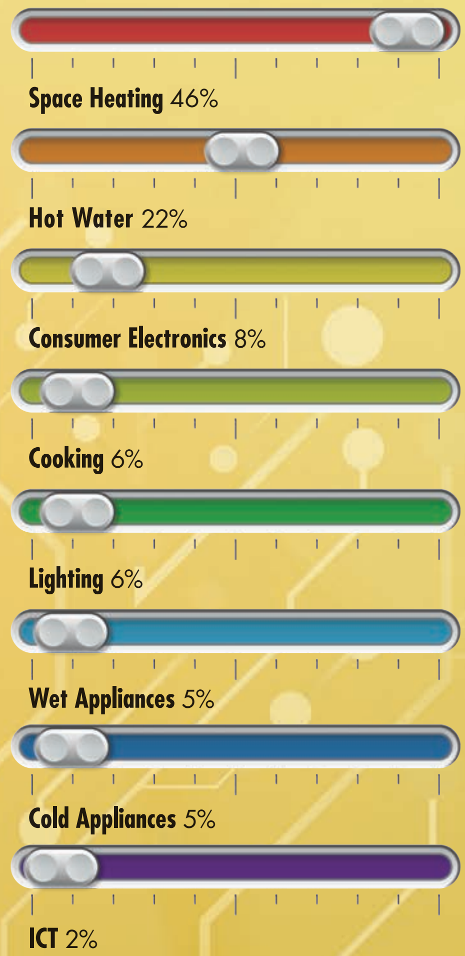
MAINTAINING AFFORDABLE ELECTRICITY AND PRICE STABILITY

According to independent research, absolute energy prices and price stability are unsurprisingly the greatest concern of customers. As the sole supplier of over 40% of the energy used in Jersey, we are acutely aware of our responsibility to deliver affordable energy not only at a point in time but sustainably into the future. We follow prices of local heating oil and LPG gas closely in Jersey and we regularly benchmark electricity prices in other countries using an external independent consultancy.

There were no changes to electricity prices during 2015 and we are delighted that our tariffs remained competitive, despite the heavy on-going investment in infrastructure (on which we need to earn a return) and our relatively small scale. We benchmark positively against the EU 15 Average and though that differential has reduced year-on-year due to the strength of Sterling against the Euro, we have comfortably achieved our goal of keeping our domestic tariffs within +/-10% of the EU Average. Our average prices at year-end were around 5% lower than the EU standard tariff for domestic customers. We also compare favourably with other island jurisdictions particularly as measured by our standard tariff, which is the normal measure used in international comparisons.

Although forecasting prices remains difficult, we believe we are well positioned, with lower cost import capacity available due to the successful installation of Normandie 3 (N3), coupled with a largely fixed hedge book on both power and foreign exchange over the next two to three years. These lower importation costs offset the higher borrowing costs associated with N3.

We continue to explore more innovative, customer focused heating tariffs which can deliver more value to consumers, including our new 24-hour Economy 20+ Tariff which will supply uninterrupted electricity to approved heating systems, improving sales, comfort levels and equipment performance. Today over 16,000 customers benefit from our lower cost, off-peak tariffs for heating and we are seeking to build on this further.



Source: UK Energy Saving Trust

Jersey Electricity is the sole supplier of over 40% of the energy used on island

ENSURING SECURITY AND RELIABILITY OF SUPPLY

SUPPLY SECURITY STANDARD

To meet Jersey Electricity's Security Standard, the electricity system is designed to meet:

- A one-in-eight year winter peak demand
- All normal load in the event of the loss of the single largest interconnector with France (N minus 1) plus a simultaneous failure of the largest:
  - o diesel generator; and
  - o gas turbine
- 75% of peak winter load for 48 hours from on-Island generation (no simultaneous loss of on-Island capacity)
- No coincidence of the above

*Island Monitor 3 is the third of six reports of island communities produced annually by Island Global Research

We aim to maintain security of electricity supply by first ensuring we have enough supply – whether by local generation or importation – to meet demand, coupled with making sure that our network is sufficiently resilient and diverse to maintain supplies to consumers during various asset failure scenarios. We work to an "N minus 1" standard adapted for our unique island system. Broadly, this standard seeks to maintain supplies during the failure of the largest component in the system (see panel).

'Supply margin' is defined as the total excess supply capacity over total peak demand. Most UK large-scale networks aim to maintain a supply margin above 5% and generally around 10%. This winter however, there are fears of major power cuts in the UK as the supply margin is expected to fall to around 2% off the back of the decommissioning of old coal and 'out-of-the-money' gas plant. As a result larger scale customers in the UK are to be compensated for curtailing their demand in certain situations. Fortunately in Jersey, we have secured access to a diverse range of supply sources and we have invested in our network to ensure more than enough capacity to meet demand. In particular, with two submarine cables in service, Jersey Electricity now has access to at least 150MW of importation capacity, close to our peak demand of around 160MW even assuming no on-Island generation is available.

We remind our customers that like all public network operators, we cannot guarantee security of supplies but we seek to manage the risk by minimising the probability of an asset failure, and when supplies are interrupted, ensuring that we are well prepared to restore them quickly. For this reason, we always recommend customers conduct their own business risk assessments and put in place battery backup or standby generation to support high value 'business critical' processes during times when the grid is not available.

As the sole provider of electricity in Jersey we continue to invest heavily in our subsea cable transmission network under the oversight of the Channel Islands Electricity Grid (CIEG). Our large investment in the 100MW Normandie 3 (N3) French link, completed last September, is

already paying dividends and has reduced the risk in the supply system. We measure reliability in Customer Minutes Lost (CMLs) which is the average duration of interrupted supplies during the year faced by each customer. Our supply reliability this year is our best since 2008 at a level of just seven, around ten times better than the UK.

This was reinforced by independent global research into 'island vulnerability factors' which rated Jersey among the top four islands worldwide for energy security. Only Iceland, the Isle of Man, and Tasmania were able to match Jersey with a top rating on energy security out of 25 islands studied for the Island Monitor.*

We have had only four Island-wide power failures in nine years. The last was in January 2014 when lightning in France cut overhead supplies to our Normandie 2 (N2) submarine cable on which we were solely reliant during the period from 2012 until N3's completion. With security paramount, the N3 circuit not only connects into a different part of the French network to that of N2, it was designed and installed underground over its entire 58km route from South Hill, Jersey, to Périers, deep in the Normandy countryside. Going forward, our recently installed System Integrity Protection Scheme (SIPS) is designed to carefully and safely match demand with supplies when we experience asset failures or other disruption on the network, protecting assets and controlling network isolation.

AROUND 10 TIMES BETTER THAN THE UK

"Supply security will be further enhanced by our £40m investment in another 100MW French link, known as Normandie 1"

Normandie 1

Supply security, so important to the Island's £3.9bn economy, will be further enhanced by the £40m investment in another 100MW French link, Normandie 1 (N1), shared with Guernsey Electricity. The capacity of this asset will start at 55MW before being increased to 70MW and ultimately to 100MW. This is a direct replacement of the 55MW EDF1, our first interconnector installed in 1984, which came to the end of its life in 2012 after 28 years' service.

We have made great strides with this project this year after being granted final planning permission in May. The initial survey of the seabed along the same 27km route as EDF1 from St Remy des Landes, Normandy, to Archirondel, Jersey, was carried out over several weeks in July and August. The survey vessel Askholmen, chartered from Swedish company MMT, carried out the work along a 100-metre-wide corridor alongside the decommissioned cable. The vessel also carried out survey work on our existing N2 and N3 cables.

We awarded the contract for the manufacture and installation of N1 to an international consortium in July. World leading cable specialists Prysmian, who manufactured and installed N3 and its adjoining land cables, will manufacture the subsea cable in Naples, Italy.

Dutch specialists VBMS, with whom the CIEG developed an innovative Power Cable Maintenance Agreement in 2012, will be responsible for its installation, employing, we expect, the cable laying vessel Stemat Spirit.

Unlike the N3 submarine cable, which took 11 weeks to install, the installation of N1 is expected to take around three weeks as it will be laid on or just below the seabed, like its predecessor, rather than being fully buried beneath it. Minimal land works will be necessary as the new cable will connect to existing 90kV infrastructure on both sides of the Channel.

The 1984 cable has been prepared in readiness for removal from the seabed next year in accordance with planning permissions, before N1 is laid. The small substation at St Remy des Landes, known as 'Poste de Surville', which served EDF1, will be dismantled and the land returned to nature once the new circuit has been commissioned in 2017.

ELECTRICITY SOURCES 2014-2015

ELECTRICITY SOURCES IN %

Year	JE	EfW	Import
2009-10	5.9%	0.6%	93.5%
2010-11	1.8%	2.6%	95.6%
2011-12	2.5%	5.2%	92.3%
2012-13	20.7%	3.9%	75.4%
2013-14	14.9%	4.9%	80.2%
2014-15	1.4%	4.6%	94%

+13.8%
-13.5%
- 0.3%

Generation

Though we have scaled back some of our less cost effective steam generation capacity at La Collette Power Station following the completion of N3, all-Island supply failures on 25 September 2012 and 27 January 2014 led to a decision to install a 'black start' diesel generator at La Collette. This is designed to start using compressed air and will enable the Company to restore full supplies to the Power Station and all its ancillary controls in the event of a situation of complete darkness under distressed conditions. It will also enable the Company to continue to meet its published Security of Supply Standard by adding another flexible unit of 5.5MW generation. Whilst we do not expect the generator to be heavily used, it provides some additional insurance in the unlikely event of major interruptions to imported supplies. We have sourced a reconditioned 5.5MW Sulzer Diesel generator – an eight cylinder version of our four existing 11MW V16 Sulzers – at a cost, including installation, of around £2m. Installation is now underway by Swiss contractors MIE. We have also replaced the control systems on our two emergency gas turbines at Queen's Road.

Peak demand this year was 148MW recorded at 9.30pm on 5 February, above last year's 139MW but still well below our all-time record of 161MW in February 2012. We view this positively as we work hard to reduce this peak and flatten demand. The completion of N3 has restored our imports to 94% of our requirements with La Collette this year generating just 1% and the remaining 5% coming from the States of Jersey Energy from Waste Plant.

Transmission

In February 2015, we supported Guernsey Electricity in the successful pre-emptive repair to the Jersey-Guernsey link (GJ1) during which an 850-metre section of cable was lifted from the seabed, 500 metres off the Guernsey coast, cut and replaced by VBMS, our submarine cable maintenance service partner. GJ1 has now experienced two repairs so we continue to monitor the entire cable using a new DTS fibre optic temperature monitoring system recently installed for this purpose. We expect to install this system on our N3 and N2 cables over the coming year.

Also in partnership with Guernsey Electricity, we have installed an extremely important System Integrity Protection System (SIPS) across the transmission network. SIPS is designed to minimise the impact of asset failures and other network stress by load shedding to match supply and demand across the whole of the Channel Islands transmission network, from France through Jersey to Guernsey. In the event of the loss of a major asset such as a submarine cable, a generator or a 90kV on-Island transmission cable or other component, the system will react instantly to protect our people and the network and minimise the disruption to electricity supplies by load shedding certain sections of the network and stabilising the system.

Distribution

On-going investment in and maintenance of our distribution network is vital to maintain supply security. We plan many years ahead to meet future demand and maintain network resilience. We decided in 2006 that we needed a new primary substation to secure existing supplies and enable new ones in the north and west of St Helier but our search for a suitable site took many years. Having secured a site at Westmount and having obtained planning permission last year, progress on its actual construction has unfortunately been hampered due to known risks of structural instability on the site that have necessitated more extensive civils preparatory work. Commissioning of the new 90kV substation, known as St Helier West, is now expected in 2018.

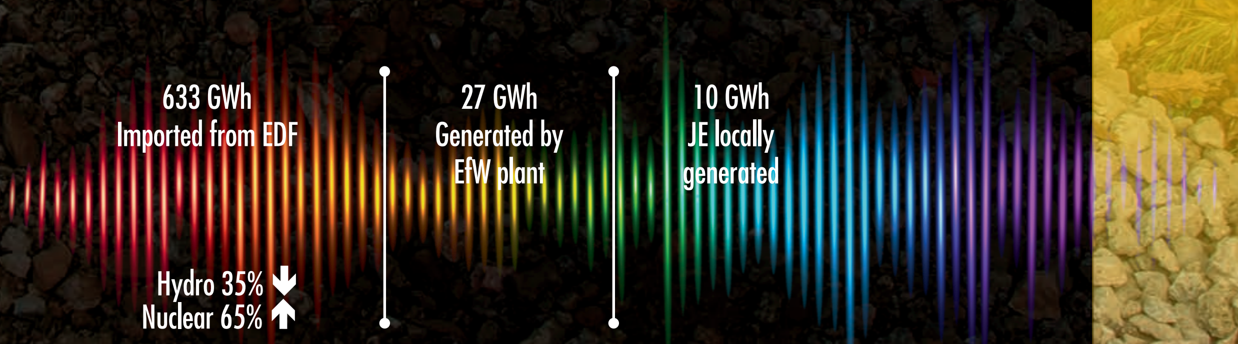
The long awaited upturn in the construction industry has contributed to a 25% increase in new electricity connections. The number of switching operations however, has fallen by 13% compared with the previous year as the demand for new supplies has reduced the amount of resource available for the more complex asset replacement work. We expect to recover this in the next two years.

Overall, we installed on our network almost 6MVA of new transformer capacity, around 34km of new cable, nine new substations, 20 refurbished substations and 925 new services. We maintained 156 substations and almost 15km of overhead line. Substations on the network now number 765.

SmartSwitch

We have continued to make good progress with our Smart Metering programme, SmartSwitch, with the launch of a pilot deployment alongside 'business as usual' replacement of meters. We have learned a great deal during this process, and this has already been incorporated into organisational and process changes. A team of installers has fitted the Liberty 140 Single Element Meter in around 2,700 homes, with over 3,000 installed as 'business as usual' replacements. The total number of Smart Meters capable of automated control and remote reading is now over 16,000 when added to the 10,500 Horstmann Mainscom Meters already in existence. The Liberty 115 Twin Element Meter is now undergoing testing and technical trials and will be deployed next year. This will enable off-peak heating customers to enjoy the benefits of Smart Metering.

Extensive work by our own Metering team, in-house software and data specialists Jendev and our Swiss Post Solutions (SPS) billing partner has enabled the development of an online customer portal Smart Account which staff have trialled. This will allow collection, analysis and presentation of data for customers to better understand their consumption via a user friendly interface. This is now under-going further development and enhancement based on initial learnings.



PROTECTING THE ENVIRONMENT AND CONSERVING RESOURCES

The States of Jersey's endorsement of the Energy Plan – Pathway 2050 commits Jersey to reducing carbon emissions by 80% of its 1990 level by 2050 and broadly attempts to set out how this is to be achieved. Jersey Electricity has played a central role in helping the Island make good progress towards this target and as the only provider of decarbonised energy in the Island, has an important role going forward in influencing sources of energy in its portfolio as well as how this energy is consumed.

We can help all our customers reduce their impact on the drivers of climate change by supplying them with low carbon power and by educating them to become more energy efficient. The completion of Normandie 3 (N3) last year and subsequent return to full importation capacity under our ten-year supply agreement with EDF that guarantees power from certified low carbon sources has meant we have delivered power this year at 125g CO_2e (three-year average*) with our lowest ever annual carbon intensity level of 33g CO2e/kWh. This is 14 times cleaner than the UK Electricity system, calculated at 462g CO_2e/kWh** and around seven times cleaner than fossil fuels used locally in Jersey, with heating oil at 265g CO_2e/kWh and LPG at 234g CO_2e/kWh.***

Low carbon imports met 94% of our total requirements of 670GWh (up from 80% last year). Of that 65% came from nuclear generation and 35% hydro. We only generated 1% of our electricity on-Island compared with 15% last year, with the remaining 5% from the States of Jersey-owned Energy from Waste plant.

Whilst minimising the Island's impact on climate change is at the centre of our environmental strategy, we work hard to minimise any direct impact on the environment as a result of our own operations. Following a British Safety Council (BSC) Five Star environmental pre-audit in 2012, we undertook the full BSC Five Star Audit in July. The process involved an in-depth examination of our entire environmental management system and associated arrangements. It focused on key aspects of our approach to managing our environmental impact and offered a structured path for continuous improvement. We were delighted to be awarded Four Stars or a 'very good' rating. The auditor praised our strong commitment and leadership in environmental performance improvement and sustainability across the business. The audit results will help JE to refine and improve an already robust system.

We reinforced our commitment to Health, Safety and the Environment by recruiting an additional member to the team this year ahead of an experienced member's retirement to ensure vital continuity. We also continued our own energy saving measures by extending LED lighting to all offices and meeting rooms in the Powerhouse and have procured additional LEDs for La Collette stores. We are poised to trial an innovative lighting scheme for the main office which, if successful, will be rolled out next year. These and other measures, along with our large photovoltaic (PV) array at the Powerhouse, have contributed to energy savings across our sites of over 30%, though our target remains 50%.

After many months of effort working with the authorities, Jersey Electricity has finally removed around 2.5 tons of Waste Refrigerant Gas (WRG) from refrigeration systems, playing our part in removing the now banned ozone-depleting CFCs from Jersey. WRG is collected by JEBS (Building Services) during air-conditioning and refrigeration works. Ours is the first company in the Island to be granted a Trans Frontier Shipment Notification, or licence, to ship WRG to the UK for recovery.




"We have delivered power at our lowest ever carbon intensity, more than ten times cleaner than the UK electricity supply"

We have now fully restored the land adjacent to the N3 cable landing site. Our work involved clearing invasive species of trees that had taken over part of the dune. With the help of an ecology consultant the land has been protected from the public and restored to its natural grassland state, providing a haven for wildlife. Staff have also been involved in the removal of invasive species on two volunteer environmental days with beach cleans instigated last year and which we aim to continue in future.

Renewables

Despite the abundance of renewable energy in Jersey, the lack of financial subsidies for its development remains a significant barrier in the uptake of new large scale and distributed renewable energy. Nevertheless as technology costs fall and energy prices rise, we expect opportunities to emerge to develop and access these indigenous supplies of solar, wind and tidal energy.

As Jersey Electricity has already decarbonised its energy system by importing cleaner, low carbon power from France, energy 'diversity' and energy 'independence' are our key motivation. With the right cost structure, we expect that these larger scale renewable technologies will become economically viable in the future and could provide a modest source of income for the States of Jersey.

During the year, we continued to explore the potential of offshore wind with a series of briefings for key States Members and civil servants. We also presented a longer term, multi-year proposal for how we might work together to develop this opportunity with the States of Jersey and we await a response from the Government. As well as working on tidal energy and offshore wind, we conducted considerable research on solar PV technology and its application in the Channel Islands, building on the knowledge of our actual experiences installing and operating a commercial solar PV array on the Powerhouse building. Our strategy in solar is under development, but we expect that it will remain a part of our services offer to customers.

* Due to improvements in the underlying calculation methodology, previous years have been restated where appropriate. All updates can be viewed on: https://www.jec.co.uk/about-us/responsibility/environment/

** Defra Carbon Factors

*** Source SAP Building calculator as at 30 September 2015.

CUSTOMER SERVICE STANDARDS

As an organisation we seek to put the customer at the heart of our business and this is reflected in our Vision statement. Customer focus is also one of our six core Values for which we hold all our colleagues accountable, not just those that are externally facing: *'We listen to our customers and seek to understand and respond to their needs, treating them the way we would wish to be treated, with respect and honesty.'* We believe that continually demonstrating that we meet customer needs better and better is one of the most important ways of protecting our franchise in the community.

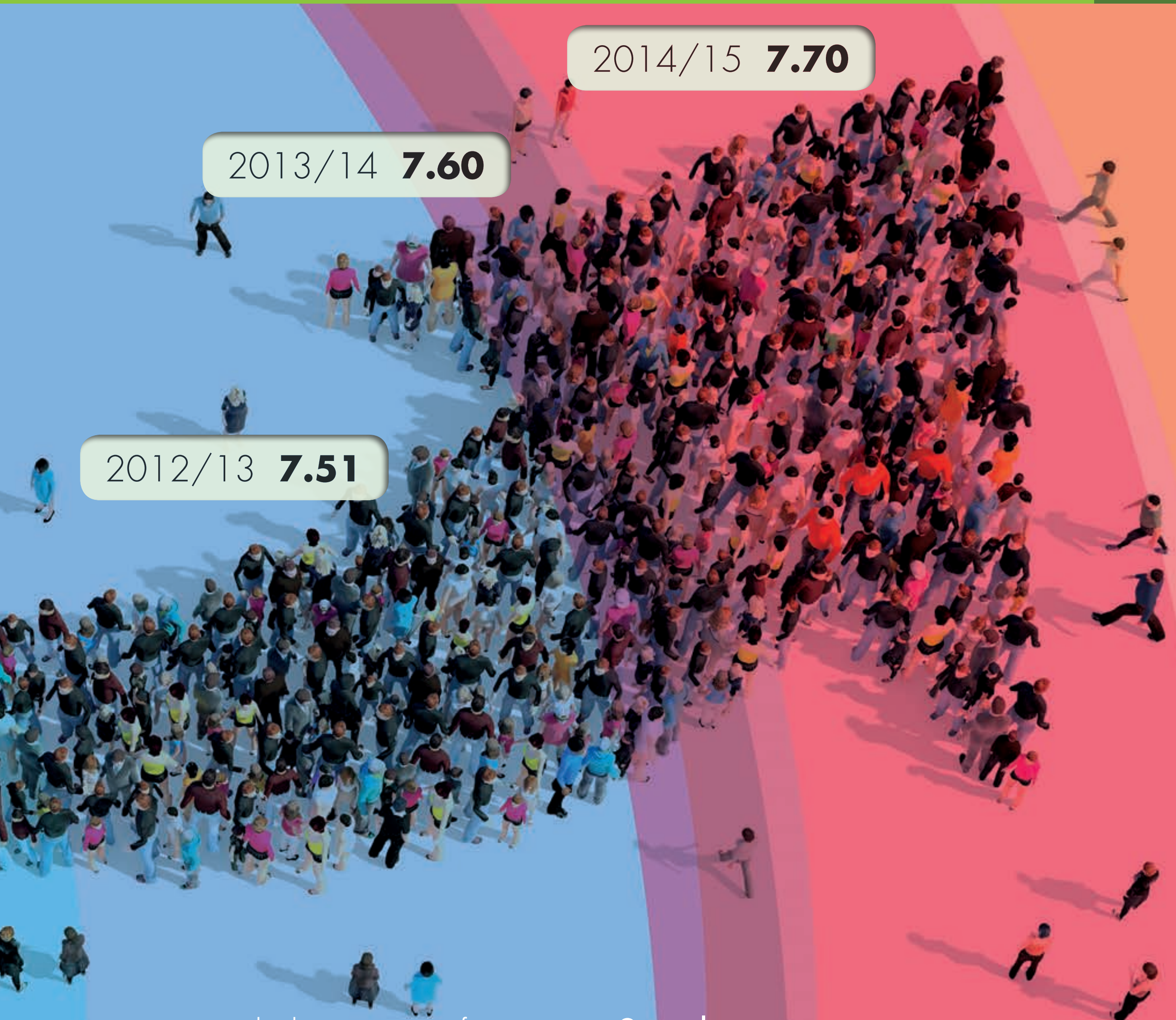
Our Energy Solutions team is developing new energy products and services involving new technology-tariff combinations that better meet the longer-term needs of customers. To obtain even more insight into customers, we have this year undertaken a series of focus groups. The results are already proving invaluable informing our fuel switching strategy and corporate communications.

Customer focus, of course, is not just reflected in the design of our products and services, it is also reflected in the way we interact with our customers, dealing with their day-to-day needs as well as handling complications. We believe we should invest in customer service in a way that reflects what customers want and what they are willing to pay for, whilst ensuring that our more vulnerable customers are looked after. To this end, in recent years, we have concentrated on developing more customer friendly ways of 'self-help' using various new interfaces such as our website, our kiosks and automated telephone services, leaving our Customer Care Advisers to handle the more complex situations that require personal intervention.

This year we continued to make considerable progress in encouraging customers to migrate from the more costly payment methods, such as cash and cheque, to the more efficient Direct Debit and where appropriate, Pay-As-You-Go solutions. We have also made great strides in migrating customers to more efficient methods of communication such as email, which for many of our customers is preferred and leads to a lower cost to serve. The productivity released from this work has enabled Customer Care to provide better support for our new Smart Metering project, SmartSwitch, as well as the Energy Solutions team, providing initial advice to customers on energy solutions and making appointments for engineer visits.

We regularly monitor customer satisfaction using an external specialist analytics company to undertake annual market research of both our domestic and commercial customers. This enables us to compare our performance year-on-year as well as providing vital new insights into changing customer needs and expectations.

2015 has also been the first full year that our new Microsoft Dynamics Customer Relationship Management System (CRM) has been in operation. This software was customised for us by Corefocus, a local Microsoft accredited company, which also worked closely with our own in-house Microsoft Dynamics NAV team, Jendev, to integrate the two systems together. This development has enabled



us to more robustly measure our performance and monitor our customer interactions against the promises and commitments set out in our Customer Charter and published Service Standards. CRM is designed to help us log and track every customer compliment, comment and complaint together with enquiries relevant to our Charter right across the business.

Overall rating

I am pleased to report that our surveys confirm that we are making progress particularly in those areas that customers say are important. Our overall customer service rating in the domestic customer market research rose for the third successive year from 7.6 last year to 7.7 out of 10 which we are advised is an excellent result compared with similar peers in the market.

This rating encompasses:

- Technical problem resolution - speed of response
- Clarity of electricity bills
- Helpfulness in dealing with telephone enquiries
- Helpfulness of showroom staff
- Support in electricity bill payments
- Regular advice on energy efficiency

Supply security

Customers surveyed rated security and quality of supply as particularly important for an energy company and with just seven Customer Minutes Lost on average this year, our rating soared to an unprecedented 8.4 out of 10.

Value for money

Our overall 'value for money' rating increased for the third successive year to 6.7, though our rating for one component of this measure, 'running costs and price stability', fell from 6.3 to 5.4 despite no increases in tariffs since April 2014. Given how competitive tariffs are compared with other power utilities, we intend to focus on how we communicate this better going forward.

COMMERCIAL BUSINESS

Powerhouse.je

I am delighted with the considerable progress made by our Retail business, the Powerhouse online and in-store. This business has faced particular competitive challenges in recent years and the 48-strong Retail and Logistics team has risen to these and adapted to significant changes this past year. The restructure we completed in February 2014 was a difficult one but the streamlining, coupled with a management restructure, the rebrand, new store layout and investment in product knowledge and customer service is having a positive impact on operational and financial performance.

The business has turned a £0.1m loss last year into a £0.3m profit this year on slightly reduced revenues of £11.1m. The re-focusing of staff under the new management structure has delivered improved efficiency and customer service, which is such an important differentiator in the local market and which was recognised with the external Travel Solutions Customer Service Strategy Award late in the year. Our new strong 'joined-up' Powerhouse brand is now instantly recognisable following extensive investment in traditional and digital marketing, and we are beginning to secure a loyal online following.

The shopping experience has been improved by a modern, more spacious store layout, better product displays, including a new LED lighting centre, more accessible payment zones and customer service desks. A key objective of our restructuring was to reduce our cost base and this has enabled the business to be more price competitive, regaining our position in the local marketplace and fighting back against the online threat from the UK.

We are building on this progress. We will soon be introducing the biggest display of built-in kitchen appliances in Jersey and we intend to exploit new technologies and lead the way on smart appliances and products. The future remains challenging and there is more work to be done but we are now far better prepared to meet and overcome those challenges.

POWER HOUSE
in store | online

Jendev

Jendev, a Microsoft® certified Dynamics NAV™ Partner specialising in software development for utilities, is a key in-house asset for Jersey Electricity and continues to play an important role in the Group's portfolio.

The business continues to move through a busy period of renewal focused on the redevelopment of its flagship solution Jenworks Billing, which targets small and medium sized water, electricity and gas utilities. Jendev is now planning to extend the Jenworks brand to include Jenworks CRM, based upon leading Dynamics CRM™ technology. This related diversification will significantly strengthen Jendev's value proposition when tendering for new business.

Comprised of a small team of highly experienced utility industry IT professionals, Jendev continues to support Jersey Electricity in a number of strategically important projects including Jersey Electricity's major smart metering project, SmartSwitch. The business will also play a critical role in JE's upcoming enterprise system upgrade delivering the latest Microsoft Dynamics NAV™ technology, providing a significantly improved user interface and increased system flexibility and efficiency.

Jendev serves external utility customers in Guernsey, the Isle of Man and the UK and generated revenues of over £1m this financial year. In line with Jendev's plans for sustainable revenue growth, a number of strategic partners have been identified and the business is actively engaged in commercial opportunities in export markets.

Jendev
POWERFUL BILLING SOLUTIONS

Building Services (JEBS)

We have continued to develop JEBS, our building services business, into a more commercial, customer focused enterprise following the re-structure we instigated last year under a new Head of Commercial Services. JEBS provides electrical, mechanical and plumbing installation and maintenance services, including air-conditioning and refrigeration, to domestic and commercial customers. To better exploit the larger scale commercial opportunities in new build, we appointed a new JEBS Contracts and Operations Manager, who brings a wealth of commercial experience to the day-to-day running of the team, improving contract tendering and delivery processes, while continuing to progress the necessary change programme.

The team has had success with a number of large contracts, including a new Channel Islands Co-operative Society store, the States of Jersey Health and Social Services Department's Legionella Risk Assessment programme across all its buildings, including the General Hospital and the new heat pump system for the Ports of Jersey Airport Departures Hall. In the domestic market, the team has had a most successful summer fuel switching private homes from fossil fuels to electric heating following a sustained summer marketing campaign and new regulations covering oil storage tanks.

JEBS has also been responsible for a pilot installation of new meters across the Island as part of our SmartSwitch Project and its Public Lighting Engineers have been busy installing LED Amenity Lighting on behalf of the States of Jersey.

While all this activity has grown revenues from £4.2m last year to £5m, there remain challenges at the margin level given the intensity of the competition in the local market. We are committed to a future in services and JEBS is an important feature of this. A firm foundation is being developed to take the business forward on a more commercial and sustainable footing.

Property

Our Property portfolio comprises the Jersey Electricity Retail Park and a number of residential properties, as well as income from the leasing of mobile aerial sites. The Retail Park comprises our main office and retail building, Jersey's B&Q store and a large medical centre. The ground floor of the main office building is home to our own retail store, Powerhouse.je, which occupies approximately half of the available space, with the other half being occupied by SportsDirect.com. The middle floor of the building is occupied by the telecoms operator Sure and their subsidiary, Foreshore, the data centre operator formerly owned by the Company. The Company's offices are situated on the top floor of the building.

Overall, our Property business saw profits increase from £1.4m to £1.6m, excluding the impact of investment property revaluation. To a large extent this reflects the high levels of occupancy in the portfolio over the past year. Our investment property portfolio valuation remained at £20.5m.

Jersey Energy

Jersey Energy and its Guernsey office, Channel Design Consultants (CDC), provides premium environmental and building services advisory services for architects and developers serving the commercial and residential sectors. It has had a very successful year with revenue over £0.5m and profit ahead of expectations. As a leading Channel Islands building services consultancy, our offer is under continual development to meet increasing client expectations. The business has been rewarded with a consistent work stream of repeat business from satisfied clients and, significantly, winning some high value, long-term contracts. These have included the entire Mechanical, Electrical and Public Health (MEP) contract for the Royal Bank of Canada's new headquarters at 66 Esplanade and a large private trust housing development of 125 units at Grands Vaux. The Guernsey office has also developed a strong order book and, in partnership with an off-Island consultancy, was awarded the building services contract for a major new States school there.

Staff training and development are crucial to the business. Techniques such as 3D modelling and visualisations, once seen as a speciality, are now frequently in demand and sought after as they are such an effective aid to the planning process. The business has therefore reinforced its commitment to developing local engineering skills by recruiting two trainee Building Services Engineers, one in each island. We have also made an important appointment at the top of the business by appointing a new Head of Consultancy Services who brings with him a wealth of experience amassed over 35 years' in building services, latterly as Operations Director of a regional branch of a UK consultant.

HEALTH AND SAFETY

In view of the hazardous activities in which many of our 340 staff are engaged on a daily basis, managing Health and Safety risk is of paramount importance and an area in which we invest considerable resource in manpower, training and senior management commitment. Safety is also one of our six core values: *'We do everything safely and responsibly or not at all – nothing is more important than the safety of the public, our customers and our staff'* and we are proud of our safety record and culture.

This year we have enhanced slightly the size our Health, Safety and Environmental (HSE) team as part of our succession planning in this vital area. Each year the HSE team produces a plan that aligns its aims with our business objectives, and in particular seeks to address improvement opportunities identified in audits. Governance is provided by various HSE Committees and includes a forum for direct communication between myself as Chief Executive, Senior Management and Safety Representatives. Safety Representatives play a vital role within operational teams to help create the conditions and culture for safe working among all colleagues, contractors and the public.

Our approach to HSE is flexible and 'risk based' to prevent complacency and it seeks to address new legislation and adapt to the changing operational environment. We ensure all our colleagues are fully competent in the work we ask them to do and all employees are trained to recognise their own limits of competency. They are also expected to proactively identify hazards and take action to mitigate the risks associated with those hazards in their day-to-day work so that the potential for injury or damage is removed or reduced to an acceptable minimal level. We identify third party service providers and temporary contractors as a particular risk that needs close management and this is an area we have focused on over recent years.

In March the British Safety Council (BSC) carried out our third audit of our occupational health and safety management arrangements. The auditor was particularly impressed with the strong Health and Safety culture, saying that if the audit had been based solely on what he had observed during his site inspections, we would have retained the five stars we achieved in 2012. But the BSC has made considerable changes to the audit specification since then and the four stars awarded reflected a very good performance against new, more exacting standards. A number of areas for improvement came out of the review, including a need for a more integrated documentation policy. The HSE team is working with line management to address this, developing action plans with responsibilities and timescales.

Though we have scaled back generating activity at La Collette Power Station since the completion of Normandie 3 (N3), the Production team has been heavily engaged in the de-commissioning of steam plant and enhancing our 'black start' capabilities at both La Collette and our Queen's Road sites as well as the installation of a new highly complex transmission protection scheme. Having any Lost Time Accidents (LTAs) at all is regrettable, but our Energy Division suffered only two LTAs this year from minor injuries, reflecting our positive HSE culture.

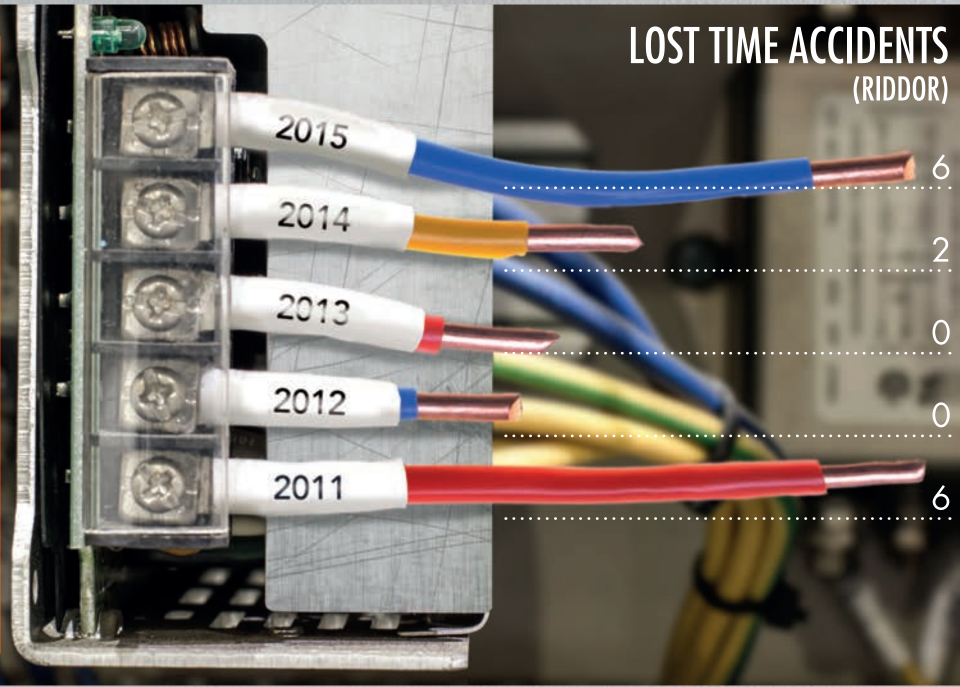
RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrence Regulations) is the UK standard for reporting Health and Safety statistics and in the UK, an LTA is classed as an accident that results in the injured person being away from work or unable to do their normal work for more than seven days. Jersey Electricity applies the more stringent standard of more than three days. This enables us to benchmark against other peer group entities and allows us better oversight on risk trends. We have suffered a total of six LTAs throughout the entire Company this year, five applying the three-day standard. Thankfully, none of these was serious. Had the seven-day UK standard been applied, the figure would be one LTA.

My thanks go to all colleagues for their individual contribution in making Jersey Electricity, and all the people the Company touches, safe. I would particularly thank our Safety Representatives and the Health and Safety team for their commitment, passion and professionalism in supporting all our employees. They have helped create our excellent safety culture.

RIDDOR is the acronym for Reporting of Injuries, Diseases and Dangerous Occurrence Regulations and is the UK standard used for the reporting of health and safety statistics.

A Lost Time Accident (LTA) is an accident that results in the injured person being away from work or unable to do their normal work for more than seven days in the UK but we at Jersey Electricity apply the more stringent standard of three days (including any days they would not normally be expected to work such as weekends, rest days or holidays) and not counting the day of the injury itself.

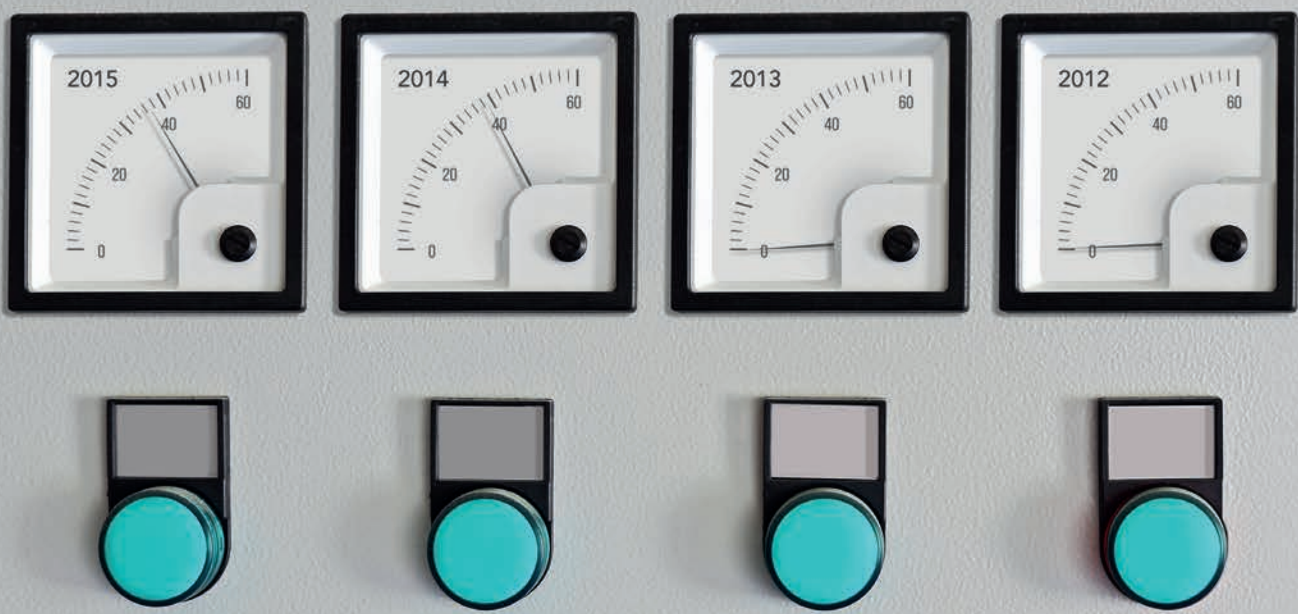
LOST TIME ACCIDENTS
(RIDDOR)



BRITISH SAFETY COUNCIL
Sword of Honour 2013 Winner

"...nothing is more important than the safety of the public and staff"

DAYS LOST
(RIDDOR)



SUSTAINABILITY IN THE COMMUNITY

As the leading provider of energy in Jersey, our responsibility to our community goes far beyond the provision of sustainable, low carbon energy and our other business activities.

We strive to be a partner in our community, supporting Jersey's many volunteer groups, schools and charities, focusing largely on health, education and the environment. We are committed to protecting Jersey's environment and believe it is fitting that we recognise and reward those who are equally passionate. This year we were pleased to sponsor the inaugural Pride of Jersey Environmentalist Award, organised by the Jersey Evening Post as part of a series of community awards nominated and voted for by the community. We also continued our long-term support for the Jersey Construction Council's (JeCC) Sustainability Award that recognises environmental best practice in this vital industry.

The completion of the restoration of Plémont headland from a disused holiday camp site to its natural state by the National Trust for Jersey was one of the most significant environmental successes in the Island for many years. We were proud to have played an important part, not just in terms of sponsorship but also pro-bono services in the form of removal and replacement of old but still in-service electrical infrastructure, including the relocation of a substation and cabling.

In recent years we have supported the work undertaken by Durrell Wildlife Conservation Trust but this year we provided funding for an important new conservation project led by the Société Jersiaise Marine Biology Section. In 2010 we gifted the Société the sediment cores extracted from the seabed during our surveys for our Normandie 3 subsea cable and from which scientists and historians have plotted the ancient terrestrial landscape that existed between Jersey and France millennia ago. This year we have enabled the Société to start to create an interactive biological map of Jersey's coasts and offshore reefs to form a baseline from which to monitor changes to the health of key habitats brought about by rising sea levels, climate change, ocean acidification and invasive marine species then act to mitigate against these dangers.

At a corporate level, we continue to sponsor the National Trust, Jersey Heritage, Genuine Jersey and the JeCC and we backed the Council's Brick Foundation charity in its refurbishment project at Durrell. We have helped a multitude of charities, including Family Nursing & Home Care, Autism Jersey, Headway, Age Concern, Stroke Association and St John's Ambulance. We also supported the Channel Islands Mountain Bike Association's 'Urban in the Park' event around the site of our proposed new primary substation in Westmount Gardens, St Helier. We support our staff in their many collective fund raising activities. We had our biggest ever entry in the Lions Club of Jersey Swimarathon and Dragon Boats Festival in aid of Jersey Hospice Care, while a ten-man team again competed in a round-island extreme relay in aid of the Silkworth Charity Group.

Our colleagues raise thousands of pounds for good causes in their own right and in all cases this year, the Company matched the money raised. The innovative monthly Staff Number Charity Draw continues to raise over £3,000 a year for staff-nominated charities, including Teenage Cancer Trust, Friends of Jersey Oncology, Guide Dogs for the Blind Association (Jersey), Jersey Hyperbaric Treatment Centre, Friends of Special Care Baby Unit, Brooke Hospital for Animals, Help A Jersey Child, CAT Action Trust, Hope for John, Help an African School Child Trust and Diabetes Jersey. In addition, our staff Charity Committee has supported Macmillan Cancer Support, After Breast Cancer Jersey, Headway Jersey, Help A Jersey Child and Yes (Youth Enquiry Service), a youth counselling and advice service.

"We strive to be a partner in our community, supporting Jersey's many volunteer groups, schools and charities"

PRIDE of JERSEY 2015 Jersey Evening Post

Jersey National Trust 1936

JeCC jerseyconstructioncouncil

Jersey Hospice Care

Family Nursing & Home Care Established 1907

Product of Jersey Genuine Jersey

durrell

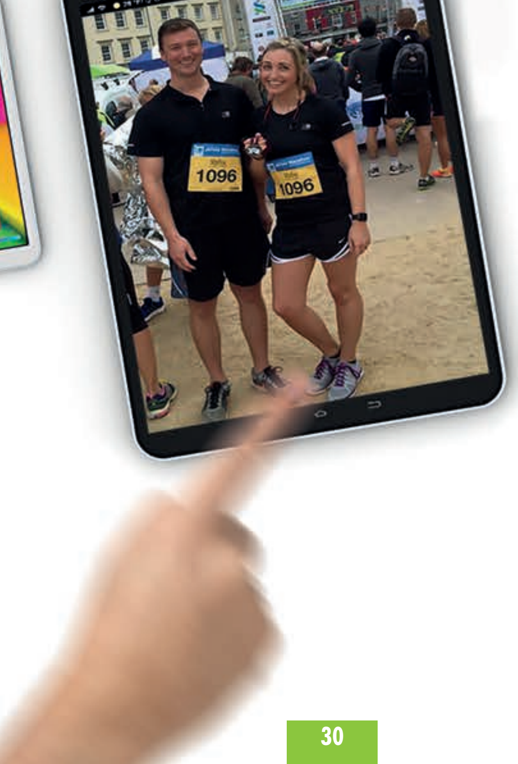
ECO-ACTIVE ENERGY EFFICIENCY SERVICE

WE ARE MACMILLAN. CANCER SUPPORT

Jersey Trees for Life

Silkworth Charity Group

OUR PEOPLE



Our employees are unquestionably our most important asset and we rely on them tremendously. As the sole supplier of electricity in a small offshore island our workforce is diverse, highly skilled, flexible and dedicated to serving the community.

Their efforts were recognised this year by a number of external awards. Our Normandie 3 (N3) Project, involving a large team right across the organisation, was named Jersey Construction Council Project of the Year in the largest Over £1million category. N3's former Project Manager received the Council's Lifetime Achievement Award, while our Senior Projects Engineer was short-listed as Achiever of the Year for his work on the project. In addition, our Powerhouse Retail team was rewarded at the Travel Solutions Customer Service Awards with the Customer Service Strategy Award.

We are fortunate to have many long-serving staff who have acquired the skills and experience necessary to deliver a first class service over many years but as the industry changes we must re-set our compass and ensure we and our workforce are fit for the future.

The Purpose, Vision and Values (PVV) work, started in 2013 to re-focus everyone on our objectives and chart the way we work together to meet them, has continued this year. Last year all our staff have attended workshops, Toolbox Talks and inter-site visits to help them better understand each other's roles and how to work together to achieve our goals.

This year we have built further on this work. Crucially, PVV, coupled with an Employee Survey at the end of last year, gave us a measure of where we are and where we need to improve. To this end we have made some significant appointments this year that reinforce the Company's commitment to developing our people and attracting the best new recruits.

In March, we appointed a new Director of Human Resources and in September she was joined by a new Talent Manager. The HR Director has written the HR Strategy clearly laying out the next three to five years in determining our people approach. This has been supported by the Talent Manager who has developed our Talent Strategy capturing the important work started under EmPower, our cultural change programme covering training and development, succession management, career planning, reward and progression of our people – areas that were key themes in the feedback received from our colleagues through EmPower workshops, PVV and the Employee Survey. Both will play vital roles in overseeing EmPower.

Two areas that have already undergone significant change are the Powerhouse Retail store and JEBS, our Building Services business. JEBS are working through the challenges of major management re-structures and changes in working practices while results can already be seen in the Powerhouse in terms of improved performance and employee job satisfaction. Our aim is to fairly and transparently recognise and reward good performance throughout the business and make Jersey Electricity a better place to work.

We have traditionally also recognised and rewarded long-service and this year was no exception. We presented two employees with awards for 21 years' service and two for 40 years. The average length of service is currently 14.3 years and the average age of the workforce is 43.5 years. At the year end, we employed 340 people across the Group of which 282 were full time, 52 part time and six were zero hours. Staff turnover is at a low level of just 4.5% and we also enjoy a low sickness rate.

In a year when we have seen improved performance in terms of financial results, unit sales, supply reliability, significant project progress and excellent customer service ratings, I would like to extend a personal thank you to all colleagues who have been so central to this successful year.

OUTLOOK

Over recent years we have worked hard to develop and progress our infrastructure strategy, the end game of which is to deliver three submarine cables between Jersey and France, in service, along diverse routes and co-owned and operated alongside our long-term partners Guernsey Electricity (GEL). The important Normandie 3 (N3) submarine cable project was successfully completed at the beginning of this financial year and the Channel Islands have enjoyed close to 12 months of stable operation.

We are making progress with Normandie 1 (N1), the next submarine cable, installed on a fast-track basis to replace EDF1 which came to the end of its life in 2012. Although half way through its life, the Normandie 2 (N2) submarine cable is performing well. We continue to work with GEL to deliver either an additional submarine cable between Guernsey and Jersey or a cable along the more challenging route direct from Guernsey to France. These cable assets are the cornerstone of our operations and provide a stable platform to service our existing demand securely and economically as well as provide capacity for growth.

Whilst energy efficiency is having an effect on our business, we will continue to support our customers in getting the best possible value from our product. Our challenge however, is to offset this by finding new applications and developing new tariffs to exploit off-peak periods when demand is low and when capacity is available. The Energy Plan is a significant endorsement of electricity, given its low carbon intensity and should provide several opportunities for further development of our business.

Our tariffs remain competitively priced and stable and have been over the last few years. Whilst the energy sector, driving wholesale power prices in Europe, and financial markets, driving foreign exchange rates, remain uncertain and unpredictable, we have established robust risk management processes to help mitigate volatility. Putting aside any major infrastructure failure, our hedge book remains strong and we hope this will continue to support customers and the Jersey economy with stable pricing.

In an industry that is changing significantly across the globe, Jersey Electricity faces challenges in its businesses. However, with the support of capable people coupled with a well-invested network, we are confident that electricity will remain an important technology for the Channel Islands for many years to come.

Chris Ambler
Chief Executive
17 December 2015

"Our infrastructure strategy is to deliver three submarine cables between Jersey and France..."

FINANCIAL REVIEW

Group Financial Results

Key Financial Information	2015	2014
Revenue	**£100.5m**	£98.4m
Profit before tax pre-exceptional items	**£12.4m**	£10.0m
Earnings per share pre-exceptional items	**32.94p**	24.26p
Dividend paid per share	**12.45p**	11.80p
Final proposed dividend per share	**7.60p**	7.20p
Net debt	**£17.5m**	£20.2m

Group revenue for the year to 30 September 2015 at £100.5m was 2% higher than in the previous financial year. Unit sales volumes of electricity were 1.0% higher than last year with Energy revenues rising 1.6% to £80.7m. Turnover in Powerhouse.je, our retail business, decreased by 3% from £11.4m to £11.1m as the floor space utilised by the business was reduced following the leasing of floor space to a new external tenant from May 2014. Revenue in the Property business rose from £2.0m to £2.1m linked to changes in tenancy arrangements during the last two financial years. Revenue from JEBS, our building services business, including internal sales, rose 18% from levels experienced in 2014 to £5.0m. Turnover in our Other Businesses, including internal sales, remained at £3.2m.

Cost of sales fell by £3.9m to £64.6m associated mainly with a higher level of electricity importation displacing oil purchases in our Energy business. **Operating expenses**, at £22.0m, rose by £1.9m from their 2014 level with a £1.7m rise in depreciation, associated with our recent material infrastructure spend, being the main item.

Profit before tax, pre-exceptional items, for the year to 30 September 2015, rose 24% to £12.4m, from £10.0m in 2014, reflecting a strong performance in our Energy business, and a recovery in our retail interests, Powerhouse.je. Profit before tax post-exceptional items, rose from £6.5m last year to £13.2m in 2015. Exceptional items have had a material impact on profits in the last two years and a narrative detailing the background to such items is contained within the Financial Review.

Our Energy business unit sales saw volumes up 1%, rising from 621m to 627m kWh. The first quarter of the financial year was milder than the corresponding period in the previous year but there was a reversal in the second quarter. However both the overall winter periods in the last two years have seen temperatures above the long-term average and therefore milder than anticipated. Profits in our Energy business rose from £8.0m to £11.5m. Two main factors contributed to this increase in performance; firstly lower generation and secondly, the rising asset base (on which we apply a return) due to heavy spend on infrastructure in recent years. As reported previously, until the new submarine cable to France was commissioned in September 2014, we had been capacity constrained on importation and reliant on a heavier mix of more expensive on-island oil-fired generation, particularly in winter, when volumes are higher. In the financial year we imported 94% of our requirements from France (up from 80% in 2014) and only generated 1% of our electricity on-island (compared to 15% last year). The remaining 5% of our electricity came from the local Energy from Waste plant being at the same level as in 2014. There were no customer tariff movements during 2015 and our tariffs continue to remain competitive with other jurisdictions.

Profits in our Property division, excluding the impact of investment property revaluation, rose by £0.1m from £1.4m last year with changes in occupancy levels being the main driver. Our investment property portfolio was revalued downwards marginally this year whereas it moved up by £0.1m in 2014. Our retailing business, Powerhouse.je, had a year of change post a reduction in floor space, a restructuring and re-branding of the business during the 2014 financial year. This has been positive with the loss of £0.1m last year moving to a profit of £0.3m in 2015. JEBS, our contracting and business services unit produced a marginal loss due to competitive pressures. Our other business units - Jersey Energy, Jendev and Jersey Deep Freeze all had a profitable year.

Interest paid in 2015 was £1.5m whereas in 2014 it was negligible as most of this cost was capitalised up to the date of commissioning of our new N3 subsea cable. The **taxation charge** at £2.4m was materially higher than the 2014 figure of £1.5m due to higher profits and the taxation of the exceptional items. **Group earnings per share**, pre-exceptional items, increased 36% to 32.94p compared to 24.26p in 2014 due mainly to an increase in profitability. Earnings per share, after exceptional items, rose from 16.10p in 2014 to 35.00p in 2015.

Dividends paid in the year, net of tax, rose by 6%, from 11.80p in 2014 to 12.45p in 2015. The proposed final dividend for this year is 7.60p, a 6% rise on the previous year. Dividend cover, pre-exceptional items, rose from 2.1 times in 2014 to 2.6 times due to a higher level of profits. If exceptional items are included dividend cover rose from 1.4 times last year to 2.8 times in this financial year.

Ordinary Dividends

		2015	2014
Dividend paid	- final for previous year	**7.20p**	6.80p
	- interim for current year	**5.25p**	5.00p
Dividend proposed	- final for current year	**7.60p**	7.20p

Net cash inflow from operating activities at £23.4m was £3.3m higher than in 2014 with increased profitability being the primary driver. **Capital expenditure**, at £16.8m fell from £33.0m last year as the Normandie 3 project spend dominated

FINANCIAL REVIEW

last year albeit there was the settlement of £5.5m of residual project cost in quarter 1 of this financial year. **Net debt**, at the year-end was £17.5m, which was £2.7m lower than last year.

Cash Flows

Summary cash flow data	2015	2014
Net cash inflow from operating activities	**£23.4m**	£20.1m
Capital expenditure and financial investment	**£(16.8)m**	£(33.0)m
Net proceeds from assets disposal	-	£1.6m
Dividends	**£(3.9)m**	£(3.7)m
Decrease/(Increase) in net debt	**£2.7m**	£(15.0)m

Exceptional items

A number of items of an exceptional nature were incurred in the last two financial years.

During this financial year we had two exceptional credits amounting to £0.8m which have been adjusted in arriving at our underlying profit figure. The first exceptional item resulted from a network issue in France during March 2015 for which the CIEG received a compensation payment from RTE (the grid operator) and the net upside for the Jersey Electricity proportion was £0.5m. Secondly we had created a provision in 2012 in relation to work associated with the failure of the EDF1 subsea cable. Now that the N1 project is progressing, the provision is no longer required, as such work is part of the wider project, and £0.3m in relation to this issue was released back to profit and is viewed as exceptional. All these items have been assumed to be taxable.

In the 2014 Annual Report we reported exceptional costs of £0.6m and £1.2m in restructuring our retail business, Powerhouse.je, and exiting our investment in Foreshore Ltd respectively. In addition, a £1.8m provision was established in September 2014 for a repair to the subsea cable between Jersey and Guernsey. As reported in our Interim Report this pre-emptive repair was successfully performed during January 2015 with the cost fully covered by the provision.

Treasury matters and hedging policies

Operating within policies approved by the Board and overseen by the Finance Director, the treasury function manages liquidity, funding, investment and risk from volatility in foreign exchange and counterparty credit risk.

As a substantial proportion of the cost base is the importation of power from Europe, which is contractually denominated in the Euro, the Company enters into forward currency contracts to reduce exposure and as a tool to aid tariff planning. The average Euro/Sterling rate underpinning our power purchases during the financial year, as a result of the hedging program, was 1.21 €/£. The average applicable spot rate during this financial year was 1.35 €/£. In addition we also materially hedge any foreign exchange exposure attributable to capital expenditure once planning consents and firm pricing is known and hedges were placed in July 2015 for €27.5m at an average rate of €1.42 in respect of our N1 subsea cable project.

Interest rate exposure is an area of potential risk but is managed by the £30m of private placement monies received in July 2014 having a fixed coupon and represents all of our borrowings at present.

The Group may be exposed to credit-related loss in the event of non-performance by counterparties in respect of cash and cash equivalents and derivative financial instruments. However, such potential non-performance is monitored despite the high credit ratings (investment grade and above) of the established financial institutions with which we transact.

In the last financial year the Company imported 94% of the electricity requirements of Jersey from Europe. It jointly purchased this power, with Guernsey Electricity, through the Channel Islands Electricity Grid, from EDF in France. The supply contract allows power prices to be fixed in Euros in advance of decisions being made on customer tariffs. A ten year contract power purchase agreement with EDF commenced in January 2013 which combines a fixed price component with the ability to price fix future purchases over a rolling three year period based on a market related mechanism linked to the EEX European Futures Exchange. The goal is to provide our customers with a market based price but with a degree of certainty in a volatile energy marketplace. A CIEG Risk Management Committee exists, consisting of members from Jersey Electricity, Guernsey Electricity and an independent energy market adviser and follows guidelines approved by the Board.

Defined benefit pension scheme arrangements

As at 30 September 2015 the scheme deficit, under IAS 19 "Employee Benefits" rules, was £5.8m, net of deferred tax, compared with a deficit of £1.1m at 30 September 2014. Scheme assets rose 2% from £104.8m to £106.8m since the last year end. However asset values as at our half year were £117.5m but have been impacted in the interim by turbulent equity markets in the last quarter of our financial year. Liabilities increased 7% from £106.1m to £114.0m in the last year with the discount rate assumption, which heavily influences the scheme liabilities, falling from an assumed 3.9% in 2014 to 3.6% in 2015 to reflect sentiments in prevailing financial markets.

Our defined benefits pension scheme is an area of risk that continues to require careful monitoring as it is driven largely by movements in financial markets and materially impacted by relatively small movements in the underlying actuarial assumptions. If, for example, the discount rate applied to the liabilities had been 3.1%, rather than the 3.6% advised by our actuaries under IAS 19 for 2015, the net deficit of £5.8m would rise to a net deficit of £13.3m.

The last triennial actuarial valuation was performed as at 31 December 2012 and resulted in a deficit of £9.3m. The contribution rate by Jersey Electricity was increased to 20.6% of pensionable salaries from January 2013 (up from the previous level of 14.2%). Employees continue to contribute an additional 6% to the pension scheme. The final salary scheme was closed to new members in 2013, with new employees, since that time, being offered defined contribution pension arrangements. Unlike most UK schemes, the Jersey Electricity pension scheme is not funded to pay mandatory annual rises on retirement. The next triennial actuarial valuation of the defined benefit scheme has an effective date of 31 December 2015, the results of which are expected to be known in this coming financial year.

Returns to shareholders

62% of the ordinary share capital of the Company is owned by the States of Jersey with the remaining 38% held by around 600 shareholders via a full listing on the London Stock Exchange. Of the holders of listed shares Huntress (CI) Nominees Ltd owns 5.8m (50%) of our 'A' Ordinary shares which represents 19% of our overall Ordinary shares and around 5% of Voting Rights. This nominee company is held within the broker firm Ravenscroft which has placed our stock with a number of private clients residing largely in the Channel Islands and also an investment fund specialising in local business. During the year the ordinary dividend paid increased by 6% from 11.80p net of tax to 12.45p. The proposed final dividend for 2015, at 7.60p, is a 6% increase on last year and consistent with the underlying dividend pattern in recent years and with our stated policy to aim to deliver sustained real growth in the medium-term.

The share price at 30 September 2015, at £4.50, was 35% above the level of £3.34 at the 2014 year end. This gives a market capitalisation of £138m as at 30 September 2015 against a balance sheet net assets position of around £150m. However the illiquidity of our shares, due mainly to having one large shareholder, combined with an overall small number in circulation, constrains the ability of the management team to influence the share price. At the 2011 Annual General Meeting an all-employee share scheme, to more closely align the interests of both employees and shareholders, was approved, and during 2015, 266 qualifying staff received 100 shares each at a value of around £4 per share at the time of issue (which will vest in 2018) and this is likely to be repeated going forward. We also appointed Edison (an investment research firm) during the year to market our shares to a wider body of potential investors. Such initiatives seek to improve our longer-term liquidity.

Our largest shareholder, the States of Jersey also owns holdings in other utilities in Jersey. It holds 100% of Jersey Telecom and Jersey Post, as well as around 75% of Jersey Water. The total direct cash return to the States of Jersey from Jersey Electricity in the last year was £7.3m (2014: £7.0m). Note that no corporation tax was paid in 2014 or 2015 due to capital allowances associated with our heavy investment spend.

	2015	2014
Ordinary dividend	**£2.4m**	£2.2m
Goods and Services Tax (GST)	**£4.1m**	£3.9m
Corporation tax	**£ -**	£ -
Social Security - employers contribution	**£0.8m**	£0.9m
	£7.3m	£7.0m

The Company regularly communicates with its largest shareholders and details of discussions, including any concerns, are reported to the Board by both the Chief Executive and the Finance Director.

Group Risk Management

Approach

The Board is ultimately responsible for managing the Group's approach to risk and determining a strategy for managing identified risks within the business. The Board is supported by the Audit and Risk Committee which has delegated responsibility for reviewing the effectiveness of the Group's system of internal controls and risk management. The Board recognises that any risk management process cannot eliminate all level of risk but rather manages the Group's exposures, and sets the acceptable level of tolerance required to successfully deliver the Group's strategy and growth.

The management team has an established risk management framework which is designed to identify the key risks.
This framework also assists in developing risk mitigation

FINANCIAL REVIEW

activities and making assessments of their effectiveness. In its maintenance of the Group's Risk Register, each business unit, together with the executive management team, identify the principal risks together with the mitigation strategies in place. Following this process the principal risks and mitigation actions are collated and reviewed by the management team, Audit & Risk Committee and Board. The output from this exercise forms the basis of the key principal risks set out below.

Other key features of our system of risk management, which have been in place throughout the financial year, include:

- Regular business and financial reviews by the Executive team and the Board;
- Established and documented risk management policies including a schedule of matters reserved for the Board;
- Systems and tools to monitor key risks with the aim of providing regular and succinct information to the Board and Executive team; and
- A comprehensive insurance programme.

Key changes to the risk profile of the Group in 2015

The successful commissioning of Normandie 3 (N3) has significantly reduced a number of exposures associated with the potential operational loss of the existing subsea cable to France (N2) or issues with on-Island generation plant. This was generally viewed as the largest existing risk which was largely mitigated when the N3 project was delivered on 24 September 2014. This asset has subsequently become "bedded in" during the 2015 financial year.

Principal risks

The Directors have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

The table below summarises the Group's principal risks and how they are managed. The Board considers these to be the most significant risks that could materially affect the Group's financial condition, ongoing performance and future strategy. The risks listed do not comprise all risks faced by the Group and are not set out in any order of priority. Additional risks not presently known to management, or currently deemed to be less material, may also have an adverse effect on the business.

Risk	Description and possible impact	Mitigation activities
Regulatory / Political or Legislative change		
Regulatory	Not acting in line with 'expectations on behaviours' of a monopoly utility resulting in the introduction of sector specific regulation with the attendant cost of compliance and impact on public relations.	Ensure we find the correct balance associated with being a key service provider on an Island but recognising our responsibilities to a wide number of stakeholders. Regular communication with key stakeholders. Benchmark ourselves against comparable Key Performance Indicators with other jurisdictions (e.g. Tariffs, Customer Minutes Lost, CO2 emissions, Lost Time Accidents).
Political	Unfavourable political and/or legislative developments which cause a significant change to the operation of the business.	Monitor political and legislative developments (e.g. the Government's Energy Plan) and analyse the opportunities and threats to enable us to respond effectively. Develop proposals for approval by the Board to address any specific risks identified.
Major capital project management		
Project	Unsuccessful delivery of our major projects resulting in inability to achieve overall project objectives.	Project risks are recorded and monitored and regular progress updates issued to both management and the Board.
Financial - Treasury & Tax / Energy Portfolio Management / Pension Liabilities		
Asset failure	Financial implications associated with the loss of significant plant and/or importation assets.	Scenario and sensitivity analysis as part of our long- term budgeting process. Insurance obtained where appropriate/cost effective. Effective monitoring and maintenance of the plant / assets.
Financial / Reputational	Impact of the economic environment on the profitability of our Retail and Building Services operations.	Our retail business, Powerhouse.je, was restructured/rebranded during 2014 with a stronger online presence. JEBS, our building services business, has a new management team in place with considerable experience in the sector. A review and rebrand of this business is in progress.
Pension Liabilities	Volatility of markets impacting our Defined Benefit Pension Scheme position e.g. liabilities increase due to market conditions or demographic changes and/ or investments underperform.	The Board regularly monitors the latest position regarding the Scheme and the impact that it is having on the Company. The Defined Benefit scheme was closed to new members in 2013. Triennial valuation to formally report on performance.
Volatility	A significant proportion of our profitability and price competitiveness is dependent upon our ability to manage exposure to increasingly volatile power and foreign exchange markets.	Power and foreign exchange are hedged in accordance with the agreed strategies which are themselves reviewed and approved by the Board on a periodic basis.

Security of Supply / Supply Chain / Asset & Plant Management		
Business Continuity	Failure and/or unavailability of significant plant and/or importation assets which cause disruption to our operations.	A range of predefined Security of Supply standards have been developed and we seek to design the system to meet those standards. A programme of maintenance exists to optimise the life of assets. Use of a comprehensive business continuity planning process including periodic performance of scenario exercises. A number of diverse sources of supply have been developed such as importation cables and on-Island generation (deploying various technologies) to ensure that we are not over-reliant on any single source, fuel or technology.
Asset & Plant Management	Failure of ageing metering infrastructure.	The SmartSwitch project will result in a smarter more modern metering solution replacing legacy systems. Contingency plans are under continuous development to enable the Company to mitigate the failure of the key systems.
Supply Chain	Impact on ability to generate due to availability, storage and transportation of heavy fuel oil.	Programme in place to ensure all fuel tank storage facilities are refurbished. Contract in place with Esso for supply of fuel to 31 December 2016.
Health, Safety & Environment		
H,S & E	Non-compliance with relevant legislation, regulations and accepted codes of practice resulting in unnecessary exposure to our staff, customer, member of the general public or our plant and equipment.	A proactive Health, Safety and Environment culture has been nurtured throughout the organisation supported by a safety management structure, safety representatives, programmes of site inspections, regular training and employee induction amongst other areas. Use of British Safety Council for external benchmarking.
People / Succession Planning		
People	The Group's strategy is largely dependent on the skills, experience and knowledge of its employees. The inability to retain executives and other key employees, or a failure to adequately plan for succession, could negatively impact Group performance. Around 40% of the current work-force are anticipated to retire from the business in the next 10 to 15 years.	The Group has appointed a new Human Resources Director and Talent Manager to develop an HR strategy that effectively supports the business. This includes focus on development/training, succession and new approaches for reward within Jersey Electricity. Succession plans are under continuous development covering our Energy business and plans are also in place for other key areas within the wider business.
Cyber Security		
Catastrophic breach of our systems	Due to the nature of our business we recognise that our critical infrastructure systems may be a potential target for cyber threats. We must protect our business assets, infrastructure and sensitive customer data and be prepared for any malicious attack.	We continue to use industry best practices as part of our cyber security policies, processes and technologies. We have also commissioned a review by an external consultancy of the measures we employ to mitigate our cyber security. The results of the review have confirmed that we are 'in a sensible cyber security state' although further initiatives have been identified and are being pursued that will further strengthen our security posture. We also intend instigating an 'awareness campaign' for our managers to ensure they understand that this is seen as a rising area of potential risk for all companies. System improvements to our SCADA (supervisory control and data acquisition) operational package are scheduled in the next planned upgrade. Disaster recovery procedures are incorporated within our business continuity arrangements and periodic external reviews are undertaken.

Viability Statement

In accordance with provision C.2.2 of the 2014 revision on the Code, the Directors have assessed the prospect of 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, selected because an annual refreshment of the Five Year Plan is performed with the latest version approved by the Board on 1 October 2015. This document considers our forecast investment, hedging policy for electricity procurement and linked foreign exchange requirements, debt levels and other anticipated costs, and the resultant impact on likely customer tariff evolution. In addition, material sensitivities to this base case are considered. Based on the results of this analysis the Directors 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 of their assessment.

GOVERNANCE

Board of Directors

Geoffrey Grime
Chairman
(68) R/N

Geoffrey joined the Board in 2003. He retired in 1999 as Chairman of Abacus Financial Services, a leading offshore trust company in which he played an instrumental role as one of its founders. A Chartered Accountant, his career in Jersey commenced in 1969 with Cooper Brothers & Co. and progressed to his appointment as Channel Islands Senior Partner of Coopers & Lybrand in 1990. He currently holds a number of professional appointments as both director and trustee. In November 2002 he was elected as a Deputy in the States of Jersey and he retired from that position in December 2005.
In September of 2014 he was elected as a Jurat of the Royal Court of Jersey where he sits as a lay judge.

Chris Ambler
Chief Executive
(46) N

Chris was appointed to the Board as Chief Executive on 1 October 2008. He previously held a number of senior international positions in the global utility, chemicals and industrial sectors for major corporations including Centrica/British Gas, The BOC Group and ICI/Zeneca as well as corporate finance and strategic consulting roles. He is a Director of Channel Islands Electricity Grid Limited. Externally, he is also a non-Executive Director of Apex Global Alpha and Foresight Solar Fund Limited, both being listed funds on The London Stock Exchange. Chris is a Chartered Engineer with the Institution of Mechanical Engineers and has a First Class Honours Degree from Queens' College, Cambridge and a MBA from INSEAD.

Mike Liston
Non-Executive Director
(64) N/R

Mike joined Jersey Electricity in 1986 from the UK Power industry as Chief Engineer and was Chief Executive for 15 years before retiring in 2008 to focus on his portfolio of directorships with listed investment funds and operating companies in the international energy infrastructure, wind, solar and bio-fuels sectors.
His current Board roles include Chairman of London-listed, Renewable Energy Generation Ltd, and Chairman of the postal utility, Jersey Post. His private equity and venture capital directorships include the global Fiduciary Services firm, JTC Group.
Mike is a Fellow of the Royal Academy of Engineering and a Fellow of the Institution of Engineering and Technology. He was until 2010, Chairman of the Jersey Appointments Commission, established by government to ensure probity in public sector appointments.
Mike was awarded an OBE in Her Majesty the Queen's 2007 New Year Honours List and in 2012 he was elected Jurat of the Royal Court of Jersey, where he sits as a lay judge.

Clive Chaplin
Non-Executive Director
(64) A/N/R

Clive joined the Board in 2003. He trained as a solicitor in London, qualifying in 1977 and moved to Jersey in 1979. He was admitted as a solicitor of the Royal Court of Jersey in 1985 and from 1994 until his retirement on 31 January 2012 was a partner of Ogier. He remained Chairman of its Fiduciary Services Holding Company until 31 January 2014. He is now Chairman of Bathroom Brands Plc and a director of a number of companies operating in the financial services sector. He is also Chairman of the Jersey Law Commission. He is Chairman of the Remuneration Committee.

Martin Magee
Finance Director
(55)

Martin joined the Board as Finance Director in May 2002. He moved from Scottish Power plc, after nine years in a variety of senior finance roles. He previously worked for nine years with Stakis plc (now part of the Hilton Hotels Group). He is Chairman of Jersey Deep Freeze Limited and a Director of the Channel Islands Electricity Grid Limited. Externally, he is also the non-Executive Audit Committee Chairman for AIM listed Stanley Gibbons plc and non-Executive Chairman of the Standard Life Wealth Offshore Strategy Fund Limited. He is a member of the Institute of Chartered Accountants of Scotland having qualified in 1984.

Aaron Le Cornu
Non-Executive Director
(45) A/R

Aaron was appointed to the Board as non-Executive Director in January 2011 and is currently the Chief Financial Officer for Elian, a Fiduciary Firm with headquarters in Jersey and operations in 10 countries. Prior to that appointment, Aaron held a number of senior positions within HSBC, latterly as the Deputy CEO of HSBC International. During his 10 years with HSBC, he held a number of Board positions for HSBC subsidiaries and was also involved in acquisitions (such as the purchase of Marks & Spencer Money) and setting up Greenfield retail banking operations in Central Europe. Aaron is a Chartered Accountant. He qualified with and worked for Andersen for eight years, including two years in Australia. He also has a First Class Honours Degree in European Management Science from Swansea University.

Directors

All non-Executive Directors are viewed as being independent with the exception of Mike Liston who was formerly the Company's Chief Executive. Geoffrey Grime and Clive Chaplin are still regarded as independent even though they are now in their 13th year as Directors.

The Nomination Committee has formulated a plan for a controlled change in the constitution of non-Executive Directors going forward.

Key to membership of committees

A Audit and Risk Committee
N Nominations Committee
R Remuneration Committee

GOVERNANCE

Directors' Report

for the year ended 30 September 2015

The directors present their annual report and the audited financial statements of Jersey Electricity plc for the year ended 30 September 2015.

Principal activities

The Company is the sole supplier of electricity in Jersey. It is involved in the generation and distribution of electricity and jointly operates the Channel Islands Electricity Grid System with Guernsey Electricity Limited importing power for both islands. It also engages in retailing, property management, building services and has other business interests, including software development and consulting.

Dividends

The Directors have declared and now recommend the following dividends in respect of the year ended 30 September 2015:

	2015 £	2014 £
Preference dividends		
5% Cumulative Participating Preference Shares at 6.5%	5,200	5,200
3.5% Cumulative Non-Participating Preference Shares at 3.5%	3,773	3,773
Ordinary dividends		
Ordinary and 'A' Ordinary Shares		
Interim paid at 5.25p net of tax for the year ended 30 September 2015 (2014: 5.00p net of tax)	1,608,600	1,532,000
Final proposed at 7.60p net of tax for the year ended 30 September 2015 (2014: 7.20p net of tax)	2,328,640	2,206,080
	3,946,213	3,747,053

Re-election of directors

In accordance with the requirements of the UK Corporate Governance Code, Directors should offer themselves for re-election no less frequently than every three years. Accordingly, Aaron Le Cornu will retire and, being eligible, offers himself for re-election. Furthermore, Directors with more than 9 years' service should offer themselves for re-election on an annual basis. Accordingly, Geoffrey Grime and Mike Liston will retire and, being eligible, will offer themselves for re-election. Clive Chaplin will not offer himself for re-election as he is retiring at the AGM.

Directors' and officers' insurance

During the year the Company maintained liability insurance for its Directors and Officers.

Policy on payment of creditors

It is Group policy, in respect of all of its suppliers, to settle the terms of payment when agreeing each transaction, to ensure that suppliers are made aware of the terms of payment and to abide by those terms. The number of creditor days in relation to trade creditors outstanding at the year end was 19 days (2014: 21 days).

Directors' Report

for the year ended 30 September 2015

Substantial shareholdings

As at 17 December 2015 the Company has been notified of the following holdings of voting rights of 5% or more in its issued share capital:

Equity

Ordinary Shares

The States of Jersey hold all of the Ordinary shares which amounts to 62% of the ordinary share capital and represents 86.4% of the total voting rights.

'A' Ordinary Shares

'A' Ordinary shares entitle the holder to 1 vote for every 100 shares held whereas the Ordinary shares carry voting rights of 1 vote for every 20 shares held.

Huntress Nominees (CI) Limited are the largest shareholder of our listed shares and hold 5,840,070 'A' Ordinary shares which represent 5.3% of the total voting rights. It is understood that the underlying owners of these shares are substantially private investors based in the Channel Islands.

Auditor

A resolution to re-appoint Deloitte LLP as auditor will be proposed at the next Annual General Meeting.

BY ORDER OF THE BOARD
P.J. ROUTIER
Secretary
17 December 2015

GOVERNANCE

Corporate Governance

Corporate Governance

The Directors are committed to maintaining a high standard of Corporate Governance in accordance with The UK Corporate Governance Code September 2014 ("the Code"), as incorporated within The Listing Rules, issued by the Financial Conduct Authority. The Listing Rules require the Company to set out how it has applied the main principles of the Code and to explain any instances of non-compliance.

In accordance with Listing Rule ("LR") 9.8.4 R, the agreement related to 'Independent business' required by LR 9.2.2A (2) (a) R has been entered into with the States of Jersey, the controlling shareholder, with effect from 17 November 2014. The company has complied with the independence provisions included in the agreement during this financial year and believes the controlling shareholder is also compliant. The other applicable information required by LR 9.8.4 R (5)/(6) is disclosed in external appointments.

Statement of Compliance

The Board considers that the Company is a "smaller company" for the purposes of the Code as it is not a member of the FTSE350. Throughout the financial year ended 30 September 2015 the Board considers that it has complied with the Code, with the following exceptions:
The Code (Provision B.2.1) recommends that a majority of members of the Nomination Committee should be independent non-Executive Directors. Throughout the year the Company's Nomination Committee has comprised Mike Liston, Geoffrey Grime, Chris Ambler and Clive Chaplin. Whilst the Board acknowledges that Mike Liston cannot be considered independent due to his membership of the Company's pension scheme he has served a number of years as Chairman of the Jersey Appointments Commission, established by the government of Jersey to ensure probity in all public appointments, and is considered eminently qualified to Chair the company's Nominations committee.

The Main Principle B.6 states that annual board performance evaluations should take place. Whilst the Board is in total agreement that their effectiveness is vital to the success of the Company it has concluded that due to the stability and size of the business these do not necessarily have to be performed annually. An external evaluation took place during the course of this financial year.

The Main Principle B.7 states that all directors should be submitted for re-election at regular intervals, subject to satisfactory performance. Executive Directors are not subject to retirement by rotation but they are subject to the same periods of notice of termination of employment as other members of the Company's senior management. This is deemed appropriate by the Board because it is felt that our largest shareholders have sufficient powers to remove Executive Directors if they saw fit.

The Board

The Board provides effective leadership and currently comprises four non-Executive and two Executive Directors. They are collectively responsible for the long-term success of the Company and bring together a balance of skills, experience, independence and knowledge. The Chairman and the Chief Executive roles are divided with the former being appointed by the Directors from amongst their number. Clive Chaplin is the Senior Independent Director.

Independence

All the non-Executive Directors are viewed as being independent with the exception of Mike Liston who was formerly the Company's Chief Executive. The Board have determined that Geoffrey Grime and Clive Chaplin remain independent notwithstanding that they have served on the Board for more than thirteen years. In making this determination, the Board took into account their breadth of experience, their financial independence and their other business interests.

There have been no appointments to the Board during the financial year 2014/15 but Alan Bryce was appointed subsequently. On appointment to the Board the required time commitment is established and any significant changes to their time commitments are notified to the Board. An induction process is in place for all newly appointed Directors. Clive Chaplin, one of our non-Executive Directors, will be retiring at the forthcoming Annual General Meeting.

The Board is responsible to the Company's shareholders for the proper management of the Company. It meets regularly to set and monitor strategy, review trading performance and risk management, examine business plans and capital and revenue budgets, formulate policy on key issues and reporting to shareholders. Board papers are circulated, with reasonable notice, prior to each meeting in order to facilitate informed discussion of the matters at hand.

Members of the Board hold meetings with major shareholders to develop an understanding of the views they have about the Company.

Corporate Governance

The following table sets out the number of meetings (including Committee meetings) held during the year under review and the number of meetings attended by each Director.

	Board	Audit and Risk	Remuneration	Nominations
No of meetings	**7**	**5**	**3**	**2**
G.J. Grime	7	-	3	2
C.A.C. Chaplin	7	5	3	2
A.D. Le Cornu	6	4	3	-
M.J. Liston	6	-	3	2
J.B. Stares	3	2	2	2*
C.J. Ambler	7	4*	3*	2
M.P. Magee	7	5*	-	-

* attendees by invitation

Nominations Committee

The Nominations Committee members are currently Mike Liston (Chairman), Geoffrey Grime, Chris Ambler and Clive Chaplin. They:

- consider and make recommendations to the Board on all new appointments of Directors having regard to the overall balance and composition of the Board;
- consider succession planning; and
- make recommendations to the Board concerning the reappointment of any non-Executive Director following conclusion of his or her specified term of office.

A Company-wide policy exists on diversity. The Board recognises the benefits of diversity and will continue to appoint Executive and non-Executive Directors to ensure diversity of background and on the basis of their skills and experience. The Terms of Reference for the Nominations Committee and the Terms and Conditions of the Appointment of non-Executive Directors are available on request.

During the year a plan was formulated for a controlled change in the constitution of non-Executive Directors going forward in light of corporate governance requirements on independence. It is suggested that Alan Bryce will join the Audit and Risk Committee to replace Clive Chaplin.

Audit and Risk Committee

The Audit and Risk Committee's members are Aaron Le Cornu (Chairman) and Clive Chaplin. The meetings provide a forum for discussions with the external auditor. Meetings are also attended, by invitation, by the Chief Executive, the Finance Director, the Financial Controller, the Company Secretary, and members of both the external audit and internal audit teams.

The Audit and Risk Committee is responsible for reviewing the Annual and Interim Management Statements and accompanying reports before their submission to the Board for approval and for the reporting of its findings to the Board. As part of the review process the Audit and Risk Committee reviews the likely significant issues in advance of the publication of both the Half and Full Year Results and in particular any critical accounting judgements identified by both the Company and the external auditor most of which are disclosed in Note 2 to the Financial Statements (Critical Accounting Judgements). Comprehensive position papers on each key area are produced by the Finance Director at both the half and full year. Some of the areas are recurring items such as revenue recognition, impairment of assets, retirement benefit obligations and hedge accounting. The Committee reviews any year-on-year changes in methodology for reasonableness. In addition there may be 'one-off' issues that surface. The Committee also takes comfort that the Finance Director liaises with our external auditor during the course of the year to establish a consensus opinion where possible.

Corporate Governance

The Committee generally meets four times a year and is also responsible for monitoring the controls which are in force (including financial, operational and compliance controls and risk management procedures) to ensure the integrity of the financial information reported to the shareholders. It also considers reports from the internal and external auditors and from management. It reports and makes recommendations to the Board. In addition, the Audit and Risk Committee regularly reviews the scope and results of the work undertaken by both the internal and external auditors. The Terms of Reference for the Audit and Risk Committee are available on request.

The Committee has approved the external auditor's remuneration and terms of engagement and is fully satisfied with the performance, objectivity, quality of challenge and independence of the external auditor. Having undertaken a tender process, the Committee has recommended that a resolution to reappoint the external auditor as the Company's statutory auditor is to be proposed at the Company's forthcoming AGM. In the 2014 Annual Report and Accounts it was reported that consideration was likely to be given to conducting a competitive tender to select an external auditor for the year ending 30 September 2016. This was on the basis that this coincided with the rotation of the Deloitte LLP partner and also because they have been incumbent since 2003. A tender took place during this financial year and Deloitte LLP were reappointed. Non-audit services are reviewed on a case by case basis and also in terms of materiality of the fee by the Audit and Risk Committee. Note 6 to the Financial Statements details the quantum and split of auditor fees.

The Board requested that the Committee advise them on whether they believe the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for the shareholders to assess the Company's performance, business model and strategy. The Audit and Risk Committee has concluded that this is the case and has reported this to the Board. The Committees' terms of reference have been modified to reflect this additional responsibility.

Internal Control

The Board is responsible for establishing and maintaining the Company's system of internal control and for the management of risk. Internal control systems are designed to meet the particular needs of the business and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. This process has been in place throughout the year up to the date of approval of the financial statements and is in accordance with The UK Corporate Governance Code. Whistleblowing arrangements are reviewed annually by the Audit and Risk Committee.

The key procedures which the Board has established to provide effective controls are:

Board Reports

Key strategic decisions are taken at Board meetings following due debate and with the benefit of Board papers circulated beforehand. The risks associated with such decisions are a primary consideration in the information presented and discussed by the Board who are responsible for determining the nature and extent of the significant risk it is willing to take to achieve the strategic objectives. Prior to significant investment decisions being taken, due diligence investigations include the review of business plans by the Board.

Management Structure

Responsibility for operating the systems of internal control is delegated to management. There are also specific matters reserved for decision by the Board; and these have been formally documented and a summary of the key types of decision made by the Board is as follows:

- Strategy and Management including:
  Approval of the Company's long-term objectives and commercial strategy.
  Approval of the annual operating and capital expenditure budgets and any subsequent material changes to them.

- Changes in structure and capital of the Company

Corporate Governance

- Financial reporting and controls including:
  Approval of the Annual Report and Financial Statements.
  Declaration of the interim dividend and recommendation of the final dividend.
- Internal controls/Risk Management
  Reviewing the effectiveness of the Company's internal control and risk management systems. An external review of the risk management process is conducted every three years.
- Contracts approval of
  Major capital projects.
  Major contracts.
  Major investments.
- Board membership and other appointments
  Approval of changes to the structure, size and composition of the Board and key committees, following recommendations from the Nominations Committee.
- Remuneration
  Determining the remuneration policy for the directors and other senior management, following recommendations from the Remuneration Committee.
- Corporate governance matters
  Undertaking a formal and rigorous review every two years of its own performance, that of its committees and individual Directors. Review of the Company's overall corporate governance arrangements.
- Approval of key Company policies

Internal Audit/Risk Management

There is a permanent team of internal audit staff involved in a continuous structured review of the Company's systems and processes, both financial and non-financial. Internal Audit manage the process of strategic and operational risk reviews and facilitate risk review workshops with departmental managers. The Head of Internal Audit routinely reports to the Company Secretary with direct access to the Audit and Risk Committee Chairman and also attends Audit and Risk Committee meetings, at which internal audit's plans are discussed and approved. During this financial year an independent review was performed of the effectiveness of the Internal Audit function. This was largely positive with some recommendations for improvement which have, or will be, implemented.

Personnel

The Company ensures that personnel are able to execute their duties in a competent and professional manner through its commitment to staff training, regular staff appraisals and organisational structure.

Budgetary Control

Detailed phased budgets are prepared at profit centre level. These budgets are approved by the Board, which receives sufficiently detailed financial data to monitor the performance of the Company with explanations of any material variances.

Audit and Risk Committee

The Audit and Risk Committee reviews the effectiveness of the internal control and risk management processes throughout the accounting period as outlined above. In addition it regularly conducts "deep dive" reviews on specific identified risks to test assumptions on the substance of such risks and their mitigation. More detail on the Group's principal risks, and how they are managed, is provided in the Financial Review within this Annual Report.

Statement of Directors' Responsibilities

Directors' Responsibilities for the Financial Statements

The Directors are responsible for preparing the Annual Report, Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company Law requires the Directors to prepare Financial Statements for each financial year. The Directors are required by the IAS Regulation to prepare the Group Financial Statements under IFRS as adopted by the European Union. The Financial Statements are also required by Company 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.

International Accounting Standard 1 requires that Financial Statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. However, Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey and in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The Directors consider that the Group has adequate resources to continue in operational existance for the foreseeable future. The Financial Statements are therefore prepared on a going concern basis. Further details of the Group's going concern review are provided in note 1 of the financial statements on page 60.

Having taken advice from the Audit and Risk Committee, the Board considers the annual report and financial statements, taken as a whole, to be fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Responsibility Statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

C.J. AMBLER
Chief Executive Officer
17 December 2015

M.P. MAGEE
Finance Director
17 December 2015

Remuneration Report

Remuneration Committee

The Remuneration Committee (the Committee) is chaired by Clive Chaplin and its membership includes all non-Executive Directors. The Committee operates within terms of reference agreed by the Board and such terms are regularly reviewed.

Remuneration Policy

The policy of the Committee is to ensure the provision of remuneration packages for the Executive Directors that fairly reward them for their contribution to the overall performance of the Group. Remuneration packages comprise basic salary and benefits together with a performance related annual bonus. Benefits for Executive Directors principally comprise a car or car allowance, private health care and housing subsidy.

The salary and benefits of the executive team are reviewed by the Committee annually and any adjustments take effect on 1st April. The Committee make use of a locally focussed benchmarking report as well as assessing the remuneration of the executive team by reference to comparable companies within the United Kingdom. The Committee seeks to ensure that, excluding any share based remuneration (of which there is none other than the all-employee share scheme disclosed later in the report), the overall value of the remuneration package of the executive team members including bonus and other benefits matches, in broadest terms, relevant comparative benchmarks for executive director remuneration. The bonus payable to the Executive Directors is performance related and as highlighted last year we developed more clearly defined criteria and constructed bonuses around key project milestones for the Company. The criteria remain deliberately unrelated to profit. One of the project milestones related to the installation of the strategically important Normandie 3 subsea cable and as the conditions surrounding the project were fully satisfied specific bonus payments were made to the Executive Directors in early 2015 in addition to their normal bonus arrangements based on overall performance.

The remuneration of individual Directors for the year ended 30 September 2015 was as follows:

	Basic salary/fees £	Bonus normal £	Bonus Normandie 3 £	Benefits in kind £	**Total 2015 £**	Total 2014 £
EXECUTIVE DIRECTORS						
C.J. Ambler	207,901	74,884	110,000	13,869	**406,654**	289,548
M.P. Magee	172,342	47,353	77,000	11,753	**308,448**	221,161
R.A. Plaster (resigned from the Board on 30 May 2014)	-	-	-	-	-	308,318
NON-EXECUTIVE DIRECTORS						
G.J. Grime	31,500	-	-	3,404	**34,904**	34,562
M.J. Liston[1]	17,850	-	-	1,702	**19,552**	19,381
C.A.C. Chaplin[2]	19,950	-	-	1,602	**21,552**	21,499
J.B. Stares[3] (retired from the Board on 5 March 2015)	8,983	-	-	766	**9,749**	22,531
A.D. Le Cornu[3/4]	19,629	-	-	1,602	**21,231**	19,399
Total	478,155	122,237	187,000	34,698	**822,090**	936,399

1 Includes fees as Chairman of the Nominations Committee - £2,100.

2 Includes fees as Member of the Audit and Risk Committee - £2,100 and as Chairman of the Remuneration Committee - £2,100.

3 Includes pro rata fees as Chairman of the Audit and Risk Committee - £5,250.

4 Includes pro rata fees as Member of the Audit and Risk Committee - £2,100.

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Remuneration Report

Service Contracts
The Executive Directors' service contracts provide for a notice period of six months. Non-Executive Directors' service contracts have no unexpired term at the time of election or re-election at the Annual General Meeting.

Pension Benefits
Set out below are details of the pension benefits to which each of the Directors is entitled. These pensions are restricted to the scheme in which the Director has earned benefits during service as a Director, but include benefits under the scheme for service both before and after becoming a Director, including any service transferred into the scheme from a previous employment.

	Increase in accrued pension during the year[1]	Accrued pension at 30.9.2015[2]	Transfer value at 30.9.2015[3]	Transfer value at 30.9.2014[3]	Directors' contributions during year	Increase in transfer value less directors contributions[4]
C.J. Ambler	£4,003	£34,535	£471,932	£352,935	-	£118,997
M.P. Magee[5]	£4,244	£73,025	£1,294,971	£1,075,249	£10,336	£209,386

Notes
1. The increase in accrued pension during the year represents the additional accrued pension entitlement at the year end compared to the previous year end.
2. The pension entitlement shown is that which would be paid annually on retirement at age 60, based on service at the year end.
3. The transfer values have been calculated using the basis and method appropriate at each accounting date. It is assumed that the deferred pension commences from the earliest age at which the member can receive an unreduced pension.
4. The increase in transfer value over the year is after deduction of contributions made by the director during the year.
5. Along with all other Scheme members, Directors have the option to pay Additional Voluntary Contributions (AVCs) to the Scheme to purchase additional final salary benefits. AVCs paid by the Directors during the year were nil. The transfer values include the value of any accrued AVC pensions.

All-Employee Share Scheme
At the 2011 Annual General Meeting approval was granted to launch an all-employee share scheme. During the 2012 financial year 100 'A' Ordinary Shares were issued to all staff (subject to Scheme Rules) including the Executive Directors. These shares vested on 2 July 2015. A further 100 'A' Ordinary Shares were issued to all staff (subject to Scheme Rules) during 2015 and these are due to vest on 18 February 2018.

There are no other share-based incentives such as option schemes or long-term incentive plans operated by the Company.

Non-Executive Directors' Remuneration
The remuneration of the non-Executive Directors is determined by the Board with the assistance, if required, of independent advice concerning comparable organisations and appointments. The non-Executive Directors who Chair the Audit and Risk, Nominations and Remuneration Committees, and those Directors who are members of the Audit and Risk Committee, receive an additional fee due to the additional time involved.

External Appointments
The Company encourages Executive Directors to diversify their experience by accepting non-executive appointments to companies or other organisations outside the Group. Such appointments are subject to the approval by the Board, which also determines the extent to which any fees may be retained by the director. The current policy is that 80% of such fees may be retained. At the balance sheet date the external appointments held by Executive Directors, excluding those directly connected with their employment by the Company, were as follows:

C.J. Ambler
Foresight Solar Fund Limited and Apax Global Alpha Limited (total non-Executive Director fees £101,167 of which £80,934 retained). The fees received also include those from a previous directorship with Abbey National International Limited which ceased during the financial year.

M.P. Magee
Standard Life Wealth Offshore Strategy Fund Limited and Stanley Gibbons Group plc (total non-Executive Director fees £55,000 of which £44,000 retained).

Remuneration Report

Directors' Loans

The Company provides secured loans to a number of Executive Directors which bear interest at base rate. The balances on such loans were:

	30.9.2015	30.9.2014
C. J. Ambler	£440,157	£496,320
M. P. Magee	£290,571	£341,571

Directors' Share Interests

The Directors' beneficial interests in the shares of the Company at 30 September 2015 are:

	'A' Ordinary Shares		5% and 3.5% Preference Shares	
	2015	2014	**2015**	2014
C.J. Ambler*	**5,005**	4,905	-	-
M.P. Magee*	**8,984**	8,884	**960**	960
G.J. Grime	**10,000**	10,000	-	-
C.A.C. Chaplin	**6,000**	6,000	-	-
M.J. Liston	**2,000**	2,000	-	-
	31,989	31,789	**960**	960

*Both C. J. Ambler and M. P. Magee have a beneficial interest in a further 100 'A' Ordinary Shares that are due to vest in February 2018.

There have been no other changes in the interests set out above between 30 September 2014 and 17 December 2015.

On behalf of the Board
C.A.C. CHAPLIN
Chairman
17 December 2015

Independent Auditor's Report

to the Shareholders of Jersey Electricity plc

Opinion on financial statements of Jersey Electricity plc

In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 30 September 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been properly prepared in accordance with the Companies (Jersey) Law, 1991.

The financial statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Cash Flow, the Consolidated Statement of Changes in Equity and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Going concern and the Directors' assessment of the principal risks that would threaten the solvency or liquidity of the group

We have reviewed the Directors' statement regarding the appropriateness of the going concern basis of accounting contained within note 1 to the financial statements and the Directors' statement on the longer-term viability of the group contained on page 39.

We have nothing material to add or draw attention to in relation to:

- the Directors' confirmation on page 38 that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 38 to 39 that describe those risks and explain how they are being managed or mitigated;
- the Directors' statement in note 1 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the Director's explanation on page 39 as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agreed with the Directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Risk	How the scope of our audit responded to the risk
Accrual for unbilled units of electricity	
There is a significant risk associated with the determination of the value of unbilled units of electricity of £5.1m (2014: £5.9m) which is included within revenue and trade receivables. This is because of the level of assumptions and judgement used in determining the number of units used by customers between their last billing date and the year-end date. The entity's considerations around this judgement are set out in the critical accounting judgements in note 2i.	We used an internal team of Information Technology specialists to reconstruct the model used by management to determine the level and value of unbilled units at the year-end ("the Model"). We challenged the assumptions and judgements used in the Model and performed substantive procedures on the inputs into the Model, which includes historical data and billing rates. We compared the output from the reconstructed model to management's calculation and investigated any material differences. We also tested the reconciliation of total units imported and generated, adjusted for units used internally by the Company and units lost through the network for technical and other reasons ("distribution loss") to the total units recorded as sold. We benchmarked the distribution loss percentage against comparable and historical data for Europe, adjusted for Jersey specific considerations. In addition, we assessed whether the revenue recognition policies adopted comply with IFRS.

Independent Auditor's Report

to the Shareholders of Jersey Electricity plc

Accounting for the hedging of forward foreign exchange contracts	
The fair value of derivative financial instruments held at the year-end is £5.1m (2014: £4.2m). The accounting for the hedging of forward foreign exchange contracts entered into by the group is considered a significant risk due to the complexity of the accounting treatment required for such transactions, the level of complexity involved in the valuation of such contracts and the detailed disclosure requirements required in the financial statements. Further details about this risk are given in note 22.	We engaged internal financial instrument specialists to challenge the accounting and hedging treatment applied to the forward foreign exchange contracts which included a review of the hedge effectiveness testing and the hedging documentation for a sample of contracts. The specialists also independently challenged the valuation of contracts through using data from an independent source. We obtained and agreed external confirmations for contracts at the year end to the accounting records. We performed a review of the hedging and financial instrument related disclosures in the financial statements to assess whether the disclosures presented comply with IFRS.
Defined benefit pension scheme assumptions and applicability of International Financial Reporting Interpretations Committee ("IFRIC") 14	
The group has a retirement benefit deficit at the year-end of £7.3m (2014: £1.4m). The defined benefit pension scheme assumptions are considered a significant risk due to the level of judgement required in determining the assumptions most appropriate to the circumstances of the entity. *IFRIC 14, which addresses the interaction between minimum funding requirements and the measurement of the defined benefit liability, is also considered a significant risk due to the scheme being in deficit and the complexity in assessing whether or not the arrangements of the pension scheme include a minimum funding requirement.*	We considered the appropriateness of management's assumptions used in the determination of the pension scheme balances and disclosures, detailed in note 17 to the financial statements. We did this through comparison of the key assumptions to third party data for reasonableness and assessment of the competence and independence of management's actuarial expert who derived the balances and disclosures. We also assessed the basis for concluding that no additional liability was required in respect of IFRIC 14 through reviewing the minutes of meetings of the Trustees of the pension scheme and method by which it is intended to manage any existing deficit and corroborating this with management's actuarial expert.
Normandie 1 contract	
During the year the Normandie 1 contract was entered into and the activities which formed the basis of the unutilised provision for decommissioning EDF 1 became part of the contract for Normandie 1. Guernsey Electricity is also a participant to the Normandie 1 contract. There is judgement involved in determining if the previously incurred decommissioning costs are directly required to enable the Normandie 1 contract to proceed and how these should be treated, and how the remaining provision should be treated, including the amount contributed by Guernsey Electricity. Management's judgements around provisions are discussed in note 2v.	We reviewed the contract for Normandie 1 to understand what activities constituted site preparation activities and were permitted to be capitalised under IAS 16 *Property, Plant and Equipment* ("IAS 16"). We further reviewed the treatment of the costs already incurred, including the contribution by Guernsey Electricity, and challenged the judgements made by management in determining how those costs should be classified, including whether those costs are directly required to enable the Normandie 1 contract to proceed.
La Collette site rental provision	
The group leases the La Collette Power Station site from its largest shareholder, the States of Jersey. This lease was subject to a rent review as at June 2006 but the amount due as a result of the rent review is subject to a legal action. There is judgement applied in the determination of the amount to be provided in respect of the rental due. Further details of this are given in note 23a to the financial statements.	We reviewed the latest correspondence relating to the dispute and the legal action and used this and other external evidence to challenge the basis of management's provision. We note that as disclosed in note 23a, the information usually required by IAS 37 'Provisions, Contingent liabilities and contingent assets', is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the dispute.

Last year our report included a risk which is not included in our report this year: the provision for the subsea cable repair (which was an event which occurred in the prior year and was concluded in the current year so did not have a significant effect on our current year audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team).

The description of risks above should be read in conjunction with the significant issues considered by the Audit & Risk Committee discussed on page 45.

Independent Auditor's Report
to the Shareholders of Jersey Electricity plc

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the group to be £915,000 (2014: £615,000), which is below 7.5% (2014: 7.5%) of adjusted pre-tax profit and below 1% (2014: 1%) of equity. Pre-tax profit has been adjusted by removing the effects of the exceptional credits of £789,000 in relation to compensation received from RTE and the reversal of the remaining EDF 1 provision recognised during the year as these were considered to be one-off events. In the prior year an adjustment was also made to pre-tax profits in order to calculate materiality through removing the £1.8m expense recognised in respect of the sub-sea cable repair which was also considered to be a one-off event.

We agreed with the Audit & Risk Committee that we would report to the Committee all uncorrected audit differences in excess of £18,300 (2014: £13,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit & Risk Committee on uncorrected disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the group and its environment, including internal control, and assessing the risks of material misstatement at the group level. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Consistent with the prior year, our Group audit scope focused primarily on the audit of the Company as the other component was not considered to be significant. The Company represents the principal business unit within the group and accounts for 100% (2014: 100%) of the Group's net assets, 99% (2014: 99%) of the Group's revenue and 99% (2014: 98%) of the Group's profit before tax. It was also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work on the Group was executed at the levels of materiality detailed above.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies (Jersey) Law, 1991 we are required to report to you if, in our opinion:

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

We have nothing to report in respect of these matters.

Corporate Governance Statement

Under the Listing Rules we are also required to review part of the Corporate Governance Statement relating to the company's compliance with certain provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit & Risk Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

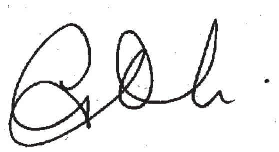
Independent Auditor's Report

to the Shareholders of Jersey Electricity plc

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law, 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and/or those further matters we have expressly agreed to report to them on in our engagement letter and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



GREGORY BRANCH, BSc, FCA
for and on behalf of
Deloitte LLP
Chartered Accountants and Recognized Auditor
Jersey, Channel Islands
17 December 2015

FINANCIAL STATEMENTS

Consolidated Income Statement

for the year ended 30 September 2015

	Note	2015 £000	2014 £000
Revenue	3	100,479	98,443
Cost of sales		(64,604)	(68,468)
Gross profit		35,875	29,975
Revaluation of investment properties	11	(45)	145
Operating expenses	4	(21,931)	(20,079)
Group operating profit before exceptional items	6	13,899	10,041
Exceptional items - RTE outage compensation		479	-
- impact of reversal of EDF1 related provision		310	-
- impairment of investment		-	(1,178)
- subsea cable repair		-	(1,800)
- restructuring costs		-	(570)
Group operating profit	3	14,688	6,493
Finance income		36	14
Finance costs		(1,555)	(51)
Profit from operations before taxation		13,169	6,456
Taxation	7	(2,397)	(1,478)
Profit from operations after taxation		10,772	4,978
Attributable to:			
Owners of the Company		10,725	4,932
Non-controlling interests	19	47	46
		10,772	4,978
Earnings per share			
- basic and diluted	9	35.00p	16.10p

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2015

	Note	2015 £000	2014 £000
Profit for the year		10,772	4,978
Items that will not be reclassified subsequently to profit or loss:			
Actuarial loss on defined benefit scheme	17	(5,706)	(392)
Income tax relating to items not reclassified	7	1,141	78
		(4,565)	(314)
Items that may be reclassified subsequently to profit or loss:			
Fair value loss on cash flow hedges	22	(874)	(4,567)
Income tax relating to items that may be reclassified	7	175	913
		(699)	(3,654)
Total comprehensive income for the year		5,508	1,010
Attributable to:			
Owners of the Company		5,461	964
Non-controlling interests		47	46
		5,508	1,010

All results in the year have been derived from continuing operations.
The notes on pages 60 to 83 form an integral part of these accounts. The independent auditor's report is on pages 52 to 55.

Consolidated Balance Sheet

as at 30 September 2015

	Note	2015 £000	2014 £000
Non-current assets			
Intangible assets	10	227	20
Property, plant and equipment	11	187,845	184,846
Investment properties	11	20,460	20,505
Secured loan accounts	14	731	838
Other investments	12	5	5
Total non-current assets		209,268	206,214
Current assets			
Inventories	13	6,239	7,334
Trade and other receivables	14	14,777	16,474
Derivative financial instruments	22	1,194	-
Cash and cash equivalents		12,503	9,776
Total current assets		34,713	33,584
Total assets		243,981	239,798
Current liabilities			
Trade and other payables	15	17,597	24,675
Current tax liability	7	404	-
Derivative financial instruments	22	6,314	4,246
Total current liabilities		24,315	28,921
Net current assets		10,398	4,663
Non-current liabilities			
Trade and other payables	15	18,884	18,279
Retirement benefit deficit	17	7,291	1,372
Financial liabilities - preference shares	18	235	235
Long-term borrowings	16	30,000	30,000
Deferred tax liabilities	7	15,529	14,852
Total non-current liabilities		71,939	64,738
Total liabilities		96,254	93,659
Net assets		147,727	146,139
Equity			
Share capital	18	1,532	1,532
Revaluation reserve		5,270	5,270
ESOP reserve		(97)	(36)
Other reserves		(4,214)	(3,515)
Retained earnings		145,223	142,878
Equity attributable to the owners of the Company		147,714	146,129
Non-controlling interests	19	13	10
Total equity		147,727	146,139

Approved by the Board on 17 December 2015

G.J. GRIME
Director

M.P. MAGEE
Director

The notes on pages 60 to 83 form an integral part of these accounts. The independent auditor's report is on pages 52 to 55.

FINANCIAL STATEMENTS

Consolidated Statement of Cash Flows

for the year ended 30 September 2015

	2015 £000	2014 £000
Cash flows from operating activities		
Operating profit	13,899	10,041
Depreciation and amortisation charges	9,926	8,259
Loss/(gain) on revaluation of investment property	45	(145)
Pension operating charge less contributions paid	213	(38)
Adjustment for foreign exchange hedges	-	63
Loss/(profit) on sale of fixed assets	7	(11)
Operating cash flows before movement in working capital	24,090	18,169
Decrease in inventories	1,095	2,100
Decrease/(increase) in trade and other receivables	1,884	(252)
(Decrease)/increase in trade and other payables	(2,604)	513
Interest paid	(1,548)	(42)
Preference dividends paid	(9)	(9)
Cash amounts relating to exceptional item	479	(353)
Net cash flows generated from operating activities	23,387	20,126
Cash flows from investing activities		
Purchase of property, plant and equipment	(16,629)	(32,501)
Capitalised interest paid	(4)	(547)
Investment in intangible assets	(207)	(6)
Net proceeds from disposal of investment	-	1,579
Net proceeds from disposal of fixed assets	3	16
Net cash flows used in investing activities	(16,837)	(31,459)
Cash flows from financing activities		
Equity dividends paid	(3,859)	(3,703)
Deposit interest received	36	14
Repayment of borrowings	-	(10,000)
Proceeds from borrowings	-	30,000
Net cash flows (used in)/generated from financing activities	(3,823)	16,311
Net increase in cash and cash equivalents	2,727	4,978
Cash and cash equivalents at beginning of period	9,776	4,798
Net cash and cash equivalents at end of period	12,503	9,776

The notes on pages 60 to 83 form an integral part of these accounts. The independent auditor's report is on pages 52 to 55.

Consolidated Statement of Changes in Equity

for the year ended 30 September 2015

	Note	Share capital £000	Revaluation reserve £000	ESOP reserve £000	Other reserves £000	Retained earnings £000	Total £000
At 1 October 2014		1,532	5,270	(36)	(3,515)	142,878	146,129
Total recognised income and expense for the year		-	-	-	-	10,725	10,725
Funding of employee share option scheme		-	-	(112)	-	-	(112)
Amortisation of employee share scheme		-	-	51	-	-	51
Unrealised loss on hedges (net of tax)		-	-	-	(699)	-	(699)
Actuarial loss on defined benefit scheme (net of tax)		-	-	-	-	(4,565)	(4,565)
Equity dividends	8	-	-	-	-	(3,815)	(3,815)
At 30 September 2015		**1,532**	**5,270**	**(97)**	**(4,214)**	**145,223**	**147,714**
At 1 October 2013		1,532	5,270	(58)	139	141,925	148,808
Total recognised income and expense for the year		-	-	-	-	4,932	4,932
Amortisation of employee share scheme		-	-	22	-	(22)	-
Unrealised loss on hedges (net of tax)		-	-	-	(3,654)	-	(3,654)
Actuarial loss on defined benefit scheme (net of tax)		-	-	-	-	(314)	(314)
Equity dividends	8	-	-	-	-	(3,643)	(3,643)
At 30 September 2014		**1,532**	**5,270**	**(36)**	**(3,515)**	**142,878**	**146,129**

The notes on pages 60 to 83 form an integral part of these accounts. The independent auditor's report is on pages 52 to 55.

FINANCIAL STATEMENTS

Notes to the Financial Statements

for the year ended 30 September 2015

1 Accounting policies

Basis of preparation

The Group's accounting policies as applied for the year ended 30 September 2015 are based on all International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and which have been adopted by the EU, including International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The principal accounting policies which have been applied consistently are:

Basis of accounting

The consolidated financial statements have been prepared under the historic cost convention as modified by the revaluation of investment properties and derivative financial instruments.

Basis of consolidation

The Group's consolidated financial information for the year ended 30 September 2015 comprises the Company and its subsidiary.

Subsidiaries are those entities over which the Group has the power to govern the financial and operating policies, accompanying a shareholding that confers more than half of the voting rights.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination.

The consolidated financial information includes the Group's share of the post-tax results and net assets under IFRS of the jointly controlled entity using the equity method of accounting. Equity accounting is a method of accounting by which an equity investment is initially recorded at cost and subsequently adjusted to reflect the investor's share of the net profit or loss of the investee. Jointly controlled entities are those entities over which the Group has joint control with one or more other parties and over which there has to be unanimous consent by all parties to the strategic, financial and operating decisions.

Under Article 101 (11) of the Companies (Jersey) Law 1991 ("the Law"), the Directors of a holding company need not prepare separate 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 had not passed a resolution requiring separate financial statements and, in the opinion of the Directors, the Company meets the definition of a holding company as set out in the Law. As permitted by the Law, the Directors have elected not to prepare separate financial statements.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement (see pages 2 to 3). The financial position of the Group, its cash flow and its liquidity position are described in the Financial Review (see pages 35 to 39). In addition, note 22 to the financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to risks. The Group has considerable financial resources together with a large number of customers both corporate and individual. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully. The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements and in making the viability statement on page 39.

Foreign currencies

The functional and presentation currency of the Group is Sterling. Transactions in currencies other than Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Gains and losses arising on translation are included in net profit or loss for the year.

Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable and represents amounts for goods and services provided in the normal course of business. Revenues exclude the goods and services tax levied on our customers.

The following specific criteria must also be met before revenue is recognised:

Energy supply

Revenue is recognised on the basis of energy supplied during the period. Revenue for energy supply includes an estimated assessment of energy supplied to customers between the date of the last meter reading and the balance sheet date, using historical consumption patterns.

Notes to the Financial Statements

for the year ended 30 September 2015

Revenue continued

Indefeasible rights of use (IRU) sales

With the connection of the Channel Islands Electricity Grid Ltd (CIEG) telecom network between Jersey, France and Guernsey, the Group has the ability to sell dark fibre to other telecom network operators seeking to extend their own networks through IRU agreements. Income from IRUs where an IRU agreement does not transfer substantially all the risks and benefits of ownership to the buyer or is deemed not to extend for substantially all of the assets' expected useful lives, is recognised on a straight-line basis over the life of the agreement, even when the payments are not received on such a basis. Where agreements extend for substantially all of the assets' expected useful lives and transfer substantially all the risks and benefits of ownership to the buyer, the resulting profit/(loss) is recognised in the income statement as a gain/(loss) on disposal of fixed assets.

Taxation

The tax expense represents the sum of tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on the difference between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profits, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, on a non-discounted basis, and is recorded in the income statement, except where it relates to items recorded to equity via other comprehensive income, in which case the deferred tax is also dealt with in that statement.

Exceptional items

As permitted by IAS 1 "Presentation of financial statements", the Group has disclosed additional information in respect of exceptional items in the consolidated financial statements to aid understanding of the Group's financial performance.

An item is exceptional if it is considered unusual by nature and scale and of such significance that separate disclosure is required for the financial statements to be properly understood.

Intangible assets

The costs of acquired computer software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software and are amortised over their useful lives. Costs directly associated with the development of computer software programmes that will generate economic benefits over a period in excess of one year are capitalised and amortised over their estimated useful lives. Costs include employee costs relating to software development and an appropriate proportion of directly attributable overheads. Amortisation is charged on a straight-line basis over its expected useful life which is estimated to be up to 4 years.

Property, plant and equipment

In accordance with IAS 16 costs are capitalised where it is probable that future economic benefits associated with the asset being purchased or constructed will flow to the entity; and the cost of the asset can be measured reliably.

For assets under construction, all costs incurred which are directly attributable to bringing the asset to a point of commissionable use, including direct materials and direct labour costs are capitalised once an executive decision has been taken to proceed with the construction of the asset.

Property, plant and equipment excludes investment property and is stated at cost less accumulated depreciation and impairment losses, if any. Assets are depreciated on the straight-line method to their expected residual values over their estimated useful lives. Property, plant and equipment include capitalised employee, interest and other costs that are directly attributable to construction of these assets. Property, plant and equipment under the course of construction is not depreciated and is carried at cost less impairment.

Depreciation is charged as follows:

Buildings	up to 50 years
Interlinks	up to 30 years
Plant, mains cables and services	up to 40 years
Fixtures and fittings	up to 10 years
Computer equipment	up to 4 years
Vehicles	up to 10 years

Notes to the Financial Statements

for the year ended 30 September 2015

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Capital grants and customer contributions in respect of additions to plant are treated as deferred income within non-current liabilities and released to the income statement over the estimated operational lives of the related assets.

Impairment of tangible and intangible assets

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is rated as a revaluation increase.

Investment properties

Investment property is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in the income statement for the period in which they arise. The Group's policy on freehold properties is to classify it as an investment property both when the property is held for capital appreciation or rental purposes and when it is fully occupied by external tenants.

Investment in joint venture

The results and assets and liabilities of the joint venture are incorporated using the equity method. Investment in the joint venture is therefore carried in the Group balance sheet at cost as adjusted by changes in the Group's share of net assets, less any impairment.

Operating leases

Lessee

Rentals payable under operating leases, where a significant portion of the risks and rewards of ownership are retained by the lessors, are charged to the income statement on a straight-line basis over the period of the leases.

Lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial indirect costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and received on a straight-line basis over the lease term.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour and overheads that have been incurred in bringing the inventories to their location and condition at year end. Cost is calculated using the weighted average method with the exception of fuel oil which is calculated using the first-in first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term deposits with a maturity of three months or less.

Short-term investments

Short-term investments comprise cash deposits which have a maturity greater than three months at the time of inception.

Trade and other receivables

Trade receivables are initially recognised at invoice value and do not carry any interest and are subsequently stated at their amortised cost using the effective interest method as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade payables

Trade payables are initially recognised at invoice value and are not interest bearing and are subsequently stated at their amortised cost. Amortised cost is considered by the directors to be equivalent to invoiced value.

Borrowings

Loans that have fixed or determinable payments that are not quoted in an active market are classified as 'Borrowings'. Loans are measured at amortised cost using the effective interest method. Interest expense is recognised by applying the effective interest rate.

Notes to the Financial Statements

for the year ended 30 September 2015

Financial instruments continued

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. Changes in the fair value of derivative financial instruments which are designated as highly effective hedges of future cash flows are recognised directly in other comprehensive income and any ineffective portion is recognised immediately in the income statement. When hedges mature that do not result in the recognition of an asset or a liability, amounts deferred in other comprehensive income are recognised in the income statement in the same period in which the hedged item affects net profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Until that time, any cumulative gain or loss on the hedging instrument recognised in other comprehensive income is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss that has been recognised in other comprehensive income is transferred to the income statement.

Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the income statement in the period in which they occured.

Dividends

Dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders. Interim dividends are recorded in the period in which they are paid.

Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Retirement benefits

The Group provides pensions through both a defined contributions scheme and a defined benefit scheme. In the latter the cost of providing benefits is determined using the projected unit credit method, with full actuarial valuations being carried out at a minimum every three years. Actuarial gains and losses are recognised in full, directly in retained earnings in the period in which they occur and are shown in the statement of comprehensive income. The net figure derived from the current service cost element of the pension charge, the expected return on pension scheme assets and interest on pension scheme liabilities, including past service cost, is deducted in arriving at operating profit. Retirement benefits recorded in the balance sheet represent the net financial position of the Group's defined pension scheme.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are not separately disclosed due to their immaterial value.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Notes to the Financial Statements

for the year ended 30 September 2015

Accounting developments

In preparing these Financial Statements, the Group has applied all relevant IFRS, IAS and Interpretations issued by the IFRIC which have been adopted by the EU as of the date of approval of these Financial Statements. The following new accounting standards, amendments to existing accounting standards and/or interpretations of existing accounting standards are mandatory for the current period and have been adopted by the Group. All other new standards, amendments to existing standards and new interpretations that are mandatory for the current year have no bearing on the operating activities and disclosure's of the Group and consequently have not been listed. The Group has not adopted any new standards or interpretations that are not mandatory.

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective and in some cases, not adopted by the EU:

Standards effective in current period:

IAS 32 (amendment) *Offsetting Financial Assets and Financial Liabilities*, which was effective for annual periods beginning on or after 1 January 2014

IAS 36 (amendment) *Recoverable Amount Disclosures for Non-Financial Assets*, which was effective for annual periods beginning on or after 1 January 2014

IAS 39 (amendment) *Novation of Derivatives and Continuation of Hedge Accounting*, which was effective for annual periods beginning on or after 1 January 2014

Standards in issue not yet effective:

IAS 19 (amendment) *Defined Benefit Plans: Employee Contributions,* which is effective for annual periods beginning on or after 1 February 2015

Annual Improvements to IFRSs 2010-2012 Cycle, which is effective for annual periods beginning on or after 1 February 2015

Annual Improvements to IFRSs 2011-2013 Cycle, which is effective for annual periods beginning on or after 1 January 2015

Annual Improvements to IFRSs 2012-2014 Cycle, which is effective for annual periods beginning on or after 1 January 2016

Disclosure Initiative (Amendments to IAS 1), which is effective for annual periods beginning on or after 1 January 2016

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11), which is effective for annual periods beginning on or after 1 January 2016

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)', which is effective for annual periods beginning on or after 1 January 2016

IFRS 15 *Revenue from Contracts with Customers,* which is effective for annual periods beginning on or after 1 January 2017

IFRS 9 *Financial Instruments,* which is effective for annual periods beginning on or after 1 January 2018

Jersey Electricity plc is not permitted to adopt a standard until it has been adopted by the EU.

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group except for IFRS 9 which will introduce fair value hierarchy disclosure for non-financial assets and liabilities recognised at fair value.

Notes to the Financial Statements

for the year ended 30 September 2015

2 Critical Accounting Judgements

In preparing the financial statements in conformity with IFRS, the directors are required to make estimates and assumptions that impact on the reported amounts of revenues, expenses, assets and liabilities. Actual results may differ from these estimates. Certain of the Group's accounting policies have been identified as requiring critical accounting judgements or involving particularly complex or subjective decisions or assessments. These are discussed below and have been determined by the Group's senior management and approved by the Audit and Risk Committee and should be read in conjunction with 'Accounting Policies'.

i Revenue

The assessment of energy sales to customers is based on meter readings, which are carried out on a systematic basis throughout the year. At the end of each accounting period, amounts of energy delivered to customers since the last billing date are estimated taking into account energy acquired and estimating distribution losses and the corresponding unbilled revenue is estimated and recorded as sales. Unbilled revenues included within trade and other receivables in the balance sheet relating to such customers at 30 September 2015 amounted to £5.1m (2014: £5.9m).

ii Impairment of property, plant, equipment and investments

On at least an annual basis and when indicators of impairment are present, accounting standards require property, plant, equipment and investments to be reviewed for impairment. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of the future cash flows of the relevant Cash Generating Unit (CGU), or disposal value if higher. The discount rate applied is based on the Group's weighted average cost of capital with appropriate adjustments for the risks associated with the CGU. Estimates of cash flows involve a significant degree of judgement and are consistent with management's plans and forecasts.

iii Retirement benefit obligations

The Group provides pensions through a defined benefits scheme for its employees which is accounted for in accordance with IAS 19 'Employee Benefits'. The expense and balance sheet items relating to the Group's accounting for pension schemes under IAS 19 are based on actuarial valuations. Inherent in these valuations are key assumptions, including discount rates, earnings' increases, mortality rates and inflation. These actuarial assumptions are reviewed annually in line with the requirements of IAS 19 and are based on prior experience, market conditions and the advice of the scheme actuaries. The Group chooses a discount rate which reflects yields on high quality, fixed-income investments. The discount rate used in 2015 was 3.6% and in 2014 was 3.9%. If, for example, the discount rate applied to the liabilities had been 3.1%, rather than the 3.6% advised by our actuaries under IAS 19 for 2015, the IAS 19 net deficit of £5.8m would have been a net deficit of £13.3m.

iv Hedge accounting

The Group utilises currency derivatives to hedge its future purchases of power from France which currently extend to the next three calendar years. All such currency derivatives are fair valued, based on market values of equivalent instruments at balance sheet date.

v Decommissioning

The Company still believes that it does not have any set obligation to de-commission any of our material assets but a risk exists that costs may be incurred in the future. The assets concerned are our power station at La Collette, which is leasehold with a current end date of 2056, and our subsea interconnectors to France and Guernsey. None of the assets have a definitive planning or legal obligation to decommission at the end of life but obligations could develop over time, for example, for environmental reasons. There are varying external opinions as to whether subsea cables should be left in place, or removed, at the end of their useful life as over time the interconnector asset becomes part of the marine infrastructure. We had looked at this topic in some depth and reached the conclusion that this is an area where a watching brief will be maintained going forward.

FINANCIAL STATEMENTS

Notes to the Financial Statements

for the year ended 30 September 2015

3 Business segments

The contributions of the various activities of the Group to revenue and profit are listed below:

	2015 External £000	2015 Internal £000	2015 Total £000	2014 External £000	2014 Internal £000	2014 Total £000
Revenue						
Energy	80,698	129	80,827	79,459	141	79,600
Building Services	4,148	808	4,956	3,294	907	4,201
Retail	11,087	40	11,127	11,414	33	11,447
Property	2,084	599	2,683	1,957	616	2,573
Other	2,462	777	3,239	2,319	878	3,197
	100,479	2,353	102,832	98,443	2,575	101,018
Interdivision elimination			(2,353)			(2,575)
Revenue			100,479			98,443
Operating profit						
Energy			11,514			7,952
Building Services			(58)			(44)
Retail			334			(86)
Property			1,562			1,415
Other			592			659
			13,944			9,896
Revaluation of investment properties			(45)			145
Exceptional items - RTE outage compensation			479			-
- impact of reversal of EDF1 related provision			310			-
- impairment of investment			-			(1,178)
- subsea cable repair			-			(1,800)
- restructuring costs			-			(570)
Operating profit			14,688			6,493
Finance income			36			14
Finance costs			(1,555)			(51)
Profit from operations before taxation			13,169			6,456
Taxation			(2,397)			(1,478)
Profit from operations after taxation			10,772			4,978
Attributable to:						
Owners of the Company			10,725			4,932
Non-controlling interests			47			46
			10,772			4,978

Materially, all the Group's operations are conducted within the Channel Islands. All transfers between divisions are on an arms-length basis.

Notes to the Financial Statements

for the year ended 30 September 2015

3 Business segments (continued)

Operating assets, liabilities, net capital additions and depreciation/amortisation are analysed as follows:

	2015 Assets £000	2015 Liabilities £000	2014 Assets £000	2014 Liabilities £000	2015 Net capital additions £000	2015 Depreciation/ amortisation £000	2014 Net capital additions £000	2014 Depreciation/ amortisation £000
Energy	190,652	(69,284)	188,237	(72,383)	13,025	(9,340)	39,346	7,695
Building Services	547	(233)	615	(62)	14	(56)	20	45
Retail	3,551	(459)	3,582	(147)	33	(73)	101	67
Property	34,136	(495)	34,812	(413)	(46)	(415)	421	413
Other*	1,073	(864)	804	(883)	87	(42)	31	36
Unallocated	14,022	(24,919)	11,748	(19,771)	-	-	-	-
	243,981	(96,254)	239,798	(93,659)	13,113	(9,926)	39,919	8,256

Unallocated assets includes cash deposits, investments and the retirement benefit obligation surplus. Unallocated liabilities includes deferred taxation, current taxation, and the retirement benefit obligation deficit. Capital additions for the 'Property' segment includes a £45k downward adjustment - (2014: £145k upward adjustment) for revaluation of investment properties.

*Other segment includes Jersey Energy, Jendev and Jersey Deep Freeze.

4 Operating expenses

	2015 £000	2014 £000
Distribution costs	11,306	11,096
Administration expenses	10,625	8,983
	21,931	20,079

5 Directors and employees

Detailed information in respect of Directors' shareholdings and emoluments, pensions and benefits is given in the Remuneration Report on pages 49 to 51. The number of persons employed by the Group (including non-executive directors) at 30 September was as follows:

	2015 Number	2014 Number
Energy	201	204
Other businesses	106	95
Trainees	12	9
	319	308

The aggregate payroll costs of these persons were as follows:

	2015 £000	2014 £000
Wages and salaries	15,569	15,910
Social security costs	834	852
Pension (note 17)	2,165	2,057
	18,568	18,819
Capitalised manpower costs*	(1,799)	(2,002)
	16,769	16,817

* Capitalised manpower costs are included in note 11 under categories 'Mains cables and services', 'Fixtures, fittings, vehicles etc' and 'Interlinks'

Notes to the Financial Statements

for the year ended 30 September 2015

6 Group operating profit before exceptional items

Operating profit is after charging:

	2015 £000	2014 £000
Fees payable to Group auditors		
Auditor's remuneration for audit services	80	79
Auditor's remuneration for non-audit services	1	2
Other operating charges		
Operating lease charges	470	71
Depreciation of property, plant and equipment	9,911	8,248
Amortisation of intangible assets	15	14
Maintenance and repairs	2,927	2,907
Legal and professional	357	222
Bad debt write-offs	57	80

7 Taxation

	2015 £000	2014 £000
Current tax:		
Jersey Income Tax - ordinary activities before exceptional items	404	-
- adjustments in respect of prior periods	-	-
Total current tax	404	-
Deferred tax:		
Adjustments in respect of prior periods	(414)	-
Current year	2,407	1,478
Total tax on profit on ordinary activities	2,397	1,478

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of Jersey Income Tax to the profit before tax is as follows:

	2015 £000	2014 £000
Profit from ordinary activities before tax	13,169	6,456
Tax on profit on ordinary activities at standard income tax rate of 20% (2014: 20%)	2,634	1,291
Effects of:		
Adjustments in respect of prior periods	(414)	-
Expenses not deductible for tax purposes	26	22
Income not taxable for tax purposes	(114)	(454)
Impairment of investment	-	350
Non-qualifying depreciation	265	269
Group current tax charge for year	2,397	1,478

Notes to the Financial Statements

for the year ended 30 September 2015

7 Taxation (continued)

Deferred Tax

The following is the major deferred tax assets/liabilities recognised by the Group.

	2015 £000	2014 £000
Accelerated capital allowances	19,112	16,762
Derivative financial instruments	(1,024)	(849)
Pensions	(1,458)	(274)
Losses carried forward	(1,101)	(787)
Provisions for deferred tax	15,529	14,852

Deferred tax movements in the year

	2015 £000	2014 £000
At 1 October	14,852	14,365
Charged to profit and loss account	1,993	1,478
Charged to statement of comprehensive income	(1,316)	(991)
At 30 September	15,529	14,852

The deferred tax asset arising on losses carried forward has been recognised as it is considered likely that future profits will be available for set off.

8 Dividends paid and proposed

Equity:

		Per Share		In Total	
		2015 pence	2014 pence	2015 £000	2014 £000
Ordinary and 'A' Ordinary:					
Dividend paid	final for previous year	7.20	6.80	2,206	2,083
	interim for current year	5.25	5.00	1,609	1,532
		12.45	11.80	3,815	3,615
Dividend proposed	final for current year	7.60	7.20	2,330	2,206

The proposed dividend is subject to approval at the forthcoming AGM and have not been included as liabilities in these financial statements. These dividends are shown net of 20% tax.

Dividends paid out to non controlling interests in relation to Jersey Deep Freeze are disclosed in note 19.

Notes to the Financial Statements
for the year ended 30 September 2015

9 Earnings per Ordinary share

Earnings per Ordinary and 'A' Ordinary share (basic and diluted) of 35.00p (2014: 16.10p) are calculated on the Group profit, after taxation, of £10,725,000 (2014: £4,932,000), and on the 30,640,000 (2014: 30,640,000) Ordinary and 'A' Ordinary shares in issue throughout the financial year and at 30 September 2015. There are no share options in issue and therefore there is no difference between basic and diluted earnings per share.

10 Intangible assets

	Computer Software £000
Cost as at 1 October 2014	219
Additions	222
Disposals	(43)
At 30 September 2015	398
Amortisation	
At 1 October 2014	199
Charge for year	15
Disposals	(43)
At 30 September 2015	171
Net book value	
At 30 September 2015	227
Cost as at 1 October 2013	306
Additions	8
Disposals	(95)
At 30 September 2014	219
Amortisation	
At 1 October 2013	280
Charge for year	14
Disposals	(95)
At 30 September 2014	199
Net book value	
At 30 September 2014	20

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

Notes to the Financial Statements

for the year ended 30 September 2015

11 Property, plant, equipment and investment properties

	Freehold land and buildings £000	Leasehold buildings £000	Plant £000	Main cables and services £000	Fixtures, fittings, vehicles etc £000	Interlinks £000	Total £000	Investment properties* £000
Cost or valuation								
At 1 October 2014	24,547	17,036	129,204	76,514	16,882	78,510	342,693	20,505
Expenditure	130	-	5,363	2,303	2,986	2,154	12,936	-
Reclassification	-	-	(337)	337	-	-	-	-
Revaluation	-	-	-	-	-	-	-	(45)
Disposals	-	(34)	(710)	-	(1,040)	-	(1,784)	-
At 30 September 2015	24,677	17,002	133,520	79,154	18,828	80,664	353,845	20,460
Depreciation								
At 1 October 2014	7,491	5,685	94,282	24,379	10,729	15,281	157,847	-
Charge for the year	519	369	2,836	1,728	1,416	3,043	9,911	-
Reclassification	-	-	(8)	8	-	-	-	-
Disposals	-	(34)	(710)	-	(1,014)	-	(1,758)	-
At 30 September 2015	8,010	6,020	96,400	26,115	11,131	18,324	166,000	-
Net book value at								
30 September 2015	16,667	10,982	37,120	53,039	7,697	62,340	187,845	20,460

	Freehold land and buildings £000	Leasehold buildings £000	Plant £000	Main cables and services £000	Fixtures, fittings, vehicles etc £000	Interlinks £000	Total £000	Investment properties* £000
Cost or valuation								
At 1 October 2013	26,456	17,036	126,509	74,383	16,407	46,379	307,170	20,360
Expenditure	83	-	3,502	2,294	1,909	32,131	39,919	-
Revaluation	-	-	-	-	-	-	-	145
Disposals	(1,992)	-	(807)	(163)	(1,434)	-	(4,396)	-
At 30 September 2014	24,547	17,036	129,204	76,514	16,882	78,510	342,693	20,505
Depreciation								
At 1 October 2013	7,433	5,316	91,450	22,768	10,952	14,054	151,973	-
Charge for the year	533	369	3,434	1,673	1,012	1,227	8,248	-
Disposals	(475)	-	(602)	(62)	(1,235)	-	(2,374)	-
At 30 September 2014	7,491	5,685	94,282	24,379	10,729	15,281	157,847	-
Net book value at								
30 September 2014	17,056	11,351	34,922	52,135	6,153	63,229	184,846	20,505

FINANCIAL STATEMENTS

Notes to the Financial Statements
for the year ended 30 September 2015

11 Property, plant, equipment and investment properties (continued)

a No depreciation is charged on freehold land. Depreciation is included in operating costs in the income statement.

b Investment properties, which are all freehold, were valued on an open market existing use basis at 30 September 2015 by qualified independent valuers Sarre and Company who have extensive experience in Jersey property market valuation.
Such properties are not depreciated. The rental income arising from the properties during the year was £1,285k, (2014: £1,175k) with maintenance and repair costs of £39k (2014: £32k).

c The gross carrying amount of tangible assets at net book value of zero at 30 September 2015 was £92.7m (2014: £85.7m).

d £4,003k (2014: £184k) for Normandie 3 and £1,602k (2014: £466k) for St Helier Primary is classified in interlinks and plant, respectively, and is 'work in progress'.

*Investment Properties
The B&Q lease is a fully-repairing lease with a 48-year term from May 2000 and a tenant-only break option on the 23rd anniversary. The medical centre lease is an internal repairing lease with a 30-year term from May 2005 and break options at 15, 20 and 25 year anniversaries. Commercial properties have been valued on the basis of a yield between 7.15% and 8.5% before deductions for acquisition costs.
The residential properties comprise 29 units which are let out on licences or leases with terms no greater than one year.
The minimum lease payments are detailed in note 21.

12 Other investments

Principal group investments

	2015 £000	2014 £000
Joint venture	5	5

The Company has investments in the following subsidiary undertaking and joint arrangement which principally affected the profits or net assets of the Group.

	Country of incorporation or principal business address	Principal activity	Shareholdings	% Holding	Financial year end
Joint venture:					
Channel Islands Electricity Grid Limited	Jersey	Association with Guernsey Electricity Limited	5,000 Ordinary	50	30 November
Subsidiary undertaking:					
Jersey Deep Freeze Limited	Jersey	Sale and maintenance of catering equipment	60 Ordinary	60	31 January

Notes to the Financial Statements

for the year ended 30 September 2015

12 Other investments (continued)

Channel Islands Electricity Grid Limited (CIEG)

The joint arrangement between the Company and Guernsey Electricity Limited for the installation of a second interconnector system between France, Jersey and Guernsey required a control point through which the interconnector project manager could communicate and also, to be the customer which Électricité de France would invoice for their energy sales. CIEG, a company jointly owned and managed on a 50/50 basis by the Company and Guernsey Electricity Limited, was established in July 1998 to deal with these aspects and also to manage the way in which the second interconnector would be operated. In May 2013, Jersey Electricity and Guernsey Electricity signed an agreement to share the cost and capacity of the Normandie 3 project. It also provided for cost and capacity sharing of the Normandie 1 project as a replacement of the original EDF1 interconnector between Jersey and France that failed in June 2012. The Company's interest in CIEG is accounted for as a joint arrangement under IFRS 11 'Joint arrangements'.

Jersey Deep Freeze Limited

The Company owns 60% of the issued ordinary share capital of Jersey Deep Freeze Limited, a Jersey company whose principal business is the sale and maintenance of refrigeration equipment to commercial businesses. The results are consolidated into these Group financial statements.

13 Inventories

The amounts attributed to the different categories are as follows:

	2015 £000	2014 £000
Fuel oil	4,134	5,019
Commercial stocks and work in progress	1,428	1,459
Generation, distribution spares and sundry	677	856
	6,239	7,334

At 30 September 2015 stocks are stated net of obsolete provisions of £557k (2014: £321k).

14 Trade and other receivables

	2015 £000	2014 £000
Amounts receivable within one year:		
Trade receivables (includes unbilled units)	12,739	13,287
Prepayments	1,277	1,926
Other receivables	761	1,261
	14,777	16,474
Amounts receivable after more than one year:		
Secured loan accounts	731	838

The secured loan accounts are loans to Directors. See the Remuneration Report on pages 49 to 51 in the Report of the Directors for disclosure of the Directors' loans.

The fair value of trade and other receivables is considered by the Directors to be equivalent to its carrying value.

Notes to the Financial Statements
for the year ended 30 September 2015

15 Trade and other payables

	2015 £000	2014 £000
Amounts falling due within one year:		
Trade payables	1,129	1,553
Other payables including other taxation and social security	5,921	6,957
Accruals and deferred income	10,547	14,105
Provisions	-	2,060
	17,597	24,675
Amounts falling due after more than one year:		
Accruals	369	394
Deferred income	18,515	17,885
	18,884	18,279

The fair value of trade payables is considered by the directors to be equivalent to its carrying value.

Provisions held:	2015 £000	2014 £000
At 1 October	2,060	460
Provision for subsea cable repair	-	1,800
Utilisation of subsea cable repair/decommission	(1,800)	(200)
Release of subsea cable decommission	(260)	-
At 30 September	-	2,060

16 Borrowings

The long-term funding via a private placement is in place with Pricoa Capital Group (an affiliate of Prudential Financial, Inc) and £30m of finance drawn on 17 July 2014. This consists of:

a £15m for 20 years at a fixed rate coupon of 4.41%

b £15m for 25 years at a fixed rate coupon of 4.52%

	2015 £000	2014 £000
Unsecured borrowing at amortised cost		
Loan obtained from private placement	30,000	30,000

In addition the above borrowings are supplemented by a 5 year revolving credit facility from the Royal Bank of Scotland International Limited (RBSI) which provides flexibility as the timing of further planned capital expenditure is variable. Following a review of future cash requirements this facility was reduced from £40m to £25m in October 2015. A one year £2m overdraft facility also exists with RBSI. Neither RBSI facility was drawn as at 30 September 2015 and like the Pricoa loans they are unsecured.

Notes to the Financial Statements
for the year ended 30 September 2015

17 Pensions

The Company sponsors a funded defined benefit pension plan for qualifying Jersey Electricity employees. The plan is administered by a separate board of Trustees which is legally separate from the Company. The Trustees are composed of representatives of both the employer and employees, plus an independent trustee. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets plus the day-to-day administration of the benefits.

Under the plan, employees are entitled to annual pensions on retirement at age 65 of one-sixtieth or one-eightieth (depending on category of membership) of final pensionable salary for each year of service. Pensionable salary is broadly defined as the best successive 12 months' salary in the past three years. Benefits are also payable on death and following other events such as withdrawing from active service.

No other post-retirement benefits are provided by the Scheme to these employees.

Profile of the Scheme

The defined benefit obligation includes benefits for current employees, former employees and current pensioners.

Broadly, about 55% of the liabilities are attributable to current employees, 8% to former employees and 37% to current pensioners.

The Scheme duration is an indicator of the weighted-average time until benefit payments are made. For the Scheme as a whole, the duration is around 16 years reflecting the approximate split of the defined benefit obligation.

Regular employer contributions to the Scheme in 2016 are estimated to be £2.4m.

The actual amount to be charged to the income statement for the next financial year might be different to that estimated. This may be due to the contributions and benefit payments differing from expected, changes to scheme benefits or settlement/curtailment events that are not yet known.

Funding requirements

The last funding valuation of the Scheme was carried out by a qualified actuary as at 31 December 2012 and showed a deficit of £9.3m. Investment returns are expected to make good this shortfall by 31 December 2023, albeit the deficit of that part has reduced. In Jersey there are no legal or regulatory requirements governing pension schemes and therefore no imposed minimum funding requirement. The next funding valuation is due no later than 31 December 2015 at which progress towards full-funding will be reviewed. The Company pays contributions of 20.6% (26.6% for non-contributory members) of pensionable salaries (of which 19.0% is in respect of current accrual, 0.6% in respect of death in service lump sums and 1% in respect of expenses) with active members paying a further 6% of pensionable salaries.

Risks associated with the Scheme

The Scheme exposes the Company to a number of risks, the most significant of which are:

Asset volatility

The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The Scheme holds a significant proportion of growth assets (equities) which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the Scheme's long term objectives.

Changes in bond yields

A decrease in corporate bond yields will increase the value placed on the Scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the Scheme's bond holdings.

Inflation risk

A proportion of the Scheme's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the Scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

Reporting at 30 September 2015

The results of the latest funding valuation at 31 December 2012 have been adjusted to the balance sheet date taking account of experience over the period since 31 December 2012, changes in the market conditions, and differences in the financial and demographic assumptions. The present value of the defined benefit obligation, the related current service cost, and any past service costs were measured using the Projected Unit Credit Method.

Notes to the Financial Statements
for the year ended 30 September 2015

17 Pensions (continued)
The principal assumptions used by the independent qualified actuaries to calculate the liabilities under IAS19 are set out below:

Main financial assumptions:	2015 % pa	2014 % pa
Inflation	3.2	3.3
Rate of general increase in salaries		
- short term (year 1)	3.0	2.6
- long term (year 2 onwards)	4.2	4.3
Rate of increase to pensions in payment	-	-
Increasing pensions purchased with AVCs	3.2	3.3
Discount rate for scheme liabilities	3.6	3.9

The financial assumptions reflect the nature and term of the Scheme's liabilities.

	30 September 2015	30 September 2014
Post-retirement mortality assumption - base table	SAPS 'S1' tables with CMI 2011 improvements to the calculation date with suitable scaling actors applied	SAPS 'S1' tables with CMI 2011 improvements to the calculation date with suitable scaling factors applied
Post-retirement mortality assumption - future improvements	CMI 2011 core projections with long-term improvement rate of 1.25% p.a. for men and women	CMI 2011 core projections with long-term improvement rate of 1.25% p.a. for men and women
Life expectancy for male currently aged 60	28.3	28.2
Life expectancy for female currently aged 60	30.8	30.7
Life expectancy at 60 for male currently aged 40	30.4	30.2
Life expectancy at 60 for female currently aged 40	32.9	32.7
Cash commutation	Members assumed to exchange 15% of their pension for a cash lump sum at retirement	Members assumed to exchange 15% of their pension for a cash lump sum at retirement.

The Scheme assets are invested in the following asset classes, each of which have a quoted market:

	Value at 30 September 2015 £000	Value at 30 September 2014 £000
UK Fixed Interest	24,933	23,744
UK Equities	21,398	16,354
Overseas Equities	38,519	48,083
Property Unit Trusts	1,597	1,476
Other	8,811	6,293
Cash Instruments	1,668	3,321
Cash and Commitments	9,825	5,495
	106,751	104,766

Notes to the Financial Statements

for the year ended 30 September 2015

17 Pensions (continued)

The amounts recognised in the balance sheet are set out below:

Reconciliation of funded status to balance sheet:	2015 £000	2014 £000
Fair value of Scheme assets	106,751	104,766
Present value of Scheme liabilities	(114,042)	(106,138)
Deficit in Scheme	(7,291)	(1,372)
Related deferred tax asset	1,458	274
Net pension liability	(5,833)	(1,098)

Breakdown of amounts recognised in profit and loss and other comprehensive income	2015 £000	2014 £000
Operating cost		
Service costs:		
Current service cost	2,023	1,925
Administration expenses	125	130
Financing cost		
Interest on net defined benefit liability	17	2
Total pension expense recognised in profit and loss	2,165	2,057
Remeasurements in OCI:		
Return on plan assets (in excess of)/below that recognised in net interest	724	(7,261)
Actuarial (gains)/losses due to changes in financial assumptions	4,790	7,633
Actuarial (gains)/losses due to liability experience	192	20
Total amount recognised in OCI	5,706	392
Total amount recognised in profit and loss and OCI	7,871	2,449

Changes to the present value of the defined benefit obligation during the year	2015 £000	2014 £000
Opening defined benefit obligation	106,138	95,030
Current service cost	2,023	1,925
Interest expense on scheme liabilities	4,079	4,128
Contributions by scheme participants	542	592
Actuarial losses on scheme liabilities arising from changes in financial assumptions	4,790	7,633
Actuarial losses on scheme liabilities arising from experience	192	20
Net benefits paid out	(3,722)	(3,190)
Closing defined benefit obligation	114,042	106,138

Changes to the fair value of Scheme assets during the year	2015 £000	2014 £000
Opening fair value of Scheme assets	104,766	94,012
Interest income on Scheme assets	4,062	4,126
Remeasurement (losses)/gains on scheme assets	(724)	7,261
Contributions by the employer	1,952	2,095
Contributions by scheme participants	542	592
Net benefits paid out	(3,722)	(3,190)
Administration costs incurred	(125)	(130)
Closing fair value of scheme assets	106,751	104,766

Notes to the Financial Statements
for the year ended 30 September 2015

17 Pensions (continued)

Actual return on scheme assets	2015 £000	2014 £000
Interest income on scheme assets	4,062	4,126
Remeasurement (loss)/gain on scheme assets	(724)	7,261
Actual return on scheme assets	3,338	11,387

Analysis of amounts recognised in other comprehensive income (SoCI)	2015 £000	2014 £000
Total remeasurement losses in other comprehensive income	(5,706)	(392)

Estimated profit and loss change for next year

We estimate the charge to the profit and loss account for the next financial year as shown in the table below. This is based on an estimated pensionable payroll of £9.6 million for next year.

Analysis of amount charged to profit and loss account	For year ending 30 September 2016 £000
Current service cost	2,226
Administration expenses	129
Net interest on net defined benefit liability	229
Total estimated pension expense	2,584

The actual amount to be charged to the profit and loss account for the next financial year might be different to that estimated above. This may be due to pensionable salaries or contributions differing from expected, changes to scheme benefits or settlement/curtailment events that are not yet known. The estimated profit and loss charge shown above is subject to change.

Discount rate sensitivity

To show sensitivity of the results to the discount rate, we have set out below the balance sheet and profit and loss impact of adopting a discount rate of 3.1% p.a. as at 30 September 2015.

Main financial assumptions	30 September 2015 % p.a.
Inflation	3.2
Rate of general increase in salaries	
- short term (year 1)	3.0
- long term (year 2 onwards)	4.2
Rate of increase to pensions in payment	-
Increasing pensions purchased with AVCs	3.2
Discount rate for scheme liabilities	3.1

Reconciliation of funded status to balance sheet	Value at 30 September 2015 £000
Fair value of scheme assets	106,751
Present value of funded defined benefit obligation	(123,399)
Funded status and asset/(liability) recognised on the balance sheet	(16,648)

Notes to the Financial Statements

for the year ended 30 September 2015

17 Pensions (continued)

Expected charge to income statement	30 September 2015 £000
Service cost	2,513
Total administration expenses	129
Interest on the net defined benefit liability	488
Expense recognised in income statement	3,130

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

18 Called up share capital

	Authorised 2015 £000	Issued and fully paid 2015 £000	Authorised 2014 £000	Issued and fully paid 2014 £000
'A' Ordinary shares 5p each (2014: 5p each)	1,250	582	1,250	582
Ordinary shares 5p each (2014: 5p each)	1,500	950	1,500	950
	2,750	1,532	2,750	1,532
5% Cumulative participating preference shares £1 each	100	100	100	100
3.5% Cumulative non-participating preference shares £1 each	150	135	150	135
	250	235	250	235

Equity shares

'A' Ordinary shares entitle the holder to 1 vote for every 100 shares held whereas the Ordinary shares carry voting rights of 1 vote for every 20 shares held. At 30 September 2015 there were 11,640,000 'A' Ordinary and 19,000,000 Ordinary shares in issue.

Preference shares

Preference shares are classified as financial liabilities under IFRS. Dividends paid to preference shareholders in the year were £9,000 (2014: £9,000) and are recorded in finance costs in the income statement. 5% preference shares carry voting rights of 1 vote per 5 shares and 3.5% preference shares carry voting rights of 1 vote per 10 shares.

ESOP reserve

The Jersey Electricity Employee Benefit Trust was established on 24 May 2012 when the Company introduced a new employee share scheme ("Scheme 1") for eligible employees of the Group based on a three year vesting period. Over the course of the scheme 26,800 shares were awarded to employees who met the three year vesting period requirements. A second scheme ("Scheme 2") was set up in February 2015 with the same three year vesting requirement. The Trust currently holds 28,400 shares for this scheme. The shares have been purchased in instalments since the inception of the Trust at an average of £3.74 per share. The Trust was funded by way of an interest free loan and for accounting purposes is seen as an extension of the Group.

19 Non-controlling interests

Equity	2015 £000	2014 £000
At 1 October	10	24
Share of profit on ordinary activities after taxation	47	46
Dividends paid	(44)	(60)
At 30 September	13	10

Notes to the Financial Statements

for the year ended 30 September 2015

20 Financial commitments

	2015 £000	2014 £000
a Five year capital expenditure approved by the directors:		
Contracted	13,799	5,998
Not contracted	68,351	88,963
	82,150	94,961
b Current rental commitments under operating leases are as follows:		
Lease payments under operating leases recognised as an expense in the year	470	452
Payable within one year	452	443
After one year but within five years	1,740	1,651
After five years	20,713	19,481
	22,905	21,575

21 Leasing

Operating leases with tenants

The Group leases out all its investment properties and certain other freehold properties under operating leases. The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2015 £000	2014 £000
Less than one year	2,033	1,964
Greater than one year and less than five years	6,360	5,876
More than five years	3,853	5,323
	12,246	13,163

22 Derivatives and financial instruments and their risk management

The primary financial risk faced by the Group is foreign exchange exposure as the largest single cost in the Income Statement is the importation of electricity from Europe that is denominated in Euros.

In the previous two financial years, oil derivatives were included in the financial statements. With the commissioning of the N3 interconnector in September 2015 the volume of oil consumed is expected to be immaterial and no hedges exist at this year end.

The Group's currency exposure at 30 September 2015, taking into account the effect of forward contracts placed to manage such exposures, was £2.5m (2014: £1.8m) being the translated Euro liability due for imports made in September but payable in October.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy. This hierarchy is based on the underlying assumptions used to determine the fair value measurement as a whole and is categorised as follows:

Level 1 financial instruments are those with values that are immediately comparable to quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 financial instruments are those with values that are determined using valuation techniques for which the basic assumptions used to calculate fair value are directly or indirectly observable (such as to readily available market prices);

Level 3 financial instruments are shown at values that are determined by assumptions that are not based on observable market data (unobservable inputs).

The derivative contracts for foreign currency shown above are classified as level 2 financial instruments and are valued using a discounted cash flow valuation technique. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

Notes to the Financial Statements

for the year ended 30 September 2015

22 Derivatives and financial instruments and their risk management (continued)

Foreign exchange risk

The Group utilises currency derivatives to hedge the payment of its future purchases of power from France which currently extend to the next three calendar years, as well as to reduce exposure to currency movements for material capital projects.

Currency derivatives

At the balance sheet date, the total notional amount of outstanding forward foreign exchange contracts that the Group has committed are as below:

Forward foreign exchange contracts	2015 £000	2014 £000
Less than one year - operational expenditure	31,393	34,241
Less than one year - capital expenditure	15,216	-
Greater than one year and less than three years	49,860	48,638
	96,469	82,879

At 30 September 2015, the fair value of the Group's currency derivatives is estimated to be a net liability of approximately £5.1m over the next three years (2014: £4.2m liability). The fair value of currency derivatives that are designated and effective as cash flow hedges amount to a liability of £5.1m (2014: £4.2m liability) and has been deferred in equity. Given the limited exposure to foreign exchange rate risk at the year end no sensitivity analysis has been presented.

The fair value of currency derivatives that are designated and ineffective as cash flow hedges amount to £nil (2014: £nil). In the current period amounts of £0.9m were debited (2014: £4.6m were debited) to equity and £3.6m (2014: £0.1m) recycled to the income statement. Gains and losses on the derivatives are recycled through the income statement at the time the purchase of power is recognised in the income statement.

Fair value of currency hedges	2015 £000	2014 £000
Derivative assets	1,194	-
Derivative liabilities	(6,314)	(4,246)
	(5,120)	(4,246)

These amounts are based on market values of equivalent instruments at the balance sheet date.

Commodity risk

Power purchases

The Group has power purchase agreements with EDF in France. As at 30 September 2015, the import prices, but not volumes, have been substantially fixed for 2016. The Group entered into a 10 year framework agreement with EDF on 1 January 2013 which has a commitment to procure around 30% of volume requirements at known prices. The remainder of the requirement will be decided by a market pricing mechanism, but with no volume commitment, with a goal to deliver a degree of stability in tariff pricing to our customers.

The Company has the ability to generate power as an alternative to importation if this was viewed to be commercially and environmentally acceptable.

Notes to the Financial Statements

for the year ended 30 September 2015

22 Derivatives and financial instruments and their risk management (continued)

Credit risk

The Group's principal financial assets are cash and cash equivalents, short-term investments, trade and other receivables. The Group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. Allowances are made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows. The trade receivables at 30 September 2015 outside the standard 30 day credit terms are as follows:

	2015 £000	2014 £000
Greater than 30 days	385	419
Greater than 60 days	69	136
Greater than 90 days	313	380
	767	935

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group monitors its credit exposure to its counterparties via their credit ratings and through its treasury policy, thereby limiting its exposure to any one party to ensure that they are within Board approved limits and that there are no significant concentrations of credit risk.

For trading related receivables, the credit worthiness and financial strength of customers is assessed at inception and on an ongoing basis. Payment terms are set in accordance with industry standards. The Group will enhance credit protection, when appropriate, taking into consideration the Group's exposure to the customer, by requesting securities such as deposits, changing customers to prepayment meters to manage credit risk and implementing payment plans for customers in arrears.

The Group has no other significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Capital management

Strong capital management is an integral part of the directors' strategy to achieve the Group's stated objectives. The Directors review financial capital KPI's on a monthly basis. The £30m private placement drawn down in July 2014 provides long-term funding to the Group supplemented by a 5 year £40m revolving credit facility. Liquid funds are managed on a daily basis and placed on short-term deposits maturing to meet liabilities when they fall due.

Liquidity risk

The Group maintains a strong liquidity position and manages the liquidity profile of its assets, liabilities and commitments so that cashflows are appropriately balanced and all financial obligations are met when due.

Maturity of financial liabilities at 30 September	2015 £000	2014 £000
Less than one year	24,315	28,921
More than one year and less than five years	41,939	34,738
More than five years	30,000	30,000
	96,254	93,659

Borrowing facilities

The Group had undrawn borrowing facilities at 30 September 2015 of £42.0m (2014: £42.0m) in respect of which all conditions precedent had been met. The overdraft facility of £2.0m is annually renewable, and the Revolving Credit Facility which expires on 30 May 2019, is expected to be renewable.

Maturity of financial assets and liabilities

The financial assets of the Group comprise deposits placed on the money market with banks which all expire in less than one year. The maturity profile of the Group's financial assets and liabilities at 30 September was as follows:

Maturity of financial assets at 30 September	2015 £000	2014 £000
Less than 3 months: cash and cash equivalents and short-term investments	12,503	9,776
Greater than 3 months: short-term investments	-	-

Interest rate risk

Interest rate exposure is managed by the £30m of private placements borrowing having a fixed coupon.

Notes to the Financial Statements

for the year ended 30 September 2015

23 Related party transactions

a Trading transactions and balances arising in the normal course of business

The Company currently leases the La Collette Power Station site from its largest shareholder, the States of Jersey, for a peppercorn rent of £1,000 per annum. This lease was subject to a rent review as at June 2006 which is being negotiated. The Company is in dispute with its landlord, The States of Jersey, concerning an overdue rent review. The information usually required by IAS 37 'Provisions, contingent liabilities and contingent assets', is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the dispute.

Counterparty	Value of electricity services supplied by Jersey Electricity		Value of goods & other services supplied by Jersey Electricity		Value of goods & services purchased by Jersey Electricity		Amounts due to Jersey Electricity		Amounts due by Jersey Electricity	
	2015 £000	2014 £000	**2015 £000**	2014 £000	**2015 £000**	2014 £000	**2015 £000**	2014 £000	**2015 £000**	2014 £000
The States of Jersey	**7,223**	7,095	**1,549**	1,104	**1,211**	1,577	**568**	525	**-**	17
JT Group Limited	**2,059**	2,042	**392**	258	**141**	156	**558**	138	**-**	-
Jersey Post International Limited	**100**	123	**-**	1	**33**	38	**-**	-	**-**	-
Jersey New Waterworks Limited	**930**	833	**118**	67	**108**	101	**138**	75	**-**	-

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

b Energy from Waste Plant

A new Energy from Waste plant was commissioned in Jersey during 2011. Jersey Electricity signed a 25 year agreement in 2008 to take electricity produced at the plant by the States of Jersey and to share existing facilities with the Energy from Waste plant. The value of electricity purchased from the facility during the year was £1.1m (2014: £1.2m) and the value of services provided to the plant was £0.4m (2014: £0.5m).

c Remuneration of key management personnel

The remuneration of key management personnel of the Group (which is defined as the Executive Directors) is set out below. Further information about the remuneration of individual Directors is provided in the Remuneration Report on pages 49 to 51.

	2015 £000	2014 £000
Short-term employee benefits	**715**	819
Post-employment benefits	**105**	92
	820	911

FINANCIAL STATEMENTS

Five Year Group Summary (unaudited)

Financial Statements	2015	2014	2013 (restated)*	2012	2011
Income Statement (£m)					
Turnover	**100.5**	98.4	102.3	97.2	100.5
Operating profit	**14.7**	6.5	5.3	5.5	10.8
Profit before tax	**13.2**	6.5	5.4	5.7	11.1
Profit before tax (pre-exceptional costs)	**12.4**	10.0	5.9	6.9	11.1
Profit after tax	**10.8**	5.0	4.1	3.9	8.6
Dividends	**3.8**	3.6	3.4	3.4	3.2
Special dividend	**-**	-	-	-	1.0
Balance Sheets (£m)					
Property, plant and equipment	**187.8**	184.8	155.2	138.1	128.3
Net current assets	**10.4**	4.7	16.7	17.7	29.1
Non-current liabilities	**(71.9)**	(64.7)	(43.5)	(35.0)	(33.0)
Net assets	**147.7**	146.1	148.8	136.2	140.9
Financial Ratios and Statistics					
Earnings per ordinary share (pence)	**35.00**	16.10	13.27	12.55	28.05
Earnings per ordinary share (pre-exceptional costs) (pence)	**32.94**	24.26	15.23	16.26	28.05
Gross dividend paid per ordinary share (pence)	**15.56**	14.75	14.06	13.70	13.06
Net dividend paid per ordinary share (pence)	**12.45**	11.80	11.25	11.00	10.45
Dividend cover (times)*[1]	**2.8**	1.4	1.2	1.1	2.1
Dividend cover (pre-exceptional costs) (times)*[1]	**2.6**	2.1	1.4	1.5	2.7
(Net debt)/Cash at bank (£m)	**(17.5)**	(20.2)	(5.2)	14.2	24.5
Capital expenditure (£m)	**13.2**	39.9	25.7	18.5	15.6
Electricity Statistics					
Units sold (m)	**627**	621	663	637	651
% movement	**0.9%**	(6.3%)	4.1%	(2.1%)	0.9%
% of units imported	**94.0%**	80.2%	75.4%	92.1%	95.6%
% of units generated	**1.4%**	14.9%	20.7%	2.4%	1.9%
% of units from Energy from Waste plant	**4.6%**	4.9%	3.9%	5.5%	2.5%
Maximum demand (megawatts)	**148**	139	155	161	154
Number of customers	**49,320**	48,941	48,623	48,452	47,990
Customer minutes lost	**7**	110	13	293	45
Average price per kilowatt hour sold (pence)	**12.8p**	12.7p	12.3p	11.4p	11.4p
Manpower Statistics					
Energy	**201**	204	201	203	191
Other	**106**	95	117	126	136
Trainees	**12**	9	11	12	10
Total	**319**	308	329	341	337
Units sold per energy employee (000's)	**3,118**	3,044	3,297	3,136	3,408
Number of customers per energy employee	**245**	240	242	239	251

*[1] excludes the special dividend paid in 2011.

* restated in the 2014 accounts following changes to IAS 19.

Financial Calendar

4 January 2016	Preference share dividend
19 February 2016	Record date for final dividend
3 March 2016	Annual General Meeting
29 March 2016	Final dividend for year ended 30 September 2015
13 May 2016	Interim Management Statement – six months to 31 March 2016
3 June 2016	Record date for Interim Ordinary dividend
30 June 2016	Interim dividend for year ending 30 September 2016
1 July 2016	Preference share dividend
14 December 2016	Preliminary announcement of full year results

Annual General Meeting

The Annual General Meeting will be held at the Powerhouse, Queens Road, St. Helier, Jersey on Thursday 3 March 2016 at 2:30pm. Details of the resolutions to be proposed are contained in the Notice convening the Meeting.

Press releases and up-to-date information on the Company can be found on the Company's website (www.jec.co.uk).

Jersey Electricity

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