Inspiring a zero carbon future

Annual Report and Accounts 2021

Jersey Electricity

Inspiring a zero-carbon future

Jersey Electricity's activities include the generation, transmission and distribution of electricity and the provision of energy related services. As the sole supplier of electricity in Jersey, we take our responsibilities to our Island and its people very seriously. We aim to create value for all our stakeholders by investing in, developing and operating an electricity network that is fit for the future, while providing affordable, secure and sustainable energy for the community and fair returns for shareholders.

We know we have a key role in Jersey's transition to zero-carbon and having created a smart-enabled, low-carbon grid, we believe Jersey can achieve zero-carbon faster and more cost effectively than most jurisdictions. We rely on the skill, experience and commitment of a dedicated team, the reliability of our infrastructure assets and the faith and trust of our investors. We are ready for the demands zero-carbon will bring. We will continue to invest in our people and our infrastructure to support Jersey in the global fight against climate change.

Jersey Electricity KPIs	2021	2020
Revenue (£m)	118.6	111.7
Profit before tax (£m)	19.1	14.8
Ordinary dividend paid per share (p)	16.9	16.1
Unit sales of electricity (m)	639	619
Lost Time Injuries	2	1
Return on energy assets (%)	5.9	6.8
Customer minutes lost	5	5
CO2 level (gCO2e/kWh)	23	24
Customer service score	78	77
Employee engagement score	8.1	8.3

Detail of why these items are viewed as key indicators of performance is contained in the relevant sections within the Annual Report

Our Year in Numbers

639m
UNIT SALES UP 3%

£118.6m
GROUP REVENUE UP 6%

£89.8m
ENERGY REVENUE UP 5%

£6.1m
INVESTMENT PROPERTY REVALUATION

£1.4m
PROPERTY PROFIT EXCLUDING REVALUATION

£1.5m
RETAIL PROFIT UP 30%

5.9%
RETURN ON ENERGY ASSETS

16.9p
DIVIDEND PAID

41%*
OF JERSEY'S TOTAL ENERGY CONSUMPTION IS ELECTRICITY

51,912
CUSTOMERS ON SUPPLY UP 390

807
NEW SERVICES INSTALLED

23
gCO2e/KWH CARBON INTENSITY

20,935
OFF-PEAK TARIFFS UP 941

5
CUSTOMER MINUTES LOST

170MW
PEAK DEMAND

£19.8m

RETAIL REVENUE UP 11%

£10.7m

ENERGY PROFIT
BEFORE TAX DOWN 13%

£19.1m

GROUP PROFIT
BEFORE TAX UP 29%

53%*

OF HOUSEHOLD ENERGY
USED IS ELECTRICITY

95.2%

IMPORTED FROM EDF

855,898

KWHS JE ON-ISLAND SOLAR

4.8%

ON-ISLAND GENERATION

(INCL 4.4% ENERGY
FROM WASTE PLANT)

347

EMPLOYEES
UP 42

*Government of Jersey Energy Trends 2020 published August 2021

Contents

Directors, Officers and Professional Advisers

NON-EXECUTIVE DIRECTORS

Phil Austin MBE, FCIB, FCMI (Chairman)
Alan Bryce MSc, CEng, FIET
Wendy Dorman BA, ACA
Tony Taylor BSc (Hons)
Amanda Iceton BA (Hons)

EXECUTIVE DIRECTORS

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

SECRETARY

Lisa Floris LLB (Hons)

REGISTERED OFFICE

Queen's Road, St. Helier, Jersey

PLACE OF INCORPORATION

Both Jersey Electricity plc ('the Company') and Jersey Deep Freeze Limited (together 'the Group') are incorporated in Jersey.

AUDITORS

PricewaterhouseCoopers CI LLP,
37 Esplanade,
St. Helier, Jersey, JE1 4XA

BANKERS

Royal Bank of Scotland International Limited,
71 Bath Street,
St. Helier, Jersey

BROKERS

Canaccord Genuity Wealth Management,
PO Box 3,
37 The Esplanade,
St. Helier, Jersey

REGISTRAR

Computershare Investor Services (Jersey) Limited,
13 Castle Street,
St. Helier, Jersey

Chair’s Statement

Chair of the Board, **Phil Austin MBE**, heads a highly experienced team of Executive and independent non-Executive directors in providing strategic leadership of Jersey Electricity, within a framework of robust corporate governance and internal controls, to promote the long-term success of the Company.

The COVID-19 pandemic has again brought continued challenges for our Island community and Jersey Electricity. Though we avoided another total lockdown, public health restrictions imposed by the Government of Jersey as part of its COVID-19 Winter Strategy continued to disrupt life and business. As cases escalated from the start of October 2020, working from home was re-introduced, and non-essential retail and social venues were closed.

The Company and its employees again responded well and, indeed, benefited from lessons learned earlier in 2020 when the pandemic first took hold. We maintained rigorous standards to keep our people and the community safe, while ensuring the continuity of electricity supplies for homes, businesses, Government, and other essential services. New technologies, rapidly deployed among the workforce in the first lockdown, are now mainstream and ensured a seamless switch to home working, where practicable, and continuity of all our other business functions. The result is that we maintained high levels of flexibility, productivity and performance throughout.

Performance

Revenue for the year to 30 September 2021 at £118.6m was 6% higher than in the previous financial year. Profit before tax for the year to 30 September 2021, was a strong £19.1m against £14.8m in 2020. However, if the non-cash upside from the revaluation of investment properties is excluded in both years, along with the non-cash cost of £1.8m for the ex-gratia award for pensions in service in 2021, the underlying year-on-year profit before tax is £14.8m in 2021 against £14.3m in 2020, an increase of 3%.

The Board has therefore recommended a final dividend for the year of 10.20p, a 5% increase on the previous year, payable on 24 March 2022.

We also continued to achieve high levels of non-financial performance, including our annual Customer Minutes Lost (CMLs) figure, which is unchanged at a low level of five CMLs, and our independently assessed Customer Service score, increased to 78.4 in 2021 from 77 last year.

French fishing dispute

During the year, we have also seen an escalation of political issues between the EU and the UK on fishing rights between France and Jersey, raising questions about energy sovereignty and the security of supply of imported electricity between Europe and the Channel Islands. We have taken such matters very seriously and have liaised closely with senior civil servants and politicians in Jersey and the UK. Whilst we view these matters as being political, we have taken the opportunity to review and enhance our contingency plans, including establishing arrangements to bring additional generating capacity into Jersey, should that be necessary. We have firm contractual relationships with parties in France from whom we have been importing power over the last 37 years and they have confirmed that such commitments to supply electricity are robust. Furthermore, whilst we remain compliant with our published Security of Supply Standard, we are currently reviewing it in the light of the Island's carbon neutral ambitions and its dependency on electricity.

Electricity markets

We have seen unprecedented volatility in energy markets during 2021, which has resulted in many UK suppliers going out of business, and the Ofgem regulated cap on UK electricity prices rising by around 20% since April 2021. This is expected to materially rise again, when formally reviewed in early 2022. Energy prices in the UK, including gas, have risen by an even higher quantum. We are not immune to these conditions, but our hedging policies have greatly sheltered Jersey customers from the material rises being experienced elsewhere, with the period 2022-2024 being largely hedged for the price we will pay for electricity and, to a lesser extent, the foreign exchange requirements we need to settle such liabilities.

We announced in October 2021 that a 4% tariff rise would be implemented from 1 January 2022, and although this is unfortunate, it is far lower than increases elsewhere. Even after this rise we will continue to benchmark very favourably against other jurisdictions, with the UK price cap currently being 46% higher than Jersey Electricity's standard domestic tariff.

Climate change

The Intergovernmental Panel on Climate Change's (IPCC) 2021 report calls for immediate, rapid, and large-scale reductions in greenhouse gas emissions. In Jersey, the appetite for action was apparent from the recommendations of the Citizens' Assembly on Climate Change, to which we gave our full support. The contribution of Jersey Electricity to decarbonising electricity was noted by the Assembly as well as the opportunity for Jersey to do much more. We now look to our Government to set policies to achieve the Island's carbon neutrality ambitions, to which we are fully committed. We continue to assess the investment needed to meet these ambitions and we have already started to deliver new infrastructure to meet the forecast increase in demand that carbon neutrality would bring. We see this as a huge opportunity for growth and believe the grid is largely in place to achieve this quickly and cost effectively.

Corporate governance

Last year, in line with the UK Corporate Governance Code 2018, I identified a number of key areas of focus for the Board in the year ahead. I am pleased to report that we have made good progress in all these areas and commentary on each of them is included later in this report, as detailed below.

- Workforce diversity, p8, 9
- Culture and engagement, p10, 11
- Stakeholder engagement, p28
- Business efficiency and innovation, p32
- Risk and risk management, p20, 21, 55
- Review of business model p23

Additionally, in accordance with the Code's principles and provisions, details of the activities of the Nominations Committee, Audit & Risk Committee and the Remuneration Committee are contained in their separate reports on pages 69, 72 and 75 respectively.

The Board's key areas of focus for 2022 are:

- Progressing stakeholder engagement
- Extending workforce diversity
- Developing culture and engagement
- Exploring energy sourcing strategies to facilitate Jersey's net-zero carbon emissions

As indicated in my 2020 Report, Aaron Le Cornu was retiring in March 2021 at our AGM. I would like to thank him for his contribution to the success of Jersey Electricity from 2011 until he retired during this year.

Non-Executive Director Peter Simon, who joined the Board in 2019 and sat on our Audit and Risk and Remuneration Committees, stepped down on 31 August 2021. I would like to thank Peter for his insights and expertise and for a significant contribution over the last two years. The recruitment process to find his successor is underway.

Further information on the Company's Governance is detailed later in the report, p64.

In conclusion

I'd like to conclude by thanking the entire workforce for their outstanding commitment and dedication, which has delivered an excellent business performance in very difficult circumstances. Their expertise and resilience have shone through and they should be very proud of their achievements.

I would also like to thank the Board for their hard work and commitment throughout the year, and our shareholders for their continued support. The coming years will have their challenges, but there will also be opportunities, and I am very confident that the Company is well placed to take advantage of them.

Philip Austin

15 December 2021

Chief Executive's Review

Chief Executive, **Chris Ambler** is responsible for leading the development of Jersey Electricity's strategy, as agreed by the Board, and delivering JE's Vision to 'inspire a zero-carbon future'. He is the leading Executive Director responsible for all business units and all corporate functions, including human resources, health and safety, strategy, and sustainability. He reflects on the past year and looks at the challenges and opportunities ahead.

Another year in which our Island and the business have been impacted by the COVID-19 pandemic has reinforced the importance of our core Values: Safety, Teamwork, Customer Focus, Reliability, Responsibility and Excellence. Nothing is more important to us than the health and safety of our people, our customers, and the community at large. I am therefore again very proud of the way our people have risen to the challenges of serving our customers, safely and reliably throughout the changing constraints of the pandemic, while progressing our strategic workstreams and completing several milestone projects which are crucial to delivering our Vision of inspiring a zero-carbon future.

The flexibility and expertise of our people, and resilience of our assets has resulted in our joint highest supply reliability performance since 2008, with just five Customer Minutes Lost (CMLs)* while meeting our second highest demand of unit sales of 639 million, a 3% increase on last year's 619 million kWhs. We have also managed to maintain prices for customers with no tariff rise since 1 October 2020, the start of the 2020/21 financial year, at a time when UK and European energy markets are in turmoil. Our next tariff rise of 4%, announced in October 2021, will come into effect on 1 January 2022, and at a level that is well below other benchmarks elsewhere.

Financial performance

The 2.5% tariff rise delayed from 1 April 2020 until 1 October 2020, coupled with higher unit sales due to home working and a colder winter period, saw Energy revenues rise 5% to £89.8m (2020: £85.1m). Energy profit at £10.7m, was 13% below the £12.3m achieved in 2020, largely due to the non-cash £1.8m ex-gratia award for pensions in service in 2021. Excluding this, Energy profit increased from £12.3m to £12.5m this year. Another strong performance from our Retail business, Powerhouse.je, which has risen to the challenge of COVID-19, restricted supply chains and periods of lockdown this year, enjoyed an 11% increase in revenue to £19.8m (2020: £17.8m) leading to profits of £1.5m, a 30% rise on last year.

Revenue from JEBS, our building services business, decreased from £3.8m in 2020 to £3.4m but was accompanied by a profit of £0.2m in line with 2020. Revenue in our other businesses, at £3.3m, was above the £2.7m delivered in 2020 with combined profit of £0.6m

The £1.4m profit in our Property Division, excluding the impact of investment property revaluation, was £0.1m higher than last year. Our investment property portfolio moved up in value by £6.1m to £27.8m.

Customer focus

Customer focus is not only one of our core Values, but also a pillar of our Vision and as such, is central to our success. We have this year successfully delivered three important projects that greatly improve and enhance our customer experience, while also enabling us to deepen our relationship and engagement with our customers. In December, we launched a new online payment platform giving our 3,900 Pay As You Go prepayment customers the convenience of being able to top up their electricity meters anytime anywhere without leaving their homes.

The following month, we launched a new customer-centric and mobile compatible website designed around well-researched customer journeys, and at the end of March, we launched the first version of our innovative energy-saving app My JE. Within five months of launch over 10,000 Islanders were using the app which utilises and feeds back consumption data from our Smart Meter network to help customers better manage and reduce their energy consumption.

Power utilities around the world are increasingly becoming digital businesses, offering energy intelligence as a service and we are at the forefront of this transformation. The app is under continuous development and is one of several on-going digital projects, led by our newly appointed Director of Technology, that will improve our operational efficiency and enhance the lives of customers, helping them on the journey to a zero-carbon future.

Technology and social media have accelerated the rise in customer expectations. It was therefore pleasing to see another strong result in the UK Customer Satisfaction Index (UKCSI) for the third year. A score of 78 was one point above last year and well above the average of UK utilities.

Road to carbon neutrality

Beyond COVID-19, climate change is the greatest challenge to us all. Following the Government of Jersey's declaration of a climate emergency in May 2019, the Island held its first Citizens' Assembly on Climate Change this year in which we played an active role, making the case for how we believe Jersey can achieve carbon neutrality quickly and more cost effectively than most other countries. We are encouraged to see that the Assembly's recommendations, are very much aligned with our Vision, and showed that there is a clear appetite for change among Islanders. We aim to be at the forefront of that change, helping and supporting all Islanders on the journey. We now await the Government of Jersey's Carbon Neutral Roadmap, due at the end of 2021, to see which of the Assembly's recommendations it intends to pursue in policy.

Zero-carbon will bring an increase in both electricity peak demand as well as a considerable increase in electricity consumption, from current levels. We have studied various scenarios and have evaluated the infrastructure requirements to support a zero-carbon Jersey and we know what investment in the network is needed.

Importantly, with a long-term strategy for decarbonisation in place from Government, we believe this investment can be staged in such a way that can avoid significant increases in electricity prices because our network will benefit from economies of scale.

Our people and culture

We cannot achieve our Vision without a motivated and engaged workforce which understands and is committed to that Vision. Recruiting and retaining the most committed employees is key.

A second pillar of our Vision is therefore to be an Employer of Choice in Jersey. To achieve this, our strategy has been and continues to be to invest resource in our Employee Value Proposition, with an emphasis on employee wellbeing, training and development, family friendly policies, promoting diversity and inclusion and nurturing the right culture to enable everyone to thrive and give their best.

Employees are important stakeholders who can shape a business. It is important that our people are truly representative of the community we serve. Greater diversity leads to greater innovation, creativity and mutual understanding. This fuels debate, aids problem solving and leads to better decision making. As a result, Jersey Electricity is a dynamic business and our future looks bright on the journey to zero-carbon which will benefit the future of all Islanders.

Vision & Values

Our Purpose is to
'enable life's essentials'

We do this by providing the people of Jersey with secure, reliable, affordable and sustainable electricity today and long into the future.

Our Vision is to
'inspire a zero-carbon future'

We are creating opportunities and solutions for customers, giving them confidence that everyone can embrace a sustainable future.

We want to serve our community and be the energy partner of choice in a net-zero Jersey and we fully support the Island's ambitions to become carbon neutral by 2030.

Our strategies for achieving this include:

- Enabling customers to convert domestic and commercial premises to value-for-money, low-carbon electric heating and cooling solutions
- Developing local, affordable renewable energy for anyone who wants it
- Developing e-mobility and EV charging solutions to encourage more efficient, electric transport
- Providing integrated services 'beyond the meter' that put customers at the heart of the energy system
- Leading in the application of technology to benefit customers by providing better and new services as well as improving the efficiency of our business
- Creating value for all stakeholders, including providing a fair return for shareholders
- Developing a well-invested network and a highly skilled, diverse and engaged workforce committed to a zero-carbon future.

Customers
We put customers at the heart of our business, giving them choice, control, and value-for-money in a transparent and trusted way.

Environment
We support the Government's carbon neutrality objectives by growing electricity's share of the energy market, reducing carbon emissions, helping to conserve resources and protect the environment.

Lifestyle
We aim to enhance the lifestyle of Islanders and power the economy by providing innovative, low carbon energy services and solutions.

Our People
We aim to be an employer of choice in Jersey, where employees are engaged, supported, and developed.

Investors
We provide fair returns to our investors over the medium to long term.

Technology
We aim to be leaders in the application of technology, enhancing efficiencies, unlocking new services, and digitally enabling our employees and our customers.

Partnerships
We aim to be the partner of choice for the Government of Jersey and the Island's parishes, supporting all their energy needs.

Our Vision is to
'enable life's essentials and inspire a zero-carbon future'

Vision & Values

Our Values are key to our culture and describe the behaviours we always expect of each other:

Safety
We do everything safely and responsibly or not at all – nothing is more important than the safety of the public, our customers, and our people.

Teamwork
We value diversity and respect and value our colleagues as individuals and we believe we are stronger as a team, leading to better solutions and a more enjoyable and rewarding work life.

Reliability
We are trustworthy, dependable, and reliable, delivering on our commitments and always there when our customers need us.

Excellence
We continuously strive to work in a way that is both innovative and simple to deliver cost effective solutions.

Customer Focus
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.

Responsibility
We accept responsibility for everything we do, safeguarding the natural environment and the local community, as well as the interests of all our customers and people.

Our People

Diversity, Inclusion and Equality

Vision Pillar – OUR PEOPLE: 'We aim to be an employer of choice in Jersey, where employees are engaged, supported and developed.'

Stakeholder engagement is vital to a successful and sustainable business, influencing strategy to create value for everyone touched by our business. It starts with our people. We strive to be an 'Employer of Choice', a 'Great Place to Work' and a 'High Performing Organisation', where employees feel truly included, valued, and supported to perform at their best. Director of Human Resources **Andrew Welsby** outlines JE's people strategy and initiatives to help the business achieve these goals.

The year has seen an unprecedented high level of recruitment across the business not only to support our succession planning, but crucially to prepare the business and the Island for a zero-carbon future. We increased our head count by 42 during 2020/21 bringing the total number of our workforce to 347 (FTEs), including an apprentice intake of nine across our Energy Division and JEBS, our Building Services arm.

Complementing traditional skills, which will always be needed for hands-on work on the network, the skills we need are becoming more diverse: data analysts, product developers and renewable power specialists. As power utilities increasingly become digital businesses, offering exciting energy intelligence-related services and products, we are recruiting innovative thinkers; people with adaptable mindsets and fresh ideas about how new digital technology can be used to enhance our services to customers.

Diversity and Inclusion

We believe that a diverse workforce with an inclusive culture is a key building block to successfully delivering our Vision. Diversity and Inclusion (D&I) has, therefore, become a strategic imperative that enhances our Employee Value Proposition. We feel it is vital for the success and sustainability of the JE business that our workforce fairly represents our diverse Island community.

347
TOTAL EMPLOYEES (FTEs)

90
WOMEN EMPLOYED

13
WOMEN EMPLOYED IN ENERGY ROLES

3
WOMEN IN SENIOR LEADERSHIP TEAM

15
NATIONALITIES REPRESENTED

13
APPRENTICES

44
AVERAGE EMPLOYEE AGE

13.5
YEARS AVERAGE SERVICE

To establish workforce sentiment towards inclusivity within JE, we partnered with a specialist D&I organisation, Inclusive Employers (IE), to canvass our people on how we're performing. Whilst we have many opportunities to further develop our inclusivity credentials, we are pleased to report that IE recognised a step change improvement this year.

We have established a D&I Group of employees to discuss and contribute to our strategies and initiatives. We have followed last year's Unconscious Bias Training among senior managers and recruiters with a series of 'Managing Diversity and Inclusion' workshops conducted by Liberate, a charity that promotes equality and diversity across the Channel Islands, with the aim of building management awareness of D&I and JE's specific strategy for the coming three years.

We have learned over the past 18 months that our employees can be productive in different ways and we are open to finding flexibility in our work practices. Direct conversations with our people show that we are continuously improving the visibility of D&I initiatives and there is positive change happening in all areas.

Our recruitment strategy now guarantees an interview to anyone with a disability, if they meet the minimum requirements for the role.

In February 2021, we introduced Equality Impact Assessments in all our business cases with the support of partners IE. This acts as a tool to help us consider people with protected characteristics at an early stage in every project and when creating strategy, business cases, plans and propositions. To mark our achievements in this area, we became gold sponsors of Liberate's Channel Islands Pride event.

At the end of the financial year we celebrated National Inclusion week internally across the business, with promotions, activities, workshops, webinars and podcasts which we hope will drive us on next year to become a truly diverse and inclusive employer – an 'Employer of Choice' for all.

Equality Impact Assessment Case Study 1

'Easy Access' EV charging

Our Equality Impact Assessment of the refurbishment of charging bays at our Queen's Road underground car park concluded that it was possible to do even more to support young families and wheelchair users by designating a proportion of these spaces as 'Easy Access'.

We made them wider than traditional bays by converting three former bays into two, allowing easier access for prams, buggies and wheelchairs. By also lowering the height of the charging points at the 'Easy Access' bays we maximised inclusivity for all users. The Equality Impact Assessment also identified that the car park was not well-lit. We therefore upgraded the lighting and painted the walls white to improve visibility in the charging bay area to ensure everyone using them feels safe.

Equality Impact Assessment Case Study 2

Jersey Electricity new website

Our new website, launched at the start of 2021, deploys the latest technology to promote inclusivity. The Equality Impact Assessment resulted in support for people with visual impairments to navigate our site using audio rather than visual cues; a variety of colour themes are easily configurable to support people with colour blindness as well as a tool to increase and reduce font size on every page.

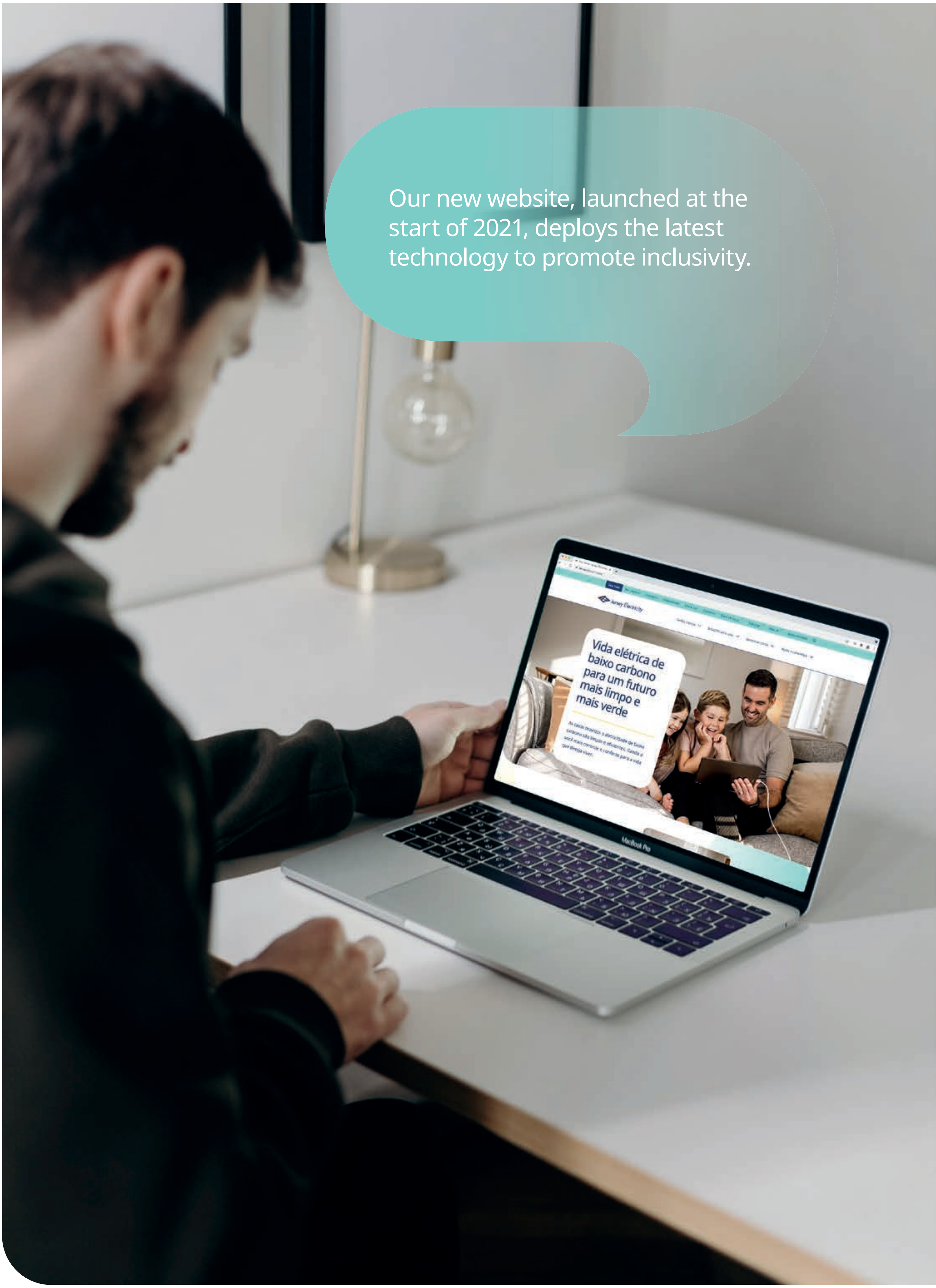
We have also enabled the site to be configured in over 50 languages, ensuring Islanders from, we hope, all ethnic backgrounds can easily engage with us. We also recognised that imagery plays a role in creating a feeling of inclusivity therefore images for the site were commissioned to show a wide range of lifestyles, gender, relationships and social interactions. Several employees are included on the careers pages to demonstrate that we welcome diversity as an employer.

OUR WEBSITE IS AVAILABLE IN OVER

50

LANGUAGES

The Equality Impact Assessment resulted in support for people with visual impairments to navigate our site using audio rather than visual cues.



Our new website, launched at the start of 2021, deploys the latest technology to promote inclusivity.

Employee Engagement and Wellbeing

Wellbeing

To feel valued and inspired to perform at their best, our people also need to feel physically and mentally well. Safety is one of our six core Values and reinforces the importance of health and wellbeing. We have a robust Occupational Health and Safety Management System (OHSMS), in place and a very constructive and open Health, Safety and Environment (HSE) culture. Safety representatives from across the business support a dedicated HSE team to create a culture of open and constructive discussions as well as a culture for safe working among colleagues, contractors and the public.

We recognise that good mental health can be as important as good physical health. We have invested considerably to support our people in many ways. This has been particularly evident during the challenges of the pandemic when wellbeing was a larger than normal issue and management support of even greater importance.

Wellbeing has also proved a key driver of employee engagement in our employee surveys of 2018-2021. To assess our position as an organisation when benchmarked against others, and identify opportunities to further support our people, we conducted a Wellbeing Assessment this year. It consisted of a questionnaire to measure people's wellbeing and the important role that employers have.

By understanding how our employees are feeling, we can drive positive actions to promote wellness and understand what we need to do to continue to be an Employer of Choice in Jersey. Questions covered confidence, coping, drivers of stress, response to stress and resilience. We were encouraged to see that 81% of respondents felt that they were able to adapt to changes 'most or all the time' and 70% indicated they can 'deal with whatever comes their way'. Also pleasing was that a significant proportion of employees (73%), who undertook the assessment, feel happy and content, and that their work and the organisation was contributing towards their feelings of happiness. Almost 80% recognised that JE invests in wellbeing and that it is part of our Vision and business objectives.

Employee engagement

We now have a Culture and Engagement Forum consisting of a panel of employees from all major departments, plus Board member participation, to discuss JE's current culture and any engagement issues.

We gain further insight from surveys. Following our COVID-19-specific survey of April 2020, we conducted our broader Employee Engagement Survey in the summer of 2021. The result puts us in the top quartile of utilities that use the same survey provider.

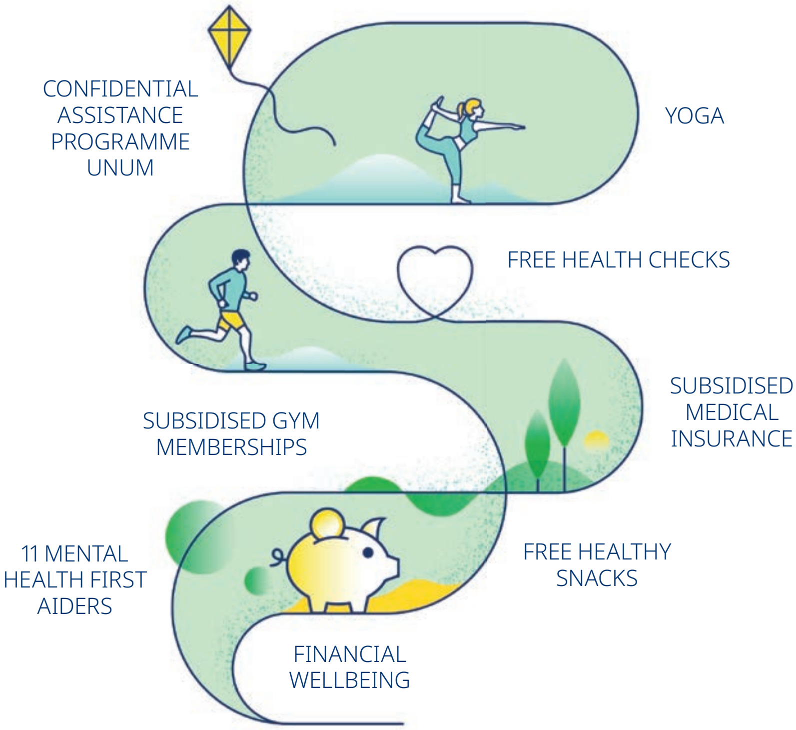
It is vital the companies not only ask employees their views, but also act upon them.

Our people said:

- They wanted to be more connected to our Vision. So, we created our Super Zero Hero campaign to showcase what employees are doing to reduce carbon emissions and encourage biodiversity. We also introduced an employee e-bike loan scheme and further financial incentives for those purchasing low-emission vehicles.
- They said they wanted to put back into the community. So, we sponsored the Mourier Valley Restoration Project with the National Trust for Jersey, creating opportunities for employees to get involved. We also sponsored Child Accident Prevention (CAP) Safety in Action where employees teach primary school children about home and electrical safety.
- They asked to hear more about our vacancies. So, we now promote vacancies even more internally through our internal Facebook page PowWow and Teams channels, enabling more people to move and progress within the organisation if they wish.
- They said they wanted more information about other business areas. Now each unit contributes to a monthly TeamTalk document, presented at Team Briefings and also displayed on the Teams channel to keep everyone up to date with what the business is doing.
- They said that having high quality changing and drying facilities were essential to the working day. So, we re-designed the facilities at La Collette Power Station to make them more modern and more convenient.
- They said a clearer understanding of our reward and recognition process was important. We created individual Reward Statements and are now in the process of creating training and information-sharing programmes.
- They called for subsidised yoga and other fitness schemes. With COVID-19 restrictions lifted, we re-introduced yoga sessions alongside subsidised Active membership to several gyms and sports facilities.

Our people policies:

- Compassionate Leave
- Dignity & Work
- Diversity & Inclusion
- Domestic Emergencies
- Gender Transition Sexual Orientation Policy
- Flexible Working
- Learning & Development
- Parental Leave
- Stress Related Illness
- Wellbeing



Customer focus and first-class service are at the heart of everything we do across the business. Whether it is a developer looking for a large new supply, a domestic customer fuel switching or simply moving house, or a new customer shopping for a new appliance in our Powerhouse retail store, all our people take great pride in striving to meet or exceed their expectations in their every dealing with us.

Customers

Price Stability and Affordability

Vision Pillar – CUSTOMERS: 'We put customers at the heart of our business, giving them choice, control and value-for-money in a transparent and trusted way.'

All our research consistently shows us that price and price stability are the two most important factors of our service offering to our customers. With the trebling of wholesale electricity prices hitting consumers in other jurisdictions hard this year, maintaining competitively priced power continues to be a key focus of Jersey Electricity. Finance Director **Martin Magee** outlines the challenges his team faces and the strategy to overcome them.

All energy companies are faced with the 'trilemma', balancing the needs and risks of supplying low-carbon, sustainable electricity, while maintaining supply security and affordability. Jersey Electricity is no exception.

The latter months of the financial year saw unprecedented increases in European wholesale electricity prices, which more than trebled year-on-year. At year end, baseload prices for 2022 were €135/MWh compared with €47/MWh last year, increasing by 25% in just one week at the end of September 2021.

Double-digit rises in the UK

In the UK, escalating gas prices, low wind generation, fire damage to the landing site of a major undersea supply cable and further 'green levies' have combined to cause double-digit electricity price rises, with more expected to follow.

Ofgem, the UK energy regulator, raised its price cap by a further 12% from 1 October 2021, following a 9% rise in April 2021. This means an average UK consumer on a standard variable tariff has seen an increase of over 20% in power prices this past year. It means the regulated electricity tariff in the UK is 46% higher than the standard domestic rate in Jersey, and analysts predict a further double-digit rise in the UK price cap in April 2022.

We have had no tariff increases in Jersey since the start of the financial year, having deferred last year's 2.5% rise due in April 2020 by six months to 1 October 2020 to help those affected financially by the pandemic, at a cost to the Company of £1m. Considering prevailing wholesale prices, the Board has, however, sanctioned a 4% tariff increase to take effect on 1 January 2022. This rise will be only the fourth in Jersey in seven years and will add around 80p a week to the average domestic bill.

We have been able to shield Islanders from the worst effects of this period of unprecedented energy market volatility due to our hedging policy. We imported 95% of the electricity requirements of Jersey from Europe this year, jointly purchasing this power with Guernsey Electricity, from EDF in France.

Our agreement with EDF combines a fixed price component with a market-related mechanism that allows us to lock in some price certainty over a rolling three-year period. The goal is to provide our customers with a market-based price but with a degree of certainty in a volatile energy marketplace. Our electricity purchases are materially, albeit not fully, hedged for the period 2022-24.

We also enter forward currency contracts to reduce exposure and to aid tariff planning. The average Euro/Sterling rate underpinning our electricity purchases during the financial year, because of the hedging programme, was €/£1.12, slightly below the average €/£ rate during the financial year of around €/£1.14.

Tariffs continue to benchmark well

This strategy has the goal of ensuring that our tariffs benchmark well against other jurisdictions. Even when the 4% rise is considered in January 2022, the UK price cap, the price of power to an estimated 40% of all UK households, will be 41% above our standard tariff, with a further UK increase likely in April 2022.

In addition, our import strategy has already helped us to virtually decarbonise Jersey's electricity supply which means prices in Jersey are not subject to the green tax levies imposed in the UK as it strives to decarbonise its supply to meet carbon neutrality targets.

Service Innovation

Customer expectations have risen significantly in recent years, driven in part by social media and new technologies, which are transforming the way power utilities operate. To meet these expectations and help Jersey transition to a zero-carbon future, we have re-aligned and expanded our teams to meet these new demands. Head of Customer Experience and Communications **Stuart Murphy** reports on our progress.

We seek to listen to our customers, and, where possible, act to deliver the services they need. So, when our pre-payment customers called for the ability to top-up online, we developed a solution. This was just one of three digital projects completed this year that have truly enhanced our customers' experience by giving Islanders more convenience and control, while also deepening our relationships with them.

Online pre-payment

In December 2020 we launched an online prepayment portal, Topup.je, that enables our 3,900 Pay As You Go (PAYG) customers to top up their meters online anytime without having to leave their homes. We partnered with Payzone and CityPay to develop the digital payment system that gives our PAYG customers more convenience than ever before. Crucially, the timing also gave reassurance to those forced to self-isolate or who were reluctant to go out in the climate of the pandemic as last winter approached.

New user-friendly website launched

One month later, we launched a brand-new customer-centric website, designed to enhance customer journeys in all online dealings with us. The branding reinforces our Vision to inspire a zero-carbon future, it's mobile compatible and easy to navigate.

Visits to the site have increased by over 51% year-on-year, with 222,335 sessions recorded between 1 October 2020 and 30 September 2021. Users of the site increased by almost 50% to over 128,000 in the same period. Importantly, by making it easier for customers to contact us with a prominent 'click for a call back' or 'click to email' up 348% and 174% respectively, has enabled our Customer Care Team to manage enquiries in a more timely manner and dedicate more time and resource to those with the most complex enquiries.

In keeping with our ethos to be a diverse and fully inclusive organisation, the site has been designed to be accessible to visually impaired customers to ensure they have a good user experience and are able to easily access our information.

Energy Saving app My JE

We understand customers want more choice and control. So, an important milestone in our progress to be leaders in technology has been the launch of our free energy-saving app My JE. This leverages the data Smart Meters collect for the benefit of customers.

Developed by our own in-house billing provider JENDEV in partnership with Eliq, a leading Swedish provider of energy insights and mobile utility company apps, My JE app uses Smart Meter data to show customers how much electricity they are using in cash as well as kWhs (units), helping them to budget day by day or week by week.

WEBSITE USERS UP
50%
YEAR ON YEAR

172,000
WEBSITE SESSIONS
RECORDED BETWEEN
1 JAN- 30 SEP

WEBSITE VISITS UP
51%
YEAR ON YEAR

The app also allows customers to:

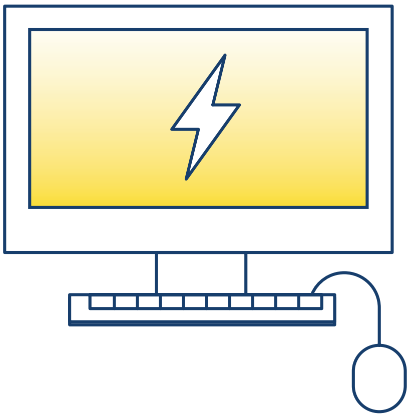
- View bills, transactions and account balances
- Set up a profile to compare electricity usage with other similar properties
- Set a weekly or monthly consumption target with notifications to help control costs.

Within six months of its March 2021 launch, My JE had been downloaded by over 10,000 Islanders – around a quarter of our domestic household customer base – and the feedback continues to be extremely positive. Before year end, we launched an updated version for desktop computers which also had a new forecasting feature that predicts future use, providing time for customers to make adjustments.

The daily forecasting feature uses algorithms that test and evaluate thousands of combinations of data points to predict customers' future electricity consumption based on their past and current usage. It can prepare customers for the size of their quarterly bill before it arrives and show if their Direct Debit payments are keeping pace with their consumption. If not, customers can make payment adjustments early or reduce electricity usage.

Monthly forecasting predicts how energy consumption is likely to change during the next 12 months. For example, if a customer recently started to charge an EV at home.

Further planned development of the app in the coming year includes access for Pay As You Go Customers, those customers generating solar power on our Buy Back Tariff and larger commercial customers as we continue to introduce technological and digital advancements for the benefit of all our customer base.



Within 6 months of its launch, My JE had been downloaded by over

10,000

Islanders

That's around

1/4

of domestic households

Customer Satisfaction

It's critically important for businesses to understand their customers. We measure our success and obtain insights to improve service delivery, through research, including surveys and focus groups. This year we completed 13 focus groups on various topics and undertook nine surveys. Our participation in the UK Customer Satisfaction Index (UKCSI), in particular, enables us to benchmark ourselves against larger UK utilities and identify our strengths and areas for further improvement.

We are delighted to report an excellent result of 78.4 for this our third year taking part in the UKCSI. This is 1.4 up on last year and puts Jersey Electricity in the top quartile of UK utilities which were covered in the survey. Our result was above the all-sector average of 77.4 and above the UK utilities average of 73.5. In the power utilities sector, only Octopus Energy, and UK Power Networks scored higher.

We also scored highly in the customer priority areas of Experience (79.9), Customer Ethos (76.8), Emotional Connection (76.2) and Ethics (76.2). The priority area for improvement was Complaint Handling (56). We will now further utilise our membership of the Institute by adopting its recommendations on complaint handling strategy, accountability, complaint channels and increased training.

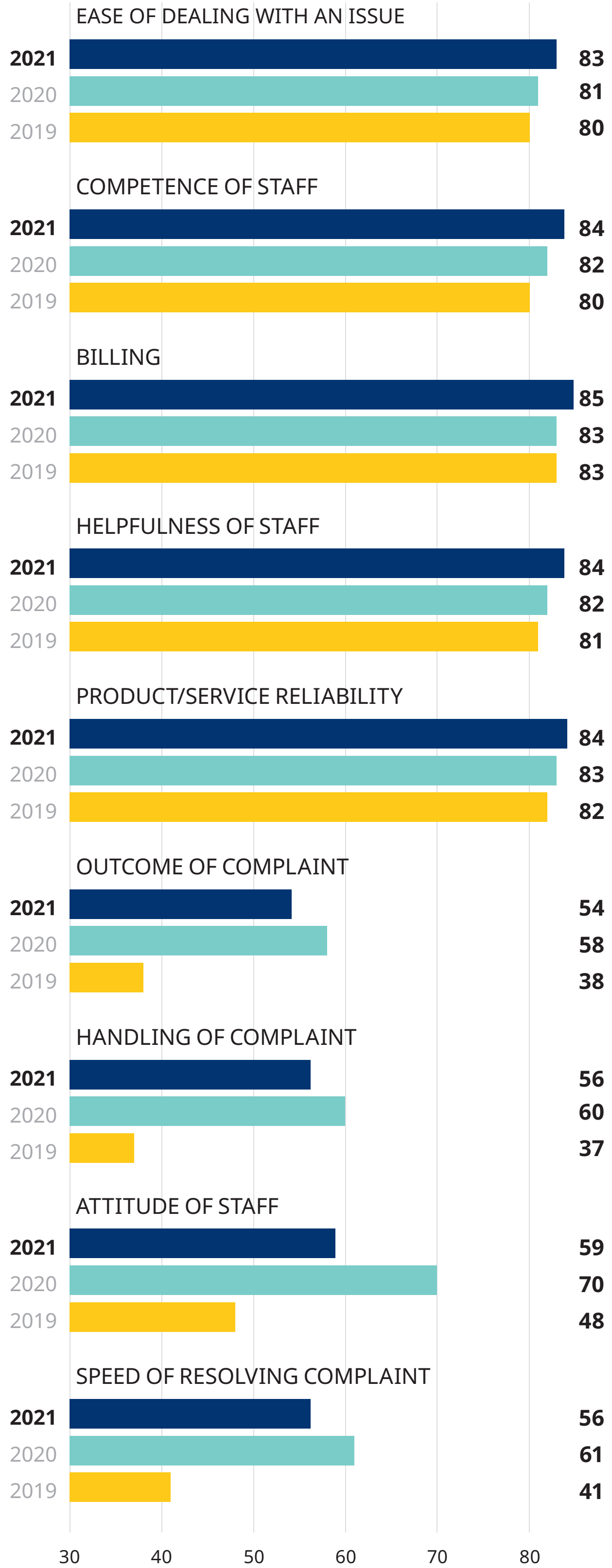
UK Customer Satisfaction Index (UKCSI)

JERSEY ELECTRICITY
78.4 (2020: 77.0)

ALL-SECTOR AVERAGE
77.4 (2020: 77.0)

UTILITIES
73.5 (2020: 72.6)

Jersey Electricity would sit in 5th position out of 34 UK utilities in the Index



Service delivery

As well as our domestic customers we also ran a survey among over 600 of our trade allies and property owners this year – those who had either applied for a new service, a meter connection or a temporary isolation of supply – to gauge how our Service Delivery Team was performing and identify any area for improvement.

The results were encouraging with 98% of respondents saying the necessary forms were easy to find and the vast majority finding them 'easy' or 'very easy' to complete. We received strong ratings for interactions with the team, with only 4% rating their experience poor. Timelines for work were explained clearly for 78%, and 94% were aware how much notice is required for meter installations. However, we feel there is an opportunity for even better communication in this area.

We intend to:

- Benchmark ourselves against quote acceptance and service connection with UK utilities
- Ensure all interested parties feel engaged and properly briefed and consulted
- Introduce clear customer flow diagrams with timescales clarified and explained
- Review our Electricity Supply Enquiry (ESE) and Metering Forms to ensure they continue to meet our future customer needs

Supply security

The wellbeing and comfort of Islanders and Jersey's multi-billion pound economy rely on a secure energy supply. Operations Director **Mark Preece** outlines our strategy and performance.

As the sole supplier of low-carbon electricity, we know we have a huge responsibility to our community. As the Island transitions to a zero-carbon future and our share of the energy market increases, that responsibility will become even greater.

Our reputation and standing with the Government of Jersey and Islanders depends on us maintaining a consistently good record on supply security. That is why we invest to ensure our infrastructure is securely designed, well maintained and that our people are trained to respond to adverse events quickly if they do occur.

We measure supply reliability in Customer Minutes Lost (CMLs) which is the established industry measure in use around the world. This represents the total supply interruption time in minutes experienced by each customer on average in a year. This year, our CMLs were the same as last year at just five, making it our joint best performance in 11 years during which we have consistently outperformed larger UK distributors who averaged 80 CMLs in 2019-20*.

To ensure supply security, we first have to ensure enough capacity to meet demand. Our three supply links to France have now been operating together for five years, giving us a maximum importation capacity of 202MW. This is well in excess of our record peak demand of 178MW recorded in March 2018. We also operate these interconnectors in the most secure configuration so that if one were to develop a fault, the load would seamlessly switch to the other two.

We also maintain and regularly test generation assets at La Collette Power Station and Queen's Road as added security in the unlikely event of disruption to our imports.

Such disruption has been threatened this year as the Island's imported power supplies (along with the UK's imported supplies) became a target of political comment in the post-Brexit French fishing licences dispute.

French fishing boats blockaded St Helier Harbour in May 2021 over the licences' dispute and during that protest, French National Assembly Minister of the Sea Annick Girardin threatened to switch off the power supply to the Channel Islands.

Four months later, on 18 September, with a resolution to the dispute yet to be finalised, fishermen from Normandy and Brittany staged a further protest on beach at Pirou, France, where our 100MW Normandie 3 (N3) supply cable comes ashore.

Jersey Electricity and Guernsey Electricity have a joint importation agreement in place with French supplier EDF until 2027. Jersey Electricity and Guernsey Electricity maintained regular contact with our French partners throughout the fishing dispute to ensure that electricity supplies to the Channel Islands were maintained.

The dispute, which is a matter for the various governments to settle, remained unresolved at year-end and supplies in Jersey had not been disrupted because of it. However, we have taken the opportunity to review and enhance our contingency plans, including establishing arrangements to bring additional generating capacity into Jersey should that be necessary. Furthermore, whilst we remain compliant with our published Security of Supply Standard, we are also in the process of reviewing this standard in light of Jersey's carbon neutral ambitions and the expected increased use of electricity in Jersey.

*Source: Ofgem

SUPPLY SECURITY STANDARD

Jersey Electricity's system is designed to meet an 'adapted N minus 1 security standard' as follows:

- A one-in-eight-year winter peak demand
- All normal load in the event of the loss on the single largest interconnector with France (N minus 1) plus a simultaneous failure of the largest:
  - Diesel generator; and
  - 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

Customer Minutes Lost

Year	Minutes
2021	5
2020	5
2019	6
2018	6
2017	8

Environment

Climate Risks and Mitigation

Vision Pillar – ENVIRONMENT: 'We support the Government's carbon neutrality objectives by growing electricity's share of the energy market, reducing carbon emissions, helping to conserve resources and protect the environment.'

JERSEY IMPORTS
95%
OF ITS ELECTRICITY FROM LOW-CARBON SOURCES

66%
FROM NUCLEAR

34%
FROM HYDRO

CEO Chris Ambler assesses the risks and opportunities climate change and the transition to net-zero present to the business.

Climate change, and measures and policies introduced to combat it, present businesses with many challenges which could affect their financial performance by impacting the value of assets and future cash flows.

The Taskforce on Climate-related Financial Disclosures (TCFD) seeks more transparency from companies on the risks and opportunities they face, either directly or indirectly due to the climate emergency and the transition to net-zero, to help investors judge which companies are most at risk and which are best prepared.

The new rule on the TCFDs recommendations took effect in January 2021 for UK premium listed companies (affecting our reporting next year for 2021-22). Jersey Electricity supports these recommendations and will fully comply.

Leader in carbon reduction

Jersey Electricity has been a leader in carbon reduction since it set a strategy in the late-1970s to tap into France's low-carbon electricity supply instead of generating on-Island using oil. Today, with three interconnectors to France, Jersey imports 95% of its electricity from certified low-carbon nuclear (66%) and certified hydro (34%) sources. This has been the main driver of a 36% reduction in Jersey's overall emissions since 1990 despite a 60% increase in electricity consumption. In addition, this year almost one million kWhs of on-Island generation came from our community-scale solar arrays as we introduce solar power to the grid in increasing volumes.

Significant investments in further smart grid infrastructure, means Jersey now benefits from a virtually completely decarbonised electricity system, calculated at just 23gCO2e/kWh for 2020/21, something the UK is unlikely to achieve for at least 20 years.

Clear appetite for net zero

The Citizens' Assembly on Climate Change held in Jersey earlier this year and to which we made a wide range of submissions, showed clear appetite for zero-carbon, recommending a target date of Carbon Neutral by 2030. Post issue of this report, the Government of Jersey is expected to publish its

*Department for Business, Energy and Industrial Strategy Greenhouse Gas Reporting - Conversion Factors 2020
**Building Bye-Laws (Jersey) Technical Guidance Document 11.1B 2016

Carbon Neutral Roadmap, before the end of 2021, outlining which of the Citizens' Assembly recommendations it intends to take forward.

While the transition to carbon neutrality presents us with significant opportunities compared with many companies to which it will come at a significant cost, it is not without risks.

Significant increase in demand

We have already mapped out various scenarios, calculated the investment needed and have workstreams in progress to prepare the network to meet an estimated increase in electricity peak demand and annual consumption.

Though we believe we can make this investment without significantly driving up electricity prices, such a strong position in the energy sector could lead to increased scrutiny and a heavier regulatory regime. This may put at risk the Company's ability to earn a return on such an investment. If this were to happen, this could become a distraction for management, hamper future investment and lead to higher costs to the business and therefore higher prices to customers, noting that retail electricity prices under the current self-regulatory environment are some of the lowest in Europe.

We have also initiated a review of our current business model from being a virtual 100% importer of electricity from Europe. Our initial conclusions, that will continue to be explored over coming years, is that an offshore wind development in Jersey waters, if economically viable, and acceptable to our customers, could supplement our existing arrangements. Initial discussions on planning dynamics, and seabed leasing rights, have been initiated with the Government of Jersey, but these are still very embryonic.

Mitigating the risks

To mitigate the risks of the net-zero transition, we regularly engage with Government and other key stakeholders, and closely monitor future Government policy so senior management can develop appropriate strategies and solutions for example, network reinforcements, increasing and training manpower to carry out fuel conversions, developing more EV charging and e-mobility propositions.

We also mitigate the physical risk to the Company of climate change. Although the Government has already drafted a Shoreline Management Plan in response to the impact of rising sea levels, we have always considered flood risk when siting major infrastructure.

We have carried out further studies based on the Shoreline Management Plan, which have confirmed that our Archirondel site, which connects Normandie 1 and 2, is not at risk in the immediate future. This work has, however, informed us that the Government of Jersey should consider some additional mitigation when the electricity assets at this site need replacing.

The strategic hub of our 90kV network and connection point for our Normandie 3, South Hill Switching Station is sited high on Mount Bingham. St Helier West Primary Substation is a considerable height above St Aubin's Bay. Western Primary is on high ground by the airport in St Peter, while Rue des Pres Primary is a considerable distance inland.

Our Powerhouse headquarters and Queen's Road Primary that houses our emergency gas turbine generators are also on an elevated part of St Helier.

In France, the 'fascines', installed in 2019, to mitigate shoreline erosion on the beach at Surville, where our Normandie 1 and 2 cables connect to the RTE network, appear to be performing well and have arrested the erosion of the sand dunes and raised the sand level over the cables.

We also build resilience through supply diversity, have comprehensive insurance in place and regularly test our business continuity plans against various scenarios.

Importing low-carbon power sources has been the main driver of a 36% reduction in Jersey's overall emissions since 1990 despite a 60% increase in electricity consumption.

Climate: Opportunity for Energy Growth

Growing electricity's share of the energy market has been a long-standing priority for the business. Today, it is crucial to helping Jersey achieve its carbon neutrality ambitions and play its part in the global fight on climate change. Director of Commercial Services **Peter Cadiou** updates on progress and future plans.

Around 70% of the world's economy is now committed to reaching net-zero. Jersey's Government declared a climate emergency in 2019 and with it, the ambition for the Island to become carbon neutral by 2030. It's Carbon Neutral Roadmap will set out how the Island will achieve this. We believe that although this is an immensely challenging target, it could be done faster and more cost effectively than many other countries by displacing the use of fossil fuels, particularly as used in the high emitting sectors of heating and road transport, with low-carbon electricity.

We are prepared for the challenge. We have long been committed to switching customers from gas and oil-fired heating systems to low-carbon electric. Our Energy Solutions team, dedicated to load growth and fuel switching, has doubled our rate of conversion in the past five years. This year, the team achieved its highest target ever of 316 fuel switches and, following the double-digit rise in Jersey gas prices, we expect more to follow. We are now developing new

solutions to address new challenges and to make it easier for others to switch from fossil fuels.

The future of electricity

We have increased the team and re-structured as we develop and build out our skills in the exciting space of energy and service innovation. We see the creation of more intelligent, electrified, and carbon-neutral energy systems through new products and propositions that join power, heat, and transport together as part of an integrated future of electricity. For example, combining solar, battery storage, heat pumps, smart digital platforms and electric vehicles.

Innovative options

We have created a New Product and Proposition team to focus on innovative and commercially viable solutions for customers with cash constraints and with ambitious carbon reduction targets. A new Sales and Delivery team will deliver these innovative propositions into market.

We are building relationships with public and private stakeholders to devise bespoke funding models to make it easier for businesses and public sector consumers such as the Parishes, which own large community buildings and housing stock, to convert from fossil fuels. Low carbon capital projects can be repaid via innovative subscription or financing options, which simplify the customer experience, removing risk and shorter-term cash pressures. The teams are working hard to develop new propositions, including more subscription-based service offerings, which will be launched in the year ahead.

As the complexity of fuel switches increases, particularly in the area of heat pump installations, we are training and recruiting to provide the necessary expertise. JEBS, our Building Services arm, which undertakes the works, has now been aligned with Solutions' corporate objectives and strategies.

Total customers
51,912
+390

Total customers on discounted tariffs
20,935
+941

Total customers on E20
3,564
+1,032

This year the Energy Solutions team achieved its highest target ever of **316** fuel switches

We are training/recruiting to provide the neccessary expertise for complex fuel switches

We are devising bespoke funding methods to make it easier for businesses to convert from fossil fuels

Electric Transport

As the emitter of 44% of the Island's overall carbon emissions, transport, particularly road transport, is a huge carbon reduction opportunity in Jersey, where driving distances are short, and the electricity supply is already decarbonised. Research shows average 'lifecycle' emissions from electric cars are up to 70% lower than petrol cars* in countries such as Sweden and France where, like Jersey, most electricity comes from renewables and nuclear, and around 30% lower in the UK.

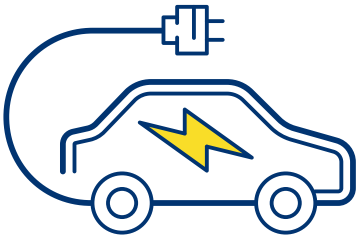
Jersey's Citizens' Assembly on Climate Change recognised the potential carbon savings from road transport in its recommendations published in June 2021, urging a ban on the sale of new fossil-fuel-powered vehicles from 2025.

The climate emergency, Jersey Government's carbon neutrality aims and improved battery technology, have made more people consider making their next car an EV, and we want to remove as many barriers as we can by having the infrastructure in place to meet demand.

Meeting growth in demand

In 2020/21 we installed more public Evolve charging bays than in any previous year, increasing the total from 53 to 95 at year-end. This gives Jersey more public chargers per capita than the UK. Our own Queen's Road site alone now has 13 public charging bays, showcasing the complete range the Evolve network offers, from 7kW and 22kW wall-mounted chargers, a 22kW pedestal charger and one of the Island's three 50kW Rapid chargers.

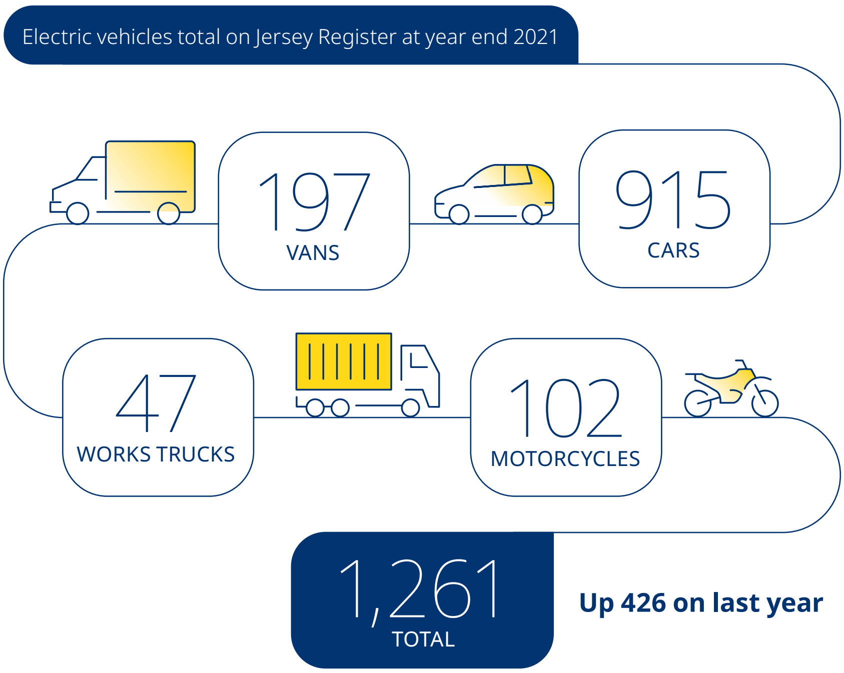
We are also future-proofing installations to make it easier to expand as demand grows. For example, we have installed 11 charging bays at Goose Green. Of these, six are currently dedicated for EV use only, while the other five are part of a dual-use trial with the Government of Jersey and could become dedicated for EV use when demand grows.



We are seeing that growth, albeit still slowly. At year-end there were 1,261 all-electric vehicles registered in Jersey, up 426 on last year. Of these, 1,112 were cars and vans. Hybrid vehicles have also increased by 485 to 1,694.

Going forward, as now, we expect most EV owners to charge overnight at home. We are also working hard to make that easier for potential owners. Following a successful trial in collaboration with 30 EV owners, we are now looking to launch an all-inclusive home charging solution next year that provides the charger and installation, maintenance and overnight, off-peak electricity for a fixed monthly subscription.

We also continue to partner businesses and developers to increase EV charging accessibility as we move to a zero-carbon future.



*Source: www.exeter.ac.uk/news/research/title_783082_en.html


ELECTRIC VEHICLES ONLY
PAY-AS-YOU-GO CHARGING


We also recognise the importance of good mental as well as physical health. Our HSE Team, working with HR and our team of 11 Mental Health First Aiders has continued to be vigilant and ready to help colleagues suffering anxiety or other signs of mental stress as COVID-19 has continued to affect our lives.

Health, Safety & Environment

Safety is one of our 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 people.'

Following the unprecedented challenges presented by the onset of the COVID-19 pandemic last year, our activities have again been affected by COVID-19 and Government restrictions. The Health, Safety and Environment (HSE) Team, in particular, along with Human Resources (HR), has ensured we not only complied with Government guidance, but went above and beyond what was required to minimise the risks posed by COVID-19 to our employees, contractors, visitors and members of the public.

For example, a significant proportion of the works to install a new 75MVA 90/33 kV transformer at La Collette were carried out by off-Island contractors. In addition to adhering to the restrictions and conditions on entry to the Island, we implemented further stringent working practices, including the establishment of a work team bubble, and separate mess facilities to further protect our people and the public at large while ensuring work proceeded.

Action to mitigate risk

We have always followed a 'risk-based' process to HSE. We address new and revised legislation and adapt to operational environments as we have with COVID-19. We ensure all employees are fully competent in the work we ask them to do and, importantly, that they recognise their own limits of competency. We also expect them to proactively identify hazards through regular risk assessments and take action to mitigate the risks associated with those hazards in their day-to-day work.

Technology is also beginning to play a bigger part in HSE as we further utilise Office 365. This year saw the launch of our Site Inspection App which enables a more systematic approach to capturing and monitoring HSE trends, allowing better reporting and identifying of opportunities for improvement. We have also increased the number of site inspections of all areas of JE conducted by all levels of management to continue to promote a positive and open HSE culture throughout the business.

Culture for safe working

We have a vigorous Occupational Health and Safety Management System (OHSMS), in place which we continue to develop to meet the latest ISO standards. Safety Representatives support our dedicated HSE team throughout the business and do much to create a distinctive and constructive culture for safe working among colleagues, contractors and the public.

We also recognise the importance of good mental as well as physical health. Our HSE Team, working with HR and our team of 11 Mental Health First Aiders have continued to be vigilant and ready to help colleagues suffering anxiety or other signs of mental stress as COVID-19 has continued to affect our lives.

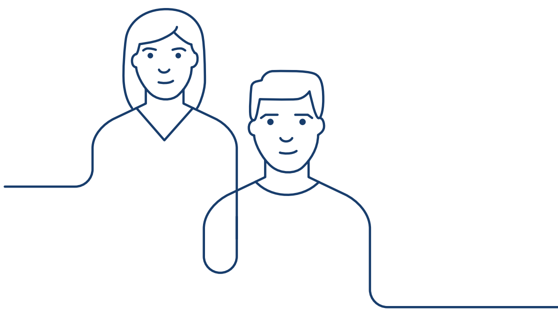
Externally, and as the Island's respected authority on electricity and energy, we have continued to work closely with the Health and Safety Inspectorate (HSI) and Jersey Construction Council (JeCC) to reinforce key safety messages to the community at large.

We achieved the renewal of the Government of Jersey's Eco Active Leader status for 2021 and underwent another British Safety Council Five Star Environmental audit at year end. We have also created an Environment and Sustainability Committee consisting of representatives from across the business to develop our sustainability strategy and provide oversight of environmental and sustainability initiatives across JE.

Lost Time Injuries

We have traditionally recorded Lost Time Accidents (LTAs) in this report as an accident that results in the injured person being away from work or unable to do their normal work for more than three days – in line with historical industry standards. This year, to align LTA reporting with that of our internal HSE Committees and Board Report, the Executive Leadership Team has agreed to standardise LTA reports as Lost Time Injuries (LTIs) that result in an injured person being away from work or unable to do their normal work for one or more days, excluding the day of the accident. This year we had two LTIs and ten days lost under this revised definition, and we have restated the number of LTIs, and the number of days lost for the previous four years.

Year	Lost Time Injuries	Days Lost
2017	1	1
2018	3	9
2019	1	4
2020	1	7
2021	2	10



Stakeholders

In line with the UK Corporate Governance Code 2018, we have this year further built on the Code's recommendations by increasing our focus on stakeholder engagement. Constructive engagement with stakeholders enables us to better understand stakeholder needs and better meet them, creating value for the business and the community in the process.

Our stakeholders are people or organisations with an interest in our Purpose, Vision, our operations, and our actions, or who may be affected by them. As the sole supplier of electricity in Jersey, our stakeholders are broad and varied and go well beyond our shareholders. We see stakeholders as our customers, suppliers, partners, NGOs, Government, parishes, regulatory bodies, lenders and investors – as well as of course our employees.

We continue to regularly engage with organisations such as Age Concern, Citizen's Advice Bureau and the Consumer Council on issues around vulnerable customers, prices and energy efficiency. Our Chairman, CEO and Financial Director also have regular meetings with both Government and independent shareholder representatives. How we engage with our people and our customers are detailed elsewhere in this report.

In addition to these groups, we have this year identified a further 17 stakeholder groups with an interest in the Company and have reached out to engage at a deeper level. This has helped them firstly to understand what we stand for as a company and where we are going in the future and secondly, to gain insights and perspectives from these groups to better guide our own strategy and product or service development and associated decision making.

Method of engagement

In order to engage with each of these groups in the most relevant way, and to prioritise our approach, we classified each cluster by the perceived urgency of their needs, their levels of interest and depth of relationship with us.

We initially focused on Government, the parishes and our top 30 commercial customers in terms of consumption. We compiled a team made up of our Executive Leadership Team members supplemented by other business-specific Senior Managers when appropriate, to meet with and present to these groups.

Our engagements with the Government included topics such as the Island's current and future energy mix, supply security, the role of electricity in support of the Government's carbon neutrality ambitions and our ability to support the transition to net-zero. Engagements with commercial customers included discussions on: carbon reduction, green tariffs, embedded generation and the value of lost load.

Outcomes

We have strengthened our relationships with the parishes by launching our Parish Earth Partnership. This is a joint environmental initiative between Jersey Electricity and the 12 parishes and is designed to make a positive difference for sustainability in Jersey by planting trees and shrubs to absorb carbon, increase biodiversity, and trigger community environmental action. We have also been able to expand our public EV charger network into all but one parish at year end.

We are now also helping most parishes reduce their carbon footprint by advising on fuel switching community buildings and housing stock.

At year end, our Executive Leadership Team had conducted 93 such stakeholder engagements, helping those affected by our business to better understand Jersey Electricity. We have further measures planned in the coming year.

Investors

Vision Pillar – INVESTORS: 'We provide fair returns to our investors over the medium to long term.'

As the sole provider of electricity in Jersey, with a 41%* share of the energy market, we are acutely aware of our responsibility to our community and we seek to deliver high quality services to our customers and community whilst creating value for our shareholders in a transparent, fair and sustainable manner. We do this by developing and innovating the Island's electricity network, investing in it and operating it as efficiently as possible.

Our business model does not seek to maximise profits by driving up prices. Instead, we take a long-term view of our business and the service we provide to our customers – focusing on being cost effective and efficient whilst at the same time managing risk. We seek to deliver a sustainable 'return on assets' that is consistent with the rate of return of typical regulated entities in the UK and a return that enables the Company to continue to borrow and invest for the future. Our target return on assets employed continues to be in the 6%-7% range over the medium-term and was 5.9% in 2021 against 6.8% in 2020.

The network effect

As a network operator, a significant portion of our costs is fixed. That is, they are costs we have to bear however much electricity is distributed across the network. The demand for electricity varies significantly within each day and from month to month and season to season. Those fixed costs need to be borne to meet a given winter peak demand. The more units of energy that are distributed across the network, therefore the more efficient it becomes to operate due to economies of scale and the unitisation of fixed costs. This helps us to maintain competitive prices.

The retail price of a unit of electricity in Jersey is made up of the cost of producing electricity, whether that be procured from France, the Energy from Waste plant or by our own on-Island generation, the cost to maintain and run the transmission and distribution networks, and thirdly, the retail unit price includes a fair 'return on assets' to provide dividends to shareholders who enable us to finance, acquire and maintain assets.

Our 'return on assets' has typically been between 6% and 7%. This level is in line with utilities in other jurisdictions. The rates each utility can charge include a return on the physical assets they build, operate and maintain.

Once we have covered our fixed and variable costs, including the costs of financing any investment in the grid and other assets, payment of dividends and taxes, any surplus returns from higher sales are passed back to customers in the form of lower prices. This is a major benefit of the electrification of Jersey and Carbon Neutral 2030.

It is essential to have the confidence of both shareholders and lenders to raise investment for the long term. Our pricing model seeks to provide stable risk-adjusted returns on capital for our shareholders who know and understand the risk profile they are buying into through their share ownership.

Robust, reliable network

This confidence of investors – both shareholders and lenders – enables us to make long-term strategic decisions and considerable investments in infrastructure. This, in turn, ensures we can deliver a robust, reliable network, now and for the future.

Dividends paid this year, net of tax, rose by 5%, from 16.05p in 2020 to 16.90p in 2021. The proposed final dividend for this year is 10.20p, a 5% rise on the previous year. The final dividend will be paid on 24 March 2022 to those shareholders registered on 18 February 2022.

We seek to deliver a sustainable 'return on assets' that is consistent with the rate of return in the UK and enables the Company to continue to borrow and invest for the future.

*Government of Jersey Energy Trends 2020 published August 2021


It is essential to have the confidence of both shareholders and lenders to raise investment for the long term.

Other Partnerships

Vision Pillar – PARTNERSHIPS: 'We aim to be the partner of choice for the Government and the Island's parishes, supporting all their energy needs.'

Our partnerships, however, go well beyond this as we seek to create value across our community in many ways beyond delivering our core business activities. We do this through our corporate sponsorship programme and the CSR (Corporate Social Responsibility) activities of our people.

We focus our support on charities, organisations and local causes that concentrate their activities on health, education and the environment. One relationship in particular that embraces both the environment and education is with our long-term partner the National Trust for Jersey which shares our Vision for a zero-carbon future.

We support the Trust's important Education Programme by sponsoring its full-time Education Officer for three years to the end of 2022. Around 3,500 children a year engage with the programme which involves activities that complement schools' science curricula and encourage children to 'reconnect with nature'. Under the banner 'We Have the Power', the programme aims to raise awareness of the causes of climate change and the impacts such as biodiversity loss and how to prevent this.

Showcase at COP26

The programme has also given rise to the exciting and innovative Power Rangers initiative in Jersey. Backed by the United Nations and headquartered at the 'Climate Hub' we helped to create at the Trust's historic Le Moulin de Quétivel, Power Rangers is a young environmentalists' club through which participants work towards official YUNGA (Young United Nations Global Alliance) Challenge Badges. A film about Jersey Power Rangers was shown at

the UN Climate Change Conference, COP26, in Glasgow as part of a series by the International National Trusts Organisation to showcase the climate work of trusts across the world.

Our second significant sponsorship with the Trust, also in its third year, is the reforestation of Mourier valley in the North of Jersey by planting 6,000 trees over three years. In partnership with Jersey Water, we are co-funding and physically helping to plant 20 acres with the Trust and Jersey Trees for Life. Despite COVID-19 restrictions we were able to return in smaller groups to help plant a further 2,300 trees during last season's planting window.

This year we announced another environmental project in partnership with the 12 parishes by investing £60,000 (£5,000 per parish) to create densely planted areas of trees and shrubs. The aim is to engage the community as volunteers, contribute to carbon sequestration and increase biodiversity over the long term. At year end, 10 parishes had found suitable land, three had gained the necessary planning permissions and planting is expected to start in two parishes in the coming planting window.

We are in the final year of a three-year project with the National Trust for Jersey to reforest Mourier Valley by planting 6,000 trees over 20 acres to contribute to carbon sequestration and increase biodiversity.

Other Partnerships continued

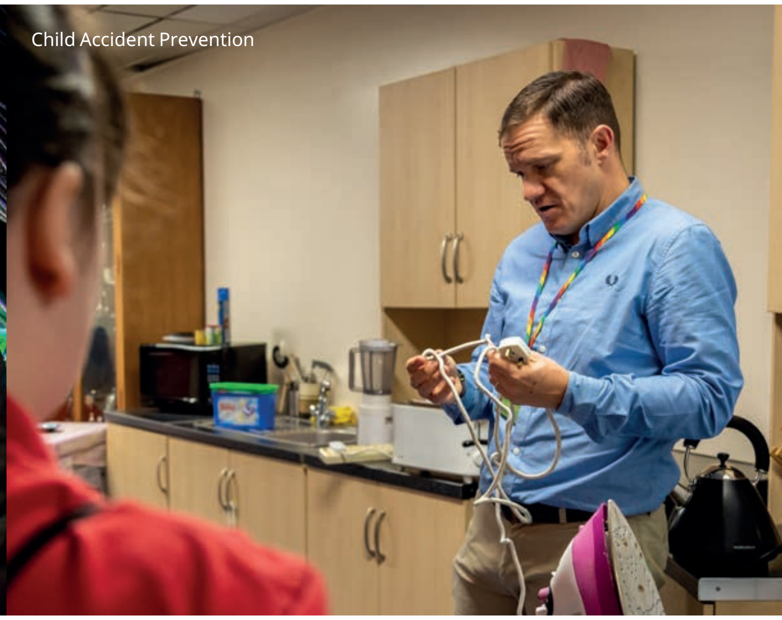
Recognising environmental excellence

We were delighted that the presentations for two JE-sponsored environmental awards were finally able to take place in 2021. Jersey Mencap won the sixth Pride of Jersey Environmentalists Award for its La Ferme Pond Project which enhances biodiversity and provides work experience for Islanders with a learning disability. At the Jersey Construction Council Awards, the re-development of La Vieille École collected our Sustainability Award.

Sponsored by JE

Jersey Mencap won the sixth Pride of Jersey Environmentalists Award for its La Ferme Pond Project which enhances biodiversity and provides work experience for Islanders with a learning disability.

Sustainability Awards



Child Accident Prevention

A donation of an electric bike helped Brightly raise almost

£20,000

to support care experienced youngsters

Support for charities

We continued to support Family Nursing and Home Care whose Colour Festival had to be cancelled for a second year due to COVID-19, and when Sanctuary Trust had to cancel its Walk Into Light we instead, supported its 10th Anniversary Challenge. A donation of an electric bike again helped Brightly raise almost £20,000 to support care-experienced youngsters, and we supported one of our employees on a cycle ride from Land's End to John O'Groats by matching the funds he raised and bringing the total to almost £1,500 for Autism Jersey.

We promote home and electrical safety among school children by supporting Child Accident Prevention's Safety In Action weeks during which 10 employees took time out to stage inter-active workshops for 2,000 children at Highlands College over 16 days in July and September.

Our Monthly Staff Charity Draw continues, raising over £5,000 for employee-nominated local charities with donations paid directly from salaries. This year's beneficiaries were: Brighter Futures, Jersey Brain Tumour Charity, Jersey Child Care Trust, Helping Wings, Philip's Footprint, Move on Youth Project, Jersey Lifeboat Association, Cancer Research UK Jersey, JSPCA, Donna Annand Melanoma Charity, Multiple Sclerosis Society of Jersey and Jersey Hospice Care.

We aim to exploit technology at every opportunity to improve network reliability, reduce operating costs and build capacity for the future.

Technology

Vision Pillar – TECHNOLOGY: 'We aim to be leaders in the application of technology, enhancing efficiencies, unlocking new services, and digitally enabling our employees and our customers.'

Director of Technology
Werner Bornman
assesses our progress.

We have seen earlier in this report how we are developing and deploying new technologies and leveraging the immense amount of data from Smart Meters to better understand and serve our customers and enhance their lifestyles, with the My JE app, Topup.je and a new, customer-centric website.

For the business, technology brings opportunities and efficiencies in the short and long term. We aim to exploit technology at every opportunity to improve network reliability, reduce operating costs and build capacity for the future to meet the changing needs of our customers and Jersey's carbon neutrality ambitions. We therefore continue to automate processes, integrate our operations and monitor the changing technology landscape – and are constantly looking to showcase new technologies offering our network as a testbed for international developers.

Smart meters

We are leveraging state-of-the-art, cloud-based analytics services to securely process anonymised data sets provided by our Island-wide roll-out of Smart Meters. This data provides insights that enable us to understand the loading and operation of our networks and help infrastructure investment decisions more fully. This is particularly important given the high cost of infrastructure and the need to invest with discipline, yet ensure that Jersey is fully prepared for the increased demand a carbon-neutral Jersey will bring.

Microsoft Office 365

The Microsoft Office 365 deployment completed before the 2020 COVID-19 lockdown has enabled the business to pivot to a remote, mobile and more flexible workforce. Office 365 provides an integrated communications platform and secure access to information for engineers and other employees who work out in the field. This enabled the continuation of multiple workstreams and contributed to the maintenance of a reliable energy network and supply during the lockdown and subsequent COVID-19-related workplace restrictions.

WAMS

We are in the process of implementing a new Work and Asset Management System (WAMS), utilising a class-leading Enterprise Asset Management platform. The WAMS project aimed at yielding optimum operational efficiency from our industrial workforce as well as move forward our maintenance programmes both on the distribution network and production plant located at La Collette Power Station. WAMS will eventually help us to identify ageing areas of the network that can be pre-emptively maintained or replaced before failure.

Our Generation team is already using the solution with the remainder of the Engineering team set to go live in 2022.

ArcGIS

We are also in the process of migrating our current cable records and operational distribution/transmission schematics to a new world leading ESRE (3D) Geographical Information System called ArcGIS. This new drawing package will enable accurate and live data that will be accessible in the field to our engineers. ArcGIS will also have good integration with our other new systems like WAMS, will provide us with more accurate network statistics and will greatly assist in our drive towards a zero-carbon future.

Mobile devices

We have already started the roll out of mobile devices to our industrial employees in preparation for both WAMS and ArcGIS. Our teams will also be able to access service-critical information out in the field, greatly improving communications especially when issues arise. Direct inputting of data into the system by our industrial staff, as well as supervisors and engineers, will streamline processes and capture more data than ever before.

Energy

Vision Pillar – LIFESTYLE: ‘We aim to enhance the lifestyle of Islanders and power the economy by providing innovative, low-carbon energy services and solutions.’

This starts with the provision of electricity supply. Operations Director **Mark Preece** reports on the activities of our Energy Division.

Demand

Unit sales volumes increased by 3% from 619 million to 639 million kWhs due to colder than normal weather, combined with many customers continuing to work from home, due to COVID-19. The latter is reflected in units billed in the residential sector increasing by around 8% in 2021, but falling around 2% for commercial premises, compared with 2020.

Imports from EDF accounted for 95.2% of our electricity requirements this year (639GWh). We generated only 0.4% on-Island from our solar and diesel plant. The remaining 4.4% of supplies (30GWh) came from the Government-run Energy from Waste (EfW) Plant. A particular cold February was reflected in our peak demand for the year of 170MW being recorded on 11 February 2021. This is well above last year’s 141MW but below our record of 178MW set in March 2018.

Renewables

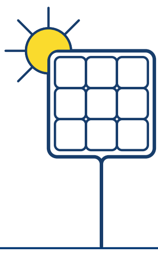
Although a third of electricity consumed in Jersey is already from certified French renewable hydro sources, we now have almost a 1MW of local solar generation connected to the grid, following the commissioning of the two largest arrays in the Channel Islands at Jersey Dairy and Woodside Farm, Trinity.

The 2,500 square-metre, 553kWp array on the roof of Jersey Dairy and a 1,311 square-metre 255kWp array on a warehouse roof at Woodside Farm went ‘live’ in February 2021, providing Jersey annually with 750,000 units of on-Island-generated renewable electricity for at least the next 25 years.

Combined with earlier arrays we installed at the Power Station and Queen’s Road Solar Hub, local solar installations are producing enough electricity to power around 135 homes a year using an average 7,300 kWhs (units).

Although local solar will not in itself reduce the carbon content of electricity in Jersey, we recognise the appetite for local renewables among Islanders, and we will continue to bring it on to the grid in increasing volumes to further diversify our energy mix.

Negotiations are underway on plans for our first commercial-scale ground-mounted solar farm, and we have more than 30 further sites, with the potential to generate over 6MWp, under consideration in the pipeline.



Local solar installations are producing enough electricity to power around 135 homes a year using an average 7,300 kWhs

Although 1/3 of electricity consumed in Jersey is from imported renewable sources, we now have almost 1MW of local solar generation connected to the grid.

Generation assets

Maintaining our generation assets at La Collette Power Station and Queen's Road is also vital for supply security (as detailed on page 21) in the event of disruption to imports. This year, we have carried out a major overhaul of the 33kV switchboard at La Collette which is a key element of the generation capability of this site. We have also maintained other generation assets in accordance with the required regimes.

We have planned and installed further mitigation to provide resilience against political threats to supplies from France, following the post-Brexit fishing licence dispute. This work forms part of a wider plan to deal with this unlikely eventuality and was carried out in a very short time period, with cable and plant suppliers delivering the required items ahead of normal lead times.

Transmission

Despite COVID-19 restrictions, we have made good progress on the installation of the 75MVA 90/33 kV transformer at La Collette. This has included installation of the 90kV cabling to South Hill Switching Station, with associated modification of the gantries on which these cables are installed. Similarly, the 33kV cabling which required modification of the 33kV switchboard to accommodate the cables, has been completed.

The protection and control systems have been delivered and are being commissioned. We anticipate this will be completed in Q1, 2022 to provide resilience in the transmission network for Winter. This will further reduce reliance on local generation using oil in the event of network faults and help facilitate the retirement of ageing 33kV cable assets. The resilience that the completion of the La Collette transformer project provides, means the works on the existing transformer can proceed with minimal risk in Spring 2022.

Electricity Sources 2020/2021

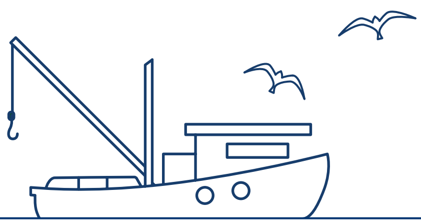
	+0.2%		+0.5%
YEAR	**JE**	**EfW**	**Import**
2011-12	2.5%	5.2%	92.3%
2012-13	20.7%	3.9%	75.4%
2013-14	14.9%	4.9%	80.2%
2014-15	1.4%	4.6%	94.0%
2015-16	2.9%	5.5%	91.6%
2016-17	1.5%	5.8%	92.0%
2017-18	0.2%	4.9%	94.9%
2018-19	0.3%	5.6%	94.1%
2019-20	0.2%	5.1%	94.7%
2020-21	0.4%	4.4%	95.2%
		-0.7%	

COVID-19 constraints

COVID-19 has been a great challenge to our operations and maintenance activity, which have been busier than ever. A significant proportion of the works were carried out by off-Island contractors, and restrictions on entry to the Island placed considerable constraints on certain activities. We have also implemented our own restrictions to further protect our employees but in a way in which the work could still proceed safely.

The installation of the 90/11 kV transformer at Queen's Road has not progressed as anticipated due to our projects team concentrating on the La Collette project and its

We have planned and installed further mitigation to provide resilience against political threats to supplies from France, following the post-Brexit fishing licence dispute.



associated COVID-19 complications however, we expect to commence the civil works and tendering for the key elements of plant next year.

Distribution

The completion of our Smart Meter roll-out has allowed us to use the data this system provides to understand the loading and operation of our networks more fully. By developing user-friendly solutions that enable our people to use this data, we can connect new load, with less risk, maximising previous investments.

We have commenced a project to plan for the demands a zero-carbon future will put on our networks and our people. We will be examining anticipated loadings from customers, from heating and electric vehicles, and evaluating the spare capacity on our existing networks, to calculate in increasing detail the likely investment required. The time scales and details will be dependent on the Government of Jersey's Carbon Neutral Roadmap and subsequent polices. We have identified key information technology projects needed to provide data in a structured manner and integrated with other information sources to provide reliable results.

We are also recruiting additional engineering staff that specialise in the strategic development of networks to ensure we have the skill sets required to meet the future requirements.

Commercial

Our other businesses, complement our primary business of Energy and align their activities with our Group Purpose and Vision. Retail by making energy efficient appliances and low-carbon heating solutions available to Islanders, JEBS are instrumental in fuel switching and expanding the EV charger network. Jersey Energy is at the forefront of modern environmental building services design, and Jendev supports our technology projects, including our Smart Meter roll-out and subsequent app design.

Powerhouse.je

Buoyed by a record-breaking start to the financial year, our Retail business the Powerhouse store and its online arm, powerhouse.je continued to perform well throughout the past 12 months despite COVID-19 restrictions. Revenue increased 11% from £17.8m in 2020 to £19.8m, resulting in a rise in profits of 30% from £1.2m to £1.5m.

The exceptional trading performance was achieved by a combination of customer focus, maintaining stocks under increasing supply chain pressures and our ability to continue trading, both in-store when competitors were closed, and online with either fast home delivery or click and collect when we were forced to temporarily close or restrict numbers in the store.

Buoyant trading in October 2020, assisted in part by the Government of Jersey's scheme to boost the economy post-COVID lockdown by giving every Islander a £100 to spend locally, was maintained throughout the year as COVID-19 continued to affect spending, for example, due to less travel taking place out of the Island. It did, however, briefly adversely affect the business in November.

Resilient trading

Following one employee testing positive for COVID-19, the store was closed for two days for deep cleaning but we were able to continue trading online. We have invested in our ecommerce platform, enhancing services such as free home delivery and click and collect, and securing new product lines when many competitors were closed.

The Powerhouse was able to remain open during the Government's winter COVID-19 circuit-breaker that closed non-essential retail and social venues. We took extra precautions, however, by restricting the number of customers in the store to equal the number of sales assistants on shift. We did not permit general browsing, giving us extra control and time to clean thoroughly between customers.

We set up a Sales Office to cope with telesales and remote support. Four people moved from the shop floor to answer phone queries and support remote sales online by phone. We began year-round Sunday trading for the first time and recruited nine additional people to cover the extra hours and demand.

Adapting to supply chain pressures

Like every retailer in our sector, our supply chain is still under enormous pressure. Generally, stock at the suppliers is still in short supply, and manufacturers compete globally for components, particularly microchips. Many factories are still affected by lockdowns and social distancing, plus many imports are experiencing delays and increased costs because of the shipping container crisis. As a result, we have been unable to source our usual volumes of key products such as PlayStation.

We have adapted by changing our ordering patterns by forward ordering our core range of TVs and major appliances to secure supply for the next six months. Our strategy has been to reduce focus on the width of stock available and concentrate on having good stock depth of a core range of products.

This year we have further diversified into new categories and expanded our range of e-mobility products in support of the corporate Vision of inspiring a zero-carbon future. We plan to launch new brands and subcategories and provide new services in the smart home area.

The Powerhouse has an ambition to be recognised as one of the best independent electrical retailers in the British Isles. This year, the team was rewarded by winning three awards: PC Retail (Best Independent Retailer), Innovative Electrical Retail (Best Superstore Showroom), and Best Domestic Appliance Retailer. Though the challenges of COVID-19 continue to affect the retail sector, we have proved time and again over the past 18 months that our people are able to adapt and continue to serve Islanders.

JENDEV

Since 1998, our in-house digital solutions business Jendev has developed and supported Jersey Electricity's corporate systems.

Jendev provides digital solutions for all business areas (including third parties), delivering a mix of standard and bespoke systems. As a core business capability, they help the rest of the Company develop and deliver improving business process efficiency and customer experience. The team is not only an important internal resource, the Company has monetised

this capability by offering solutions to multiple external customers in the utility industry and beyond.

Jendev continues to support external clients, whilst remaining focused on supporting Jersey Electricity's digital projects. Jendev also continues to develop its utility billing product, Jenworks, powered by Dynamics Business Central.

Jendev provides the Group with easy access to the required digital skills, including business analysis, consulting, design, development, training and project management which is utilised on a number of key corporate projects. Jendev specialises in Microsoft Dynamics business applications but has the implementation expertise required to deliver projects across a wide range of technologies.

Having this team in the Group allows Jersey Electricity to maintain agility, responding quickly to new business challenges and opportunities.

Powerhouse.je revenue increased 11% from £17.8m in 2020 to £19.8m, resulting in a rise in profits of 30% from £1.2m to £1.5m

Jersey Energy

Jersey Energy and Guernsey-based, Channel Design Consultants, provide premium environmental and building services advisory, design and site administration services to architects, the Government of Jersey and States of Guernsey, Parish Halls and private developers. Established in 1994 to promote energy and environmental solutions in building design and energy related services, the teams' expertise is in much demand today as the islands look to transition to net-zero.

The financial year started with an office move for Jersey Energy in an effort to cut costs. With the lease expiring on existing premises at CTV House, La Pouquelaye, we identified a suitable space at La Collette Power Station and the move took place in October 2020.

The construction industry continued to recover and adapt to new working practices imposed by COVID-19 restrictions only to be forced into another lockdown and homeworking arrangements in the New Year. General projects and workstreams were not affected as adversely as by the original 2020 lockdown as the teams were able to continue working on projects with the appropriate safe working measures in place.

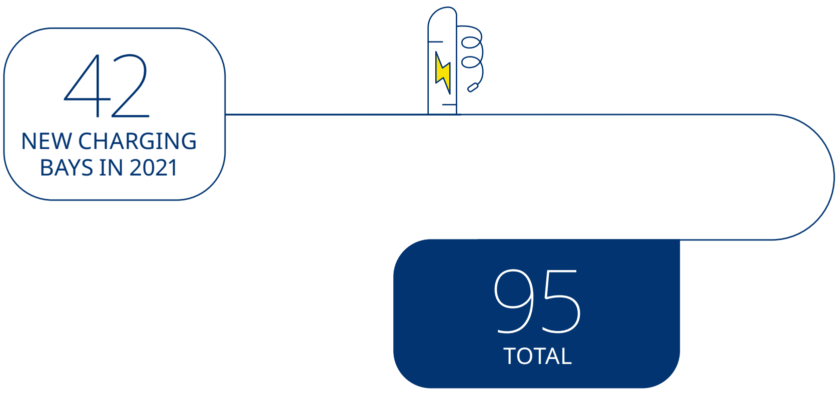
By the middle of the year things were again returning back to normal but now the construction industry was busier than before with a backlog of existing projects and new ones feeding into the system as part of the Government of Jersey's fiscal stimulus workstream support package.

Jersey Energy were awarded some of the stimulus works from successful competitive tender submissions. One is the trial of providing a new Passivhaus development for Andium Homes. This involves the implementation of a very efficient design and construction with low heat losses, heat recovery heating and ventilation solutions. This is seen as the way forward for the construction of new properties as Jersey moves to carbon neutrality and is being considered for future Building Byelaw Regulation updates.

Jersey Energy also won the contract for the services provisions for the new Albert Pier marina facilities, which are designed for high-end vessels. These provisions are of a much higher specification than standard marina facilities and provided a new design challenge for the team, with regulations and standards not found on onshore projects.

Jersey Energy has continued to provide vital support to Energy Solutions' electric vehicle charging network expansion by designing the infrastructure for a record annual total of 42 new charging bays, bringing the total a year end to 95.

Recruitment in this highly specialised and skilled area continues to be a challenge for Jersey Energy due to the high cost of living in Jersey and its housing restrictions.



JEBS

JEBS, our building services business, has now transitioned from large scale contracting operations to focus on the delivery of the JE Vision. The team is now focused on activities that more closely support other business teams in particular, Energy Solutions, Customer Care and Metering delivering our Vision to 'enable life's essentials' and inspire a zero-carbon future.'

The result is that the new streamlined more strategically focused JEBS maintained its recent strong performance with a set of results this year. Although Revenue decreased from £3.8m in 2020 to £3.4m it was accompanied by a profit of £0.2m in line with 2020.

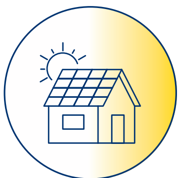
The team helped Energy Solutions to deliver a record number of domestic fuel switches (316) and take the number of public charger installations to 95 at year end, while its amenity lighting team continued the supply, installation, and maintenance of LED lighting columns across the Island for the public roads network. JEBS has also this year taken over responsibility for the facilities management of our Queen's Road site and residential property portfolio of 29 dwellings.

The team also rose to challenges the pandemic continued to present, JEBS managing in many areas to continue working with increased safety measures in place to protect staff and members of the public.

Property

Our Property portfolio includes a B&Q store and Medical Centre situated on our Powerhouse retail and administration office site at Queen's Road as well as 29 private houses and flats that are rented on the open market. Commercial tenants leasing parts of the Powerhouse building are SportsDirect, which shares the ground floor with our own retail business Powerhouse.je, and telecoms operator Sure, which occupies the middle floor. We also lease mobile aerial sites and fibre optics to telecoms operators.

Revenue in the Property business, at £2.3m, was at the same level as last year. The £1.4m profit, excluding the impact of investment property revaluation, was £0.1m higher than last year. Our investment property portfolio moved up in value by £6.1m to £27.8m, based on professional analysis by our external consultants who review the valuation position annually. This increase was pronounced due primarily to a restructuring of the lease arrangements for our largest tenant, whereby the existing break clause was moved to a later date which materially moved the valuation upwards. The value of residential properties also rose by £1.1m due to continued buoyant market conditions in Jersey.



Profit (excluding the impact of investment property revaluation)

£1.4m

+£0.1m

Outlook

Back in 1990, in an effort to tackle global warming, international leaders set an objective to reduce global carbon emissions. Thirty years later, the concentration of carbon in the atmosphere continues to grow along with average global temperatures, increasing the frequency of extreme weather events and repeated environmental crises. Whilst there is rising frustration and impatience, the scale of international commitment to the decarbonisation agenda has never been greater.

That momentum is now emerging in Jersey. The Island declared a climate emergency in 2019 and has had its first Citizens' Assembly seeking Islanders input on the issue, followed by an in-committee debate in which the States Assembly considered the Assembly's findings. Civil servants have been translating ideas into a Carbon Neutral Roadmap and policy recommendations for formal debate by the Assembly in early 2022 – it is hoped – before the June elections.

Whilst there is some uncertainty around where Jersey will settle in terms of ambition and associated policy, it is widely viewed that an ambition of net-zero by 2050 is the minimum acceptable for a relatively wealthy island like Jersey to be able trade into UK, EU and international economies.

Community engagement

Jersey has delivered a strong performance on carbon reduction over the last 30 years, reducing emissions by more than 30%. This has largely been delivered directly as a result of JE's importation strategy and the decarbonisation of the electricity grid. Now that the grid is virtually completely decarbonised, the only way the Island can reduce emissions further is by stopping the burning of fossil fuels, oil and gas. The challenge has now shifted to one requiring full commitment and engagement of the whole community.

Unfortunately, weak policy support has meant that the Island's decarbonisation progress has slowed. We remain hopeful that the Government will acknowledge this and get back on track. We would like to see an ambition more challenging than net zero by 2050, reflecting our belief that Jersey could deliver a zero-carbon future faster and more cost effectively than virtually anywhere else – greatly helped by the spare capacity of a well invested and decarbonised electricity grid and the fact that Jersey has no heavy industry and short travelling distances. All the solutions for Jersey are available – we need to find ways to incentivise them and deliver them.

We believe that Jersey can rise to the opportunity of becoming a 'zero-carbon smart Island', repositioning and differentiating itself internationally as a progressive, sustainable, technology showcase that is willing to take responsibility in all the sectors in which it participates. Whatever the policy objective, Government will need to make tough decisions and take bold actions with increasing urgency before Jersey completely loses the advantage it has gained.

'A force for good'

While the policies the Island will take present some risks for Jersey and Jersey Electricity, with a particular risk arising from the threat of regulation, which evidence from elsewhere suggests will lead to poorer services and higher priced electricity for Islanders, the Company remains well positioned to be a 'force for good' in Jersey helping to 'enable life's essentials and inspire a zero-carbon future'.

There will for sure be challenges and some risks ahead, but Jersey Electricity promises to have an important role in assisting the Island in its efforts to decarbonise and, we hope, become an international showcase of what is possible.

Our business model, with a prudent, long-term focus, has greatly helped the business weather the storm of COVID-19, the increased political tensions from fishing - to which we have responded by developing further contingency measures - and the recent energy market disruption in UK and Europe. Our core services have remained resilient across all three trilemma dimensions of affordability, security and sustainability.

The recent market failures in the UK illustrate the downsides to regulation and competition, leaving customers exposed to riskier supply chains, power shortages, price increases as well as supplier bankruptcies.

Focus on the future

With the stability and protection afforded by Jersey Electricity's business model and strategy, we have been able to maintain our focus on the future and the long term whilst local competitors and international energy businesses have been distracted by nearer-term issues of the day.

We are accelerating investment in an already well invested, largely future proofed and efficiently operated grid. We continue to explore offshore wind which is potentially commercially viable in the near-term, and we are considering the role of tidal generated electricity in Jersey's energy mix in the future. We are also scaling up our investment in technology and digital and have put in place important foundational elements of this strategy.

Overall, we are making good progress with our cultural transformation programme, solution and infrastructure development and, whilst there is considerable work to do, we remain well positioned to assist Jersey and its residents in a manner that is not only morally and ethically the right thing to do, but also in the interests of all stakeholders.

There will for sure be challenges and some risks ahead, but Jersey Electricity is poised to have an important role in assisting the Island in its efforts to decarbonise and, we hope, become an international showcase of what is possible.

Financial Review

Group Financial Results

Key Financial Information	2021	2020
Revenue	**£118.6m**	£111.7m
Profit before tax	**£19.1m**	£14.8m
Earnings per share	**52.73p**	37.94p
Dividend paid per share	**16.90p**	16.05p
Final proposed dividend per share	**10.20p**	9.70p
Net cash	**£13.1m**	£5.5m

Group revenue for the year to 30 September 2021 at £118.6m was 6% higher than in the previous financial year. Energy revenues at £89.8m were 5% higher than the £85.1m achieved in 2020. Higher unit sales of electricity were linked to a recovery from the COVID-19 crisis in the retail and hospitality sectors, and an uplift from increased home working, combined with colder than normal weather, and a 2.5% tariff rise from October 2020. Revenue in the Powerhouse retail business increased 11% from £17.8m in 2020 to £19.8m. Revenue in the Property business at £2.3m was marginally higher than last year. Revenue from JEBS, our building services business, decreased from £3.8m in 2020 to £3.4m. Revenue in our other businesses at £3.3m, was above the £2.7m delivered in 2020.

Cost of sales at £74.2m was £4.5m higher than last year with the increased revenue level in our Energy and Powerhouse Retail businesses.

Operating expenses at £30.0m were £3.6m higher than last year. Of this increase, £1.8m related to the non-cash ex-gratia award for pensions in service, in our defined benefits pension scheme, discussed later in this narrative. The remainder of the rise is largely due to the increased investment in systems and people, associated with the de-carbonisation vision for the Island.

Profit before tax for the year to 30 September 2021 was £19.1m against £14.8m in 2020. However, if the non-cash upside from revaluation of investment properties is excluded in both years, along with the non-cash cost of £1.8m for the ex-gratia award for pensions in service in 2021, the underlying year-on-year profit before tax is £14.8m in 2021 against £14.3m in 2020, an increase of 3%.

Profit in our Energy business, at £10.7m, was below the £12.3m achieved in 2020, largely due to the non-cash £1.8m ex-gratia award for pensions in service in 2021. Our target return on assets employed continues to be in the 6%-7% range over the medium-term and was 5.9% in 2021 against 6.8% in 2020. Unit sales volumes increased by 3% from 619m to 639m kilowatt hours, due to colder than normal weather, combined with a material proportion of customers continuing to work from home, due to COVID-19. Units billed in the 2021 financial year increased by around 8% in the residential sector, but fell around 2% for commercial premises, compared with 2020. In the financial year we imported 95.2% of our requirements from France (2020: 94.7%) and generated 0.4% of our electricity on-Island from our solar and diesel plant (2020: 0.2%). The remaining 4.4% (2020: 5.1%) of our electricity was purchased from the local Energy from Waste plant. The planned 2.5% tariff rise from 1 April 2020, which was postponed, to aid our customers due to the COVID-19 pandemic, took place on 1 October 2020.

The £1.4m profit in our Property division, excluding the impact of investment property revaluation, was £0.1m higher than last year. Our investment property portfolio moved up in value by £6.1m to £27.8m, based on advice from our external consultants, who review the position annually. This increase was pronounced due primarily to a restructuring of the lease arrangement for our largest tenant, whereby the existing break clause was moved to a later date, post commercial discussions, which materially moved the valuation upwards. The value of residential properties contributed £1.2m of the total rise due to continued buoyant market conditions in Jersey.

Our Powerhouse retail business saw profits rise by 30% from £1.2m to £1.5m during a period when COVID-19 continued to influence the behaviours, and spending patterns of local customers, for example, due to less travel taking place out of the Island over the last year.

JEBS, our building services unit, maintained profitability at £0.2m, being at the same level as 2020.

Our other business units (Jersey Energy, Jendev, Jersey Deep Freeze and fibre optic lease rentals) produced profits of £0.6m being £0.2m lower than last year mainly due to accelerated depreciation in Jendev.

The net interest cost in 2021 was £1.4m being at the same level as in 2020. The **taxation charge** at £2.8m was lower than the previous year, despite increased profit, as the profit increase was largely non-taxable, being due to non-cash items.

Group basic and diluted earnings per share, at 52.73p, compared to 37.94p in 2020 due to increased profitability.

Dividends paid in the year, net of tax, rose by 5%, from 16.05p in 2020 to 16.90p in 2021. The proposed final dividend for this year is 10.20p, a 5% rise on the previous year. Dividend cover, at 3.1 times, was higher than the comparable 2.4 times in 2020 due mainly to the large non-cash increase in the revaluation of investment properties in 2021.

Ordinary Dividends

	2021	2020
Dividend paid - final for previous year	**9.70p**	9.25p
- interim for current year	**7.20p**	6.80p
Dividend proposed - final for current year	**10.20p**	9.70p

Net cash flows from operating activities at £22.4m was £4.5m lower than in 2020. **Investing activities**, at £9.3m was £1.8m lower than £11.1m last year. Dividends paid were £5.3m compared to £5.0m in 2020. The resultant position was that **net cash** at the year-end was £13.1m, being £30.0m of borrowings offset by £43.1m of cash and cash equivalents, which was £7.6m more than last year.

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Cash Flows

Summary cash flow data	2021	2020
Net cash inflow from operating activities	**£22.4m**	£26.9m
Capital expenditure and financial investment	**£(9.3)m**	£(11.2)m
Deposit interest received	**£0.1m**	£0.1m
Repayment of lease liabilities	**£(0.3)m**	£(0.2)m
Dividends	**£(5.3)m**	£(5.0)m
Increase in cash	**£7.6m**	£10.6m

Prior year adjustment

During 2020 we migrated to a new Smart Pay As You Go metering solution for around 4,000 of our electricity customers who choose this payment method as a budgeting tool. The legacy system, which had been installed in the 1990's, was scrapped and the remaining credit balances and debts that existed on each meter transferred across to the new system. Following a review of the remaining £0.9m balance in our receivable's ledger we ascertained that there had been a systematic over statement of income from this payment method over the period since 1998, when a new ERP financial system was adopted. Although the sums were relatively immaterial on an annual basis, the full scale of the issue only became apparent when the new smart metering system was installed. It is not possible to accurately allocate adjustments to all the individual years between 1998-2019. This £0.9m has been written off and treated as a **prior year adjustment against reserves** and comfort provided, that this is not a recurring issue with the new system.

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 relates to the importation of power from Europe, which is contractually denominated in 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 electricity purchases during the financial year, as a result of the hedging programme, was 1.12 €/£. The average applicable spot rate during this financial year was 1.15€/£ against 1.14€/£ during the 2020 financial year.

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. We also employ a policy of diversification through use of a number of counterparties.

In the 2021 financial year Jersey Electricity imported 95% of the electricity requirements of Jersey from Europe. It jointly purchased power with Guernsey Electricity from EDF in France. The supply contract allows power prices to be fixed in Euros in advance of decisions being made on customer tariffs. We have been importing electricity from Europe since 1984 and our latest ten year power purchase agreement with EDF, which commenced in 2013, was extended by a further five years during 2017 to the end of 2027. This 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 Risk Management Committee exists, consisting of employees of Jersey Electricity, Guernsey Electricity and an independent energy market adviser and follows guidelines approved by the Jersey Electricity Board.

We have seen unprecedented volatility in energy markets during 2021, which has resulted in many UK suppliers going out of business, and the Ofgem regulated cap on UK electricity prices rising by around 20% since April 2021. These are expected to materially rise again, when formally reviewed in early 2022. Energy prices, including gas, have risen by an even higher quantum. We are not immune to these conditions, but our hedging policies have largely sheltered Jersey customers from the material rises being experienced elsewhere with the period 2022-2024 being largely hedged for the price we will pay for electricity, and, to a lesser extent, the foreign exchange requirements we need to settle such liabilities. We announced in October 2021 that a 4% tariff rise would be instigated from 1 January 2022, and although this is unfortunate, it is much lower than increases being seen elsewhere. Even after this rise, we will continue to benchmark very favourably against other jurisdictions.

Defined benefit pension scheme arrangements

As at 30 September 2021 the scheme surplus, under IAS 19 "Employee Benefits", was £15.0m, net of deferred tax, compared with a surplus of £5.9m at 30 September 2020. Assets rose 3% from £156.6m to £161.1m in the same period. Liabilities decreased 5% from £149.3m to £142.3m since the last year-end with the discount rate assumption, which heavily influences the calculation of liabilities, rising from 1.6% in 2020 to 2.1% in 2021 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 the discount rate applied to the liabilities had been 0.5% lower than the 2.1% assumed under IAS 19 for 2021, the net surplus of £15.0m would have moved to a lower surplus of £4.4m. Alternatively, if the discount rate had been 0.5% higher the net surplus would have increased to £24.2m. In a bid to mitigate the impact of movements in interest rates and inflation the trustees of the scheme have adopted a Liability Driven Investment (LDI) approach which seeks to reduce the risk that asset and liability values change at different rates, or move in different directions. The proportion of scheme assets in LDI/UK Gilts products moved proportionately from 37% at the last year end, to 34% at 30 September 2021 (but were increased, post the balance sheet date, in October 2021, to 37%).

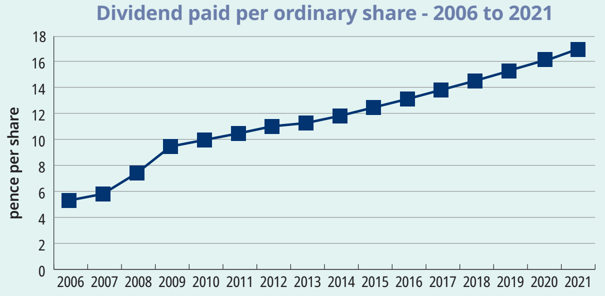
The most recent triennial actuarial valuation, as at 31 December 2018 showed a surplus of £3.7m but this has grown substantially and as at the end of October 2021 had grown to around £18m. Unlike most UK schemes, the Jersey Electricity Pension Scheme is not funded to pay mandatory annual rises on retirement. The Pension Scheme Trustees asked the Company to consider the granting of a 3% rise to pensions in service in light of the level of the surplus as the last increase was in 2019. This was agreed by the Board and the capital cost of this award was £1.8m and the cash will be paid by the Scheme, rather than the Company, but generated a £1.8m charge against our Income Statement in the current financial year. This is reflected in the year-end surplus figure of £15.0m.

The final salary scheme was closed to new members in 2013, with new employees, since that time, being offered defined contribution pension arrangements. The next triennial actuarial valuation of the defined benefit scheme will have an effective date of 31 December 2021.

Returns to shareholders

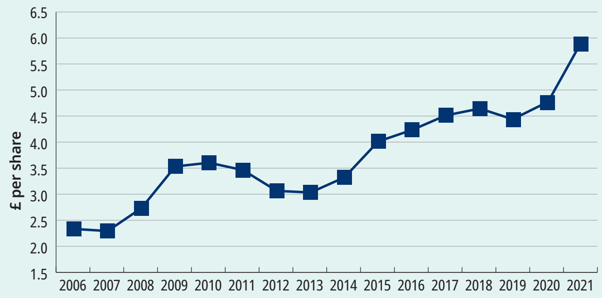
62% of the ordinary share capital of the Company is owned by the Government of Jersey with the remaining 38% held by around 600 shareholders via a full listing on the London Stock Exchange. Of the holders of listed shares, Huntress (CI) Nominees Limited owns 5.3m (46%) of our 'A' Ordinary shares representing 17% 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, and a fund, residing largely in the Channel Islands. During the year the ordinary dividend paid increased by 5% from 16.05p net of tax to 16.90p. The proposed final dividend for 2021, at 10.20p, is a 5% 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 chart below shows the evolution of the ordinary dividend payments over the last 15 years (excluding additional special dividends) that have risen from 5.30p to 16.90p.

Dividend paid per ordinary share - 2006 to 2021



The share price at 30 September 2021 was £5.93 against £4.82 at the 2020 year end. This gives a market capitalisation of £182m at 30 September 2021 compared with a balance sheet net assets position of around £225m. However, the illiquidity of our shares, due mainly to having one large majority shareholder, combined with an overall small number in circulation, constrains the ability of the management team to influence the share price. We use Edison (an investment research firm) to produce regular research on our performance to aid the understanding of our value proposition to a wider body of potential investors in the quest to improve our longer-term liquidity. The following chart shows the trending of our listed share price over the last 15 years that has risen from £2.31 to £5.93.

'A' Ordinary share price movements 2006 - 2021



Our largest shareholder, the Government of Jersey, also owns holdings in other utilities in Jersey. It holds 100% of JT Group, Ports of Jersey, Andium Homes and Jersey Post, as well as around 75% of Jersey Water. The total direct cash return to the Government of Jersey from Jersey Electricity in the last year was £12.1m (2020: 11.4m). The increase was primarily due to a higher level of GST collected on behalf of the Government of Jersey.

	2021	2020
Ordinary dividend	£3.2m	£3.1m
Goods and Services Tax (GST)	£5.2m	£4.7m
Corporation tax	£2.7m	£2.7m
Social Security - employers contribution	£1.0m	£0.9m
	£12.1m	£11.4m

The Company regularly communicates with its largest shareholders and details of discussions, including any concerns are reported to the Board. The Chairman meets twice a year with the Treasury function within the Government of Jersey, ensuring there is a direct communication between the non-Executives and our largest shareholder.

Viability Statement

In accordance with provision 31 of the 2018 revision of the Code, the Directors have assessed the prospect of the Company over a longer period than the minimum 12 months required by the 'Going Concern' provision. As disclosed last year, the Board conducted this review for a period of five years, selected because annually a refreshment of the Five-Year Plan is performed with the latest version presented to the Board in

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September 2021. This included an assessment of how potential fishing dispute issues, post Brexit, might be dealt with in the unlikely circumstances where electricity imports from France were constrained by political action.

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. We have a strong balance sheet with net assets of around £225m supported by £30m of long-term debt funding which expires in 2034 and 2039.

Stress testing of the cost base of our Energy business was performed to establish the impact of material movements in both foreign exchange and wholesale electricity prices. A reduction in the volume of unit sales of electricity through, for example, energy efficiency is being mitigated by switching existing customers, who use gas/oil as their primary heating source, to all-electric solutions. A dedicated team work on initiatives in this area. However, as we employ a 'user pays' model the Board has comfort on the longer term consequences of a reduction in the volume of electricity sales, a permanent weakening in Sterling, or a material rise in European wholesale power prices (albeit we continue to strive to deliver price stability for our customer base).

Based on the results of this analysis, and on the basis that the fundamental regulatory and statutory framework of the market in which the Company operates does not substantially change, the Directors have a reasonable expectation that the Company will be able to continue to operate, and meet its liabilities as they fall due, over the five-year period of their assessment through to 2026.

In making this statement the Directors have considered the resilience of the Company taking into account its current position, its principal risks and the control measures in place to mitigate each of them. In particular, the Directors recognise the significance of the strong Jersey Electricity plc balance sheet, and committed lending facilities, that will be available in most circumstances.

Group Risk Management

Understanding and managing our risks is front of mind in everything we do. Our risk management framework helps us meet our strategic and operational objectives and is designed to manage both risk and opportunities. Overall, the framework enables our people to make informed business decisions in the best interest of our customers, the Group and our shareholders whilst encouraging us to embrace the concept of taking measured risks, which drive innovation and growth.

1) Governance - Board responsibility

The Board retains overall accountability and responsibility for the Group's risk management and internal control systems. The Board fulfils their role by:

- defining the risk appetite – the Board periodically reviews the nature and amount of risk the Group is willing to accept when doing business and achieving strategic objectives
- conducting robust risk assessments – the Board undertakes assessments of the principal and emerging risks to understand the potential that these risks may impact the ability to achieve strategic objectives
- reviewing mitigation plans – the Board will review the principal risk assessments and agree how these risks should be managed or mitigated to reduce the likelihood of their incidence or the magnitude of their impact
- identifying emerging risks – the Board reviews the procedures in place to identify emerging risks and challenge how these risks are being managed or mitigated
- approving the principal risks and uncertainties disclosure - at year end, the Board reviews the descriptions of principal risk and uncertainties, explanations of how these risks are being managed or mitigated, and other relevant information describing the Group's risk management and internal control systems.

The Board recognises that the system of risk management is designed to manage, rather than eliminate, the Group's exposure to business risks, and can only provide reasonable assurance and not absolute assurance against material misstatement or loss.

2) Governance – Audit and Risk Committee responsibility

The Board has delegated the Audit and Risk Committee ('ARC') with the responsibility of assessing the effectiveness of risk management framework. The ARC fulfils their role by:

- establishing procedures to manage risk and oversee the internal control framework
- reviewing and challenging the principal risks, emerging risks and the aggregate risk assessments from the 'bottom-up' risk register
- approving the annual internal audit plan and reviewing internal audit reports on the effectiveness of internal controls, as a result of independent assurance work undertaken throughout the year
- undertaking risk deep dives to review high priority risks, ad-hoc topics and emerging matters
- monitoring management's implementation of audit recommendations and actions arising from risk assessments

3) Risk Management Framework

Principal Risk Register

The principal risk register is a summary of the top risks, emerging risks and uncertainties facing the Group Executive Leadership Team ('ELT'). It is collated into a group view after a process of bottom up and top-down risk assessments, with the risks assigned a member of the Executive leadership team.

Risk Landscape

Principal and Group risks – These risks are known to the business and must be managed to ensure we achieve operational and strategic objectives.

Emerging risks – These risks are emerging threats that may potentially impact us in the future. Due to their nature, we are unable to understand the likely scale, impact or velocity of the risk. We monitor these threats until better understood.

Risk management framework

- **Risk ownership** – each risk will have a named owner
- **Risk causes** – a list of reasons why the risk could occur
- **Likelihood and impact** – the possibility and estimated harm caused by the risk
- **Inherent risk** – assessment of the risk before mitigating controls
- **Mitigating controls** – implemented by management to reduce/eliminate the risk
- **Residual risk** – assessment of the risk after mitigating controls are applied
- **Risk Appetite** – set by the Board, this is the level of risk the Group is prepared to accept
- **Action plans** – Workstreams, projects and tasks in place to strengthen controls

Monitoring and oversight

Board – determines the Group's approach to risk and procedures put in place to mitigate exposure to risk

Audit and Risk Committee – has delegated responsibility from the Board to assess the effectiveness of risk management and internal controls

ELT risk owners – responsible for managing the risk registers, monitoring internal controls and implementing the actions plans

Internal audit – independently reviews the effectiveness of internal controls and provides assurance to the Audit and Risk Committee

Bottom-up registers

Each business unit is responsible for identifying risks arising from day-to-day operations.
Management must design and implement adequate control measures and undertake regular risk assessments.

Group Risk Management

Our risk management programme clearly defines roles and responsibilities and sets out a consistent end-to-end process for identifying and managing risks. The core risk assessments are undertaken by each business unit, with the risk owners responsible for identifying and assessing risks which could affect day to day business unit operations.

The bottom-up risks are consolidated into a Group risk register, along with emerging risks and opportunities, which are presented to the Executive Leadership Team for their review. Applying a Group-wide perspective, the Executive Leadership Team evaluates and determines our top principal and emerging risks. The proposed principal risks, Group risk register and emerging risks are submitted to the ARC and the Board for the final challenge and approval.

During the risk evaluation phase, we assess the risk impact and define the source or potential causes of the threat. The assigned executive risk owners are accountable for confirming adequate controls are in place and that the necessary treatment plans are implemented to bring the risk within the risk appetite.

Our risk management framework is continually evolving, to enable a holistic approach to managing risks and achieve business resilience. Key improvements which are in progress include:

- enhancing the approach to identifying and assessing the impact of emerging risks
- understanding the interdependencies of our principal risks and analysing the potential impact of any correlation between these risks
- improving the way we collect and treat early signals in the internal and external environment by establishing and monitoring key risk indicators

4) Risk management in a challenging environment

The challenges and pressures of the ongoing global COVID-19 pandemic have placed greater emphasis on our risk management programme. We have enhanced our monitoring and assessment of our principal and emerging risks throughout the pandemic, which enabled the effective management of any challenges and opportunities. We do not consider the COVID-19 pandemic as an individual risk, but rather continue to monitor the impact of the pandemic on our principal and emerging risks.

5) Risk Appetite

The Board has determined the risk appetite for the Group's principal risks. We categorise our risks into four different areas to provide the appropriate level of governance and oversight to effectively manage these risks, as summarised below:

- Strategic - We have a moderate risk appetite for strategic risks to encourage innovation and the development of new product propositions / service offerings, whilst minimising financial losses and ensuring a measured approach to risk and returns is applied during decision making
- Financial - We have adopted a cautious to moderate risk appetite for financial risks, following a conservative hedging strategy to maintain competitive pricing and smooth any increases to costs over time
- Operational - Operational risks impacting customer experience have been set as cautious, to reflect our responsibility as the sole supplier of electricity in Jersey and continually challenging ourselves to deliver value. In contrast, we have a low risk appetite for risks to health and safety and continue to strive for an incident free workplace
- Technical - We also have a very low risk appetite for managing cyber threats and failing to conduct business operations in compliance with data protection laws.

6) Our principal risks and uncertainties

The following tables set out the Group's principal risks, and provides a description of the risk, risk owner, risk trend, risk appetite and mitigating actions. The principal risks are considered by the Board 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 profile change

Key

Increasing Decreasing Stable

Risk Category: Strategic Risks

Energy market share growth

Description: Inability to grow anticipated unit sales and other revenue streams, resulting in long term loss of market share and depleting profit margins.

Risk Owner: Director of Commercial Services

Movement: Stable

Risk Appetite: Cautious

Key mitigating actions
- The prime defence against falling volumes is to migrate existing customers who use gas/oil as their primary heating source to all-electric solutions.
- Numerous workstreams in place to develop new electricity/ service propositions, including financing, enabling growth beyond 2021.
- A dedicated team works on initiatives in these areas - including EV, solar power and other renewable options.

Strategy and disruptive technology

Description: Failure to innovate and maximise the growth potential of the business, could negatively impact our ability to compete in the market and grow unit sales of electricity.

Risk Owner: Operations Director

Movement: Stable

Risk Appetite: Moderate

Key mitigating actions
- Opportunities and challenges related to growth are a major area of focus throughout the business, with advances in technology reviewed and discussed.
- Refreshed vision includes key strategic workstreams which address innovation and growth opportunities.
- Macro-economic factors that could potentially impact the strategy are tracked and regularly reviewed by ELT.
- Growth opportunities are reviewed in the light of our risk appetite, values, business model and culture.

Risk Category: Financial Risks

Adverse political and regulatory measures

Description: The introduction of adverse political and regulatory measures could result in the attendant cost of compliance and negatively impact public relations.

Principal risk trend: Increasing

Risk Owner: Finance Director

Risk Appetite: Cautious

Key mitigating actions
- Strategic objectives in place to ensure we balance between being the key service provider on the Island whilst recognising our responsibilities to a wide number of stakeholders.
- Transparent and regular communication with key stakeholders and policy makers.
- Benchmarking ourselves against comparable Key Performance Indicators with other jurisdictions (e.g., Tariffs, Customer Minutes Lost, CO2 emissions, Lost Time Accidents).
- Continuous monitoring of political and legislative developments (e.g., the Government's Energy Plan).

Market volatility and tariff prices

Description: Adverse movements in market conditions will negatively impact tariffs, causing reputational damage and making it difficult to compete against other fuel providers.

Principal risk trend: Increasing

Risk Owner: Finance Director

Risk Appetite: Moderate

Key mitigating actions
- Power Purchase contract with EDF in place to 31 December 2027.
- Both the Hedging and Treasury policy are reviewed annually and approved by the Board.
- Financial risks and hedging positions are reviewed regularly, with comprehensive status updates on the hedging programme provided at each Board meeting.
- Daily monitoring of pricing against future tariff prices is undertaken by the Treasury Team, with significant movements reported to management, the Audit and Risk Committee and Board.

Pension Liabilities

Description: 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.

Principal risk trend: Stable

Risk Owner: Finance Director

Risk Appetite: Moderate

Key mitigating actions
- The Board regularly monitors the latest position regarding the Scheme and the impact it is having on the Company.
- The Trustees implemented an LDI strategy to reduce the exposure to movements in the value of pension liabilities.
- The Defined Benefit scheme was closed to new members in 2013.
- A triennial valuation formally reports on performance.

Group Risk Management

Risk Category: Operational Risks

Reliable and secure supply of energy

Description: Unable to maintain operations and continuity of electricity supply, leading to frequent disruption to supply, including an island wide power outage.

Risk Owner: Operations Director

Movement: Stable

Risk Appetite: Cautious

Key mitigating actions
- Robust processes and procedures in place to prevent unplanned outages and interruptions to services.
- Three subsea cables to France provide resiliency with regards supply importation cables.
- Contingent additional supply provisions put in place this year.
- Strong relationship with our suppliers and engage in ongoing dialogue to understand any developments that might impact security of supply.
- On-Island generation capability to limit over-reliance on any single fuel source or technology.
- Repair and maintenance programme in place to optimise the life of all assets.
- Comprehensive business continuity plans which are periodically tested under various scenario exercises.
- The completion of Smart Switch project has enhanced metering data, enabling improved analytic insights to better manage load and provide smarter metering solution to our customers.

Climate change and protecting the environment

Description: Failure to take appropriate measures to protect our environment and respond to climate change, could result in regulatory, financial and reputation repercussions.

Risk Owner: Operations Director

Movement: Increasing

Risk Appetite: Cautious

Key mitigating actions
- Participation and involvement in the development and implementation of the Government's Energy Plan.
- Committed to government environmental objectives by providing renewable energy and charging outlets for EVs.
- Integrating the climate concerns into processes, resulting in reviews / rethinks of our supply chain, purchases and the way we conduct our business activities.
- Environmental framework, policies and procedures are in place across the Group, with compliance monitored by the Health, Safety and Environment team.

Health and safety

Description: Failure to ensure safe ways of working across the Group could result in a health and safety incident, leading to serious injury, illness or loss of life.

Risk Owner: Operations Director

Movement: Stable

Risk Appetite: Averse

Key mitigating actions
- A proactive safety culture has been nurtured throughout the organisation which is supported by a safety management structure, Safety Representatives, programmes of site inspections and regular training.
- Performance measures are explicitly presented as a separate agenda item at each Board meeting.
- A Health, Safety and Environment team sets standards and monitors performance against those standards.
- Accident, incidents and near misses are reported and recorded, with analysis performed on trends and root causes.

Risk Category: Operational Risks

People and culture

Description: Inability to retain and develop the right people and skills required to achieve business objectives in a culture and environment where employees can thrive.

Risk Owner: Human Resources Director

Movement: Stable

Risk Appetite: Moderate

Key mitigating actions
- Long-range workforce planning to better forecast leavers and skill shortage risk.
- Annual succession planning for leadership and critical roles, including replacement chart, indicating risk areas.
- Diversity strategy to continually build diversity across all roles and levels within our business.
- School engagement and apprenticeship programs in place to encourage the younger generation to pursue STEM careers.
- Continuous focus on our values and culture, which are aligned with our purpose.
- Increased emphasis on mental health, wellness programs and improving ways of working.

Risk Category: Technological Risks

Data loss or regulatory breach

Description: Data loss, release or misuse of personal and confidential information resulting in a regulatory breach, highly publicised investigations, fines / penalties and reputational damage.

Risk Owner: Director of Technology

Movement: Stable

Risk Appetite: Averse

Key mitigating actions
- Appointment of a new data protection officer (DPO).
- Internal privacy governance structure established.
- Well documented processes and policies to enable compliance with laws and regulations.
- Enhanced data protection impact assessments (DPIA) and continuous monitoring of risk assessments.
- On-going data protection training as we recognise that data protection breaches are not always technical, and that awareness is our first point of control.
- Ongoing compliance program, including reviews of data library and monitoring of retention and destruction schedules.

Cyber threat and information security

Description: A cyber-attack or internal malicious activity could cause serious disruption to critical systems, causing major impact to operations and lead to customer, financial and reputational impacts.

Risk Owner: Director of Technology

Movement: Increasing

Risk Appetite: Averse

Key mitigating actions
- Use of antivirus and malware software, firewalls, email scanning and internet monitoring to identify and prevent cyber threats.
- Information security systems that identifies, mitigates and removes malicious domains and Internet Protocols
- IT policies in place to manage administrator, privileged and service accounts.
- Regular monitoring of unusual or suspect activity on the corporate network.
- Testing of cyber security including system penetration testing and internal phishing training exercises.
- On-going cyber awareness training across the Company.
- Core applications are only accessible through a secure portal that require multi factor authentications.

7) Emerging risks

As with all businesses, we face a number of uncertainties which may potentially impact us in the longer term. Where there is insufficient information available to understand the likely scale, impact or velocity of the risk, we have classified these threats as emerging risks.

We identify new emerging risks, through the evaluation of our business strategy, new technologies, products and services as well as government policies, regulation and cyber threats. Once identified, we evaluate the impact and potential effect it could have on the group and principal risks. The table below highlights the latest emerging risk that we have on our radar, that may, in time, pose a threat to the Group's business model and strategic objectives.

Emerging risk	Owner	Risk Description	Action plans
Brexit consequences	Finance Director	Unknown or unforeseen consequences of Brexit impacting our objectives, for example; during May 2021, a fishing licence dispute arose between the UK and EU, resulting in some concerns around electricity supplies from France.	We maintain constant dialogue with Government of Jersey, key suppliers and others to ensure we are well informed of any developments. We continue to keep a watchful brief over the post Brexit matters and conduct robust risk assessments once any impact becomes known or better understood.
Climate Change	Operations Director	Probability of extreme weather (such as storms and heatwaves) impacting on our business model and capacity for growth in demand. Also public pressure for governments to respond to climate change may result in the introduction of obligations (new or strengthened carbon neutrality commitments).	We are developing our net-zero commitments and continue to monitor political and legislative developments and assess the opportunities and threats to enable us to respond effectively.
Disruptive technology in the energy sector	Operations Director	Advances in technology within the renewable energy sector, bring both unknown opportunities and threats in the long term. Failure to adapt and exploit opportunities will impact our ability to remain competitive and meet changes in customer demands.	We are assessing the energy needs of the Island over the longer term and how these might be met, the impact on our business and timing of change. We continue to monitor developments in the energy technology markets. This includes attending Innovation and Future sessions and attending focus groups in Jersey.

Board of Directors

	Phil Austin MBE	Chris Ambler
Tenure on Board	Appointed 12 May 2016 and Chairman from 28 February 2019	Appointed as CEO 1 October 2008
Committee Memberships	Nominations Committee Remuneration Committee	Nominations Committee
Experience	Financial services background and board level experience across a wide range of listed and private companies	Chartered Engineer in various leadership and general management roles in blue chip multinationals Strategy consultancy experience MBA (INSEAD) Broad experience across global utility, chemicals and industrial sectors
Relevant Skills	Extensive experience in leadership and management Deep understanding of governance standards and requirements Good communication skills	Leadership and management Strategy development M&A and corporate finance
External Appointments	Chairman of Octopus Renewables Infrastructure Trust plc Non-Executive Director of Blackstone/ GSO Debt Funds (Europe) Ltd Non-Executive Director of Ravenscroft Cash Management Ltd	Non-Executive Director of Apax Global Alpha Ltd Non-Executive Director of Foresight Solar Fund Ltd

Martin Magee

Appointed as Finance Director 8 April 2002

Chartered Accountant

Broad experience across a number of senior finance roles in UK listed plcs, including utilities

Strong financial analysis and planning skills

Commercial bias

Strong background in transactional activity

Non-Executive Director of Jersey Post International Ltd

Alan Bryce

Appointed 17 December 2015

Nominations Committee (Chairman)

Audit and Risk Committee

Extensive board level experience in electricity generation, and transmission and distribution in the UK and USA

Non-executive experience in water industry and wind farm development

Wide range of roles in corporate strategy, M&A and utility regulation

Business leadership and governance

Chartered engineer with extensive knowledge of the utility industry

Asset and operational risk management

Non-Executive Director of Northern Ireland Electricity Networks Ltd

Non-Executive Director of Northumbrian Water Ltd

Board of Directors

		
	Wendy Dorman	Tony Taylor
Tenure on Board	Appointed 14 July 2016	Appointed 21 September 2017
Committee Memberships	Audit and Risk Committee (Chairman) Nominations Committee	Remuneration Committee (Chairman) Nominations Committee
Experience	Chartered Accountant with audit and tax experience Leadership positions including Head of Tax for PwC Channel Islands and company Non-Executive Director roles with audit chair experience for listed companies	Senior management roles in leading global advertising agencies
Relevant Skills	Leadership and management Infrastructure investment Accountancy, audit and taxation	Strategic planning and growth Customer experience Stakeholder engagement Marketing and communications
External Appointments	Non-Executive Director of 3i Infrastructure plc Non-Executive Director of New City High Yield Fund Limited	Non-Executive Director of Jersey Milk Marketing Board Non-Executive Director of Jersey Sport Non-Executive Director of Channel Radio Ltd

Amanda Iceton

Appointed 1 June 2020

Audit and Risk Committee

Remuneration Committee

Executive leadership experience as Chair and Managing Director of global management consultancy Accenture UK/Ireland plc

Extensive experience of chairing Audit and Risk committees across UK Government and listed companies

Digital and cyber skills developed through work with CPNI and NCSC

Familiarity with UK and US GAAP accounting

Preparation/approval of UK government and company accounts internationally, including USA and South Africa

Non-Executive Director of Paragon ID

Non-Executive Director of Standard Bank Offshore Group Ltd

Directors' Report

for the year ended 30 September 2021

The Directors present their annual report and the audited financial statements of Jersey Electricity plc ("the Company") and Jersey Deep Freeze Limited (together "the Group") for the year ended 30 September 2021.

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.

Section 172(1) statement

We are required under the code to report on this area and it is central to our strategy to consider wider stakeholders. This is despite Section 172 of the Companies Act 2006 not being applicable to us as a Jersey incorporated company. Nevertheless, as a matter of good governance, the Board has set out how they deliver against these duties where appropriate. The Board of Jersey Electricity plc considers that they have acted in good faith and in a manner which they believe is likely to promote the continued success of the Company, for the benefit of all its stakeholders as a whole. In addition to its shareholders, the Board engages with Government, local Parishes, suppliers, customers, employees and pensioners. Our Vision is to 'enable life's essentials and inspire a zero-carbon future' which is aligned to a key goal of the Island to achieve carbon neutrality. In addition to pursuing organic and inorganic growth, strategic focus is on building a sustainable business, product development, customer service, investing in the development of new technology and in our workforce. The Board aims to ensure that our employees work in a safe environment, receive appropriate training and are sufficiently rewarded for their efforts.

Dividends

The Directors have declared and paid, and now recommend the following dividends in respect of the year ended 30 September 2021:

Preference dividends	2021 £	2020 £
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
	8,973	8,973
Ordinary dividends		
Ordinary and 'A' Ordinary Shares		
Interim paid at 7.20p net of tax for the year ended 30 September 2021 (2020: 6.80p net of tax)	2,206,080	2,083,520
Final proposed at 10.20p net of tax for the year ended 30 September 2021 (2020: 9.70p net of tax)	3,124,280	2,972,080
	5,330,360	5,055,600

Re-election of directors

Since 2018 all Directors seek re-election annually at each 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 8 days (2020: 10 days).

Substantial shareholdings

As at 15 December 2021 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 Government 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. This is held as a strategic investment in their balance sheet and not consolidated.

'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 (CI) Nominees Limited is the largest shareholder of our listed shares and hold 5,342,849 'A' Ordinary shares which represent 5% 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 PricewaterhouseCoopers CI LLP as auditor will be proposed at the next Annual General Meeting.

BY ORDER OF THE BOARD
L. FLORIS
Secretary
15 December 2021

Corporate Governance

Corporate Governance

The Directors are committed to maintaining a high standard of Corporate Governance in accordance with The UK Corporate Governance Code 2018 ("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 Government of Jersey, 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 majority shareholder is also compliant. The other applicable information required by LR 9.8.4 R (5)/(6) is disclosed in external appointments.

The Directors have reviewed, and applied, the latest UK Corporate Governance Code applicable to accounting periods beginning on or after 1 January 2019, together with the supporting Guidance on Board Effectiveness within these financial statements.

The Code is available at www.frc.org.uk.

Statement of Compliance

At the time of signing off the 2021 Annual Report the Board considers that it has complied with the Code, except for Provision 38 (executive pensions aligned with the workforce) and this is explained in the Remuneration Report.

The Board

The Board provides effective leadership and currently comprises five 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 Officer roles are divided with the former being appointed by the Directors from amongst their number. Alan Bryce is the Senior Independent Director.

Independence

The non-Executive Directors serving at the balance sheet date were Wendy Dorman, Amanda Iceton, Alan Bryce, Phil Austin and Tony Taylor and they were all considered independent. On appointment to the Board the required time commitment is established and any significant changes to time commitments are notified to the Board. An induction process is in place for all newly appointed Directors. 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, perform a robust assessment of the principal risks that could threaten the business model, future performance, solvency or liquidity (see Principal Risks section on pages 55 to 59), examine business plans and capital and revenue budgets, formulate policy on key issues and review the 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 Jersey Electricity.

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	**5**	**4**	**4**	**3**
C. Ambler	5	3*	4*	3
P. Austin	5	1*	4	3
A. Bryce	5	4	-	3
W. Dorman	5	4	-	3
A. Iceton	5	4	4	-
A. Le Cornu	2	1	1	-
M. Magee	5	4*	3*	-
P. Simon	4	3	1	-
T. Taylor	5	-	4	3

* attendees by invitation

Performance Evaluation

The effectiveness of the Board is vital to the success of the Company. An external evaluation took place during 2021 using Boardroom Dialogue Group Ltd, an external recruitment consultancy which has no connection with the Company, the findings of which were reviewed and actions are being implemented. In the period since the last external evaluation took place in 2018, internal evaluations, including those of Board sub-Committees, were co-ordinated by the Chairman annually. As the policy is to have an external review every 3 years, the next one will take place in 2024. In addition, the non-Executive Directors meet at least twice a year, without the Executive Directors being present, with an explicit topic being the performance of the Executive Directors. Finally, the Senior Independent Director meets the other non-Executive Directors once a year to discuss the performance of the Chairman (without his presence).

Workforce Engagement

During 2020, a workforce Culture and Engagement Forum was established with representatives from across the Company. The Chairman of the Remuneration Committee attends this forum which provided an opportunity to gain first-hand feedback from the workforce.

In addition, the maintenance of the right culture within Jersey Electricity remains a priority. The use of staff surveys to collect data, the promotion of people development (through our 'Living Leader' and 'How To' programs) and a continued focus on the safety of both our staff and customers are key tools in the delivery of this objective.

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 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**
- **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 internal control and risk management systems. An external review of the risk management process is conducted every three years.
- **Approval of contracts**
  Including material contracts, investments, capital expenditure and bank borrowings.
- **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. A Board Charter detailing the matters reserved and the roles and responsibilities of the officers of the Company is available on our website (www.jec.co.uk).
- **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 annual evaluation 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**
  These include policies on health and safety, share dealing and diversity.

Internal Audit/Risk Management

There is a permanent internal audit function 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 has direct access to the Audit and Risk Committee Chairman and also attends ARC meetings, at which risk based internal audit plans are discussed and approved.

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 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 (see the Principal Risks section on pages 55-59). The ARC also reviews and monitors the independence of the external auditors and the non-audit services provided to the Group.

Stakeholder Engagement

The Company maintains an active dialogue with its largest shareholders and meetings with Government of Jersey (which owns 62% of our Ordinary share capital) include both the non-Executive Chairman as well as the Chief Executive. The primary responsibility for relationship matters with listed shareholders lies with the Finance Director who reports to each Board meeting on investor relations. Jersey Electricity also has a number of other important stakeholders including Government, the local Parishes, suppliers, customers, employees and pensioners and regular presentations are provided to the Board on how such relationships are managed and can be improved.

Nominations Committee Report

Committee Purpose

The purpose of the Committee is to make recommendations to the Board in respect of Board composition, Board appointments, succession planning for senior leadership roles across the Company, and to support the Board in its leadership of the Diversity and Inclusion agenda.

Membership and meetings

I am pleased to report on the work of the Nominations Committee for the financial year ended 30 September 2021.

The Committee comprises a majority of independent non-Executive directors, the Chair of the Board and the CEO. It is supported, when required, by the Human Resources Director and the Acting Company Secretary, and there were no changes to the membership during the reporting period. The Committee met three times, the third meeting specifically to initiate a search process for a new NED, following the resignation of Peter Simon on 31 August. Membership and attendance at meetings is shown below.

Attendance	Meetings	Attended	
Alan Bryce (Chair)	3	3	100%
Phil Austin	3	3	100%
Chris Ambler	3	3	100%
Wendy Dorman	3	3	100%
Tony Taylor	3	3	100%

Duties of the Committee

The Terms of Reference for the Committee and the Terms of the Appointment of non-Executive Directors are available on our website (www. jec.co.uk). A summary of the Committee's key duties, is:

- To review regularly the structure, size, balance and overall composition of the Board, and to make recommendations with regard to any changes, with due regard to the skills needed for the future.
- To give full consideration to the pipeline of succession at Board and Executive Leadership Team levels, and to lead the process for any appointments to the Board.
- To support the annual Board evaluation process and to make recommendations arising, including the annual reappointment of NEDs; and
- To support the Board in its leadership of Company culture in pursuit of greater Diversity and Inclusion.

Board Structure and Composition

During the period, the Committee considered Board structure and composition, from the perspectives of skills, diversity, and resilience. Our previous Senior Independent Director (SID) and Remuneration Committee Chair, Aaron Le Cornu, retired at the 2021 AGM, and the Committee recommended the appointment of Alan Bryce as SID and Tony Taylor as Remuneration Committee Chair. Neither Mr Bryce nor Mr Taylor were present when their respective positions were being considered. As part of succession planning, Mr Le Cornu's retirement from the Board had already been anticipated by the recruitment of Amanda Iceton in June 2020. At the end of August however, Peter Simon stood down from the Board to pursue a new business opportunity which meant that he could no longer hold a non-executive position. The recruitment process for a new NED is therefore now underway and is described later in this report.

The Board's present skills mix is summarised in Table 1.

Table 1: Board Mix of Specialist Skills, Tenure and Gender

Specialist skills		Tenure		Gender	
Board Governance	3	1-3 years	1	Male	5
Engineering	2	3-6 years	3	Female	2
Digital and Cyber	1	6-9 years	1		
Finance and Accounting	3	>9 years	2*		
Strategy, M&A	2				
Customers and marketing	1				
Energy and renewables	2				

*The CEO and Finance Director are included in this figure.

Nominations Committee Report

Succession
The Board remains well balanced in relation to the skill sets required for the Company's strategic direction and operational oversight, and the Committee continues its focus on further strengthening the mix and diversity with each appointment. The Committee also has a responsibility to consider succession at Executive Leadership Team (ELT) and Senior Leadership Team (SLT) levels. The external Board evaluation carried out this year made two recommendations relating to the Committee, first that it continues to review succession in the context of business needs and second, that it continues to focus on increasing diversity at Board, ELT and SLT levels. The external Board evaluation is described more fully below.

The Committee considered succession plans for senior management roles, as well as the steps being taken to develop the internal pipeline of candidates at both SLT and ELT levels. The Committee was pleased to note the appointment of the Director of Technology to the ELT, bringing essential skills to the heart of executive decision-making in the business. The Committee discussed the wider succession plans and is satisfied that the Company has an adequate pipeline of successors to senior roles, either through internal development and promotion, or through targeted external recruitment. Some specialist skills continue to be in short supply on-Island, and this makes it necessary to maintain a two-prong approach of internal staff development and off-Island recruitment.

Appointments
The search for a new NED to replace Peter Simon commenced in September, following the Board's engagement of Trusted Advisors Partnership (TAP) on the Committee's recommendation. On this occasion, TAP was selected due to its strengths in the target search market and geography, and for its knowledge of our business. The search process is focused so much as possible, on replacing the particular skills and knowledge that Peter brought to the Board, while taking account of the evolving environment in which the Company operates and the goal of enhancing Board diversity.

Board Evaluation
This year, an external facilitator was engaged to carry out a Board Effectiveness Review covering the work of the Board and of its committees. The Committee worked with the Chair of the Board to identify and engage Sean O'Hare of Boardroom Dialogue as our facilitator, who was selected for his experience of diverse boards and his understanding of companies who carry the responsibilities of providing essential energy and utility services. The review was undertaken in accordance with the principles and provisions of the Corporate Governance Code and took the form of a facilitated self-assessment with additional commentary on best practice where appropriate. Each director and member of the ELT plus the Company Secretary and our Board Apprentice were interviewed, and a review of Board and Committee agendas and papers was carried out. In addition, Mr O'Hare attended a meeting of each Committee and the Board during May and July.

The conclusions of the Review were fed back in a report which was presented to the Board in September, and contained 14 recommendations, grouped against Board Leadership and Company Purpose, Division of Responsibilities, and the work of the Committees. The focus in Board Leadership and Company Purpose was very much driven by the Board's ambition to ensure that the Company both leads and supports the Island to meet its decarbonisation agenda and the recommendations are designed to strengthen further the Board's approach to strategy development, stakeholder engagement and our drive for an agile and innovative corporate culture. In Division of Responsibilities, a number of helpful recommendations were made regarding in the main, the workings and logistics of Board meetings, and for the Committees, building further on their work and the extent of reporting. The recommendations have been translated into an action plan which will be monitored for completion during 2022.

As in other years, the Chair of the Board has also carried out a review of each director's effectiveness, confirming that directors continue to be able to commit the required time to their duties and are able to contribute fully to the work of the Board and its Committees. A NEDs-only meeting was held separately, chaired by the SID, to discuss the Chair of the Board's performance and feedback provided, very much in line with the constructive tone of the conclusions from the External Review.

Diversity and Inclusion
The Committee and the Board maintain a strong drive to improve the levels of diversity both at Board level and across the Company, particularly in respect of gender-balance, but increasingly with a focus on other protected characteristics. The composition of our employees by gender is presented below:

	Male	Female
Company	79%	21%
First Line Reports	84%	16%
Senior leadership team	88%	12%
Executive leadership team	100%	0%
Board	78%	22%

Our business benefits from a very committed and stable workforce, but its very stability poses a practical difficulty in effecting rapid change in composition. Moreover, our experience in the past year when unfortunately we have been unable to recruit any female apprentices, notwithstanding our policy insofar as possible, of gender-balanced short lists, has reminded us of the long road we face with determination. As reported last year, there are four strands to our D&I strategy of Hiring, Schools Engagement, Workforce Culture, and Performance and Data. In particular, the apprentice challenge demonstrates the effort that is required, and that we continue to make, in the strands of Hiring and Schools Engagement.

We have recently started to monitor the gender pay gap position and the median pay gap between males and females in 2021 was 9.6% compared to 11.7% in 2020. Our biggest gap is in our highest paid employees due to the lower level of female representation as discussed earlier.

The Committee was pleased to see positive progress in the strands of Workforce Culture and Performance and Data. Specifically, building on the "Inclusion Maturity Index" developed with input from Inclusive Employers, we completed two surveys during the year and the results show that we have improved our status from "Compliant" to "Programmatic". In practice our current status demonstrates that D&I is being properly considered alongside other business priorities. An important part of this has been the introduction of D&I Impact Assessments, which are designed to ensure that business decisions are taken in the context of enhancing D&I for the affected stakeholders. During the year for example, the assessments delivered benefits in three customer-facing projects, the EV charging network at Queen's Road, the new JE website, the redevelopment of the Powerhouse shop front, and in a staff-facing project, to re-purpose part of our office space.

It was also pleasing for the Board that in the most recent Pulse staff engagement survey, not only was the overall score marginally up, at 8.2 overall, but female respondents recorded a score around 5% higher than their male colleagues. Taken alongside the improvements in our Maturity Index status, these measures indicate that we are making steady progress on the strands of Workforce Culture and Performance and Data, both of which are crucial to promoting diversity and to retaining the staff already here who contribute to our Company's diversity.

Finally, due to the disruption caused by COVID-19, we have agreed to extend the term of our "Board apprentice" until the AGM in March 2022. We view these apprenticeships very positively, both in supporting the pipeline for future Board positions in Jersey, in particular female candidates, but also in having the holders share their perspectives with us.

On behalf of the Committee

Alan A. Bryce

A. BRYCE
Chairman
15 December 2021

Audit and Risk Committee Report

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

The Terms of Reference for the Audit and Risk Committee are available on our website (www.jec.co.uk).

Membership and meetings
The committee is made up of independent non-executive directors. There are currently three serving members, Alan Bryce, Amanda Iceton and myself. We have seen two changes in membership during the year. As planned, Aaron le Cornu stepped down as a Board and Committee member at the AGM in March 2021, and more recently Peter Simon stepped down from the Board and the Committee as explained in the Chair's statement on page 3. I anticipate increasing the membership to four next year, however I am satisfied that the current membership bring a good range of skills and experience, including recent and relevant financial experience as well as industry knowledge and IT and cyber expertise. Full biographies of all members are provided on pages 60 to 63.

Four scheduled meetings were held during the year, with 100% attendance at each one. The meetings provide a forum for discussions with both Company management and the external auditor. Meetings are attended, by invitation, by the Chair, Chief Executive Officer, Finance Director, Financial Controller, Director of Technology and members of both the external audit and internal audit teams. The acting Company Secretary provides secretarial support to the Committee.

Following each meeting I report to the Board on areas discussed and any topics of note and recommendations that emerged from ARC meetings. All recommendations from the Committee during the year were accepted by the Board.

The role of the Committee
The key responsibilities of the Committee are to:

- Oversee the independence, effectiveness and remuneration of the external auditor and the quality of the audit, and overseeing policy on the engagement of the external auditor to supply non-audit services
- Monitor the integrity of the financial statements and to report to the Board on key judgements and significant issues contained therein
- Consider, on behalf of the Board, whether the annual report and financial statements taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy
- Review and challenge the effectiveness of the Company's internal controls and risk management processes
- Oversee the review and testing carried out by the internal audit function on the effectiveness of the Company's internal controls
- Monitor principal and emerging risks and the robustness of the risk management framework

Key activities during the year
In carrying out its annual responsibilities as set out in the Corporate Governance Code, specific areas of focus this year included:

- An in-depth review of the Company's risk appetite and linkage with principal risks
- Review of a report by an external consultant on the effectiveness of our risk management controls and processes
- An analysis of lessons learnt from the Company's response to COVID-19
- Receiving reports from the Director of Technology on enhancements to the Company's IT systems, data privacy and cyber security control effectiveness

Further details can be found in the relevant section below.

Whistleblowing policy
The Committee is responsible for reviewing the Company's Whistleblowing or Speak Up policy and management's response to any concerns raised through this channel. The policy was reviewed by the Committee during the year. No Speak Up incidents occurred during the year.

External auditors
PricewaterhouseCoopers CI LLP ("PwC") replaced Deloitte as our auditor as a result of a tender process for the external audit in early 2020, and they continued as our external auditor during the year. The Committee review PwC's independence, effectiveness, quality and objectivity annually. We considered the 2020 audit, the first carried out by PwC, to be effective and of a high quality. The auditor's took time to get to know our business and we benefitted from a fresh perspective on our financial reporting controls and disclosures in the financial statements.

The Committee met separately with the external auditor without management present and I met the engagement leader, Lisa McClure, to discuss any matters which she would like to raise.

The Committee will continue to keep under review all aspects of the relationship with the external auditor and will initiate its next tender process at what is deemed an appropriate time taking into consideration the period since the last tender. Non-audit services are reviewed on a case-by-case basis. As disclosed in Note 6 to the Financial Statements, no non-audit services were provided by PwC in the year. The effectiveness of the external audit is considered on an ongoing basis driven primarily by discussions with the external auditor and finance team on the maintenance of audit quality, reports presented to the Committee by the audit team in connection with the year end audit, and a meeting each January to discuss learnings from the audit process that has just been completed for the prior year. Confirmation of auditor independence was received from PwC during the audit process.

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.

Viability and going concern

The Committee assessed the going concern and viability statements in the annual accounts. This involved consideration of principal and emerging risks to the business and the suitability of the five year period adopted in the viability statement. The Committee took into account the five year plan that was refreshed in September 2021 and reviewed by the Board, and stress testing carried out by management based on severe but plausible scenarios.

The Committee was satisfied that a robust assessment has been made by management of the risks that could threaten the Company's future performance, solvency and liquidity, and recommended to the Board that the going concern and viability statements could be approved.

UK Corporate Governance Code

In 2020 the Company reported under the 2018 Corporate Governance Code for the first time. In preparing the Annual Report and Financial Statements for 2021 the Committee, Board and management have taken into account the feedback and recommendations of the FRC in its annual letter to CEOs, CFOs and ARC chairs and its review of corporate governance reporting, both of which were published in November 2020, and also took cognisance of other FRC guidance that is regularly issued. We continually strive to meet the expectations of public company reporting and enhance the quality of stakeholder communications.

Fair, balanced and understandable

As part of the review of the annual and interim financial statements, the Committee reviews the significant issues and in particular any critical accounting judgements identified by the Company and discussed with the external auditor, which are disclosed in Note 2 to the Financial Statements (Critical Accounting Judgements and key sources of estimation uncertainty). Comprehensive position papers on each key area are produced by the Finance team at both the half and full year. Some of the areas are recurring items such as revenue recognition, impairment of assets and retirement benefit obligations. In addition, provisioning for bad debts received focus during the COVID-19 crisis. The Committee reviews any year-on-year changes in methodology for reasonableness and assesses the impact of any new accounting policies.

The Committee 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 stakeholders. The Committee considers reports from the internal and external auditors and from management and provides comment on salient issues to the Board.

On behalf of the Board, the Committee considered whether the 2021 annual report and financial statements taken as a whole are fair, balanced and understandable, and whether the disclosures are appropriate. The Committee reviewed the Group's procedures around the preparation, review and challenge of the report and consistency of the narrative sections within the financial statements and the use of alternative performance measures and associated disclosures. The Committee also considers any potential inconsistencies raised by the external auditor.

Following its review, the Committee is satisfied that the Annual Report is fair, balanced and understandable, and provides the information necessary for shareholders and other stakeholders to assess the Company's position and performance, business model and strategy, and has advised the Board accordingly.

Internal Control and Risk Management

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. Oversight of the risk management framework and internal controls is delegated to the Committee.

Internal Audit

Committee members have regular meetings with Internal Audit to evaluate both performance, and any impediments that might exist, which would constrain their work. The Head of Internal Audit has a direct reporting line to myself and reports operationally to the Finance Director. The ARC approves the programme of work on an annual basis and monitors results and follow up actions, reporting to the Board on any significant findings. The review of reports provided by Internal Audit and the monitoring of action points relating to findings provides the Committee and the Board with comfort over the functioning of internal controls.

The Company's internal audit activities are carried out by our internal audit team, with some audits outsourced to BDO or other third-party suppliers overseen by the Head of Internal Audit. This year we have strengthened our internal audit team and transitioned to a new and improved platform. The scope of internal audit reviews has been refreshed which has allowed us to identify areas in which controls can be strengthened.

Risk Management

During the year the ARC carried out an in-depth review of the Company's risk appetite. These discussions led to some recommended changes to the categorisation of risk appetite, and mapping to principal risks. These proposals were presented to the Board in an ad hoc meeting, using a potential business opportunity example to lead the Board through the process of assessing such opportunities using the risk appetite framework. Further discussions ensued, and a revised risk appetite statement was adopted by the Board in September.

A risk management review was commissioned during the year to assess the Company's overall risk maturity. The report concluded that the Company is in most respects at the "Developing" level, with recommendations which could allow it to move towards an "Integrated" rating. The recommendations were discussed by the Committee and appropriate actions agreed. One of the recommendations related to the Company's risk appetite statement, and we involved the author of the report in our discussions on risk appetite noted above. The report also highlighted that the Company does not have a risk management function separate from our internal audit function. In order to address this we have reviewed checks and balances and in particular reporting lines to ensure the effectiveness of our risk management processes.

The Committee reviewed the risk register and discussed risks that were increasing, decreasing or static, together with a review of the effectiveness of mitigations. New and emerging risks were also considered. Further details are set out in the Financial Review on pages 51 to 54.

As the Company becomes more reliant on electronic data in its day to day activities and interactions with clients, the appropriateness of data security controls is continually evaluated by the Company and Board. Resources and skills in this area have been strengthened during the year, and the Committee receives and considers regular reports from the Head of Technology as well as from the Head of Internal Audit on the robustness of controls and enhancements to the controls environment. This will remain an area of focus for the coming year.

The ongoing risks associated with COVID-19, and corresponding risk management controls put in place, were monitored by the Committee, including a review of lessons learnt from the pandemic response. The review found that the response was effective in managing the risks heightened by the pandemic, with some minor enhancements recommended to the Business Continuity Plan.

I would like to thank members of the Committee, management and PwC for their continued support throughout the year.

On behalf of the Committee

W. DORMAN
Chairman
15 December 2021

Remuneration Committee Report

I took on the role of Remuneration Committee Chair on 4 March 2021, replacing Aaron Le Cornu who retired on that date. I would like to thank Aaron for all his hard work over the years and for his guidance during our handover discussions.

On behalf of the Board, I am pleased to present the Remuneration Committee's (the "Committee") report for the financial year ended 30 September 2021. I would also like to thank the other Committee members for their valuable help during the last year, being Phil Austin, Peter Simon and Amanda Iceton.

The terms of reference for the Committee have been updated during the course of this year, in line with the The UK Corporate Governance Code, and approved by the Board, and these are available on the Company's website (www.jec.co.uk).

Four Committee meetings took place during the last financial year with 100% attendance by all Committee members.

Remuneration Policy

In line with the authority delegated by the Board, the Committee determines the remuneration for the Chair, the Executive Directors, and the broader senior management team. It also reviews the workforce remuneration and related policies.

The Committee's key considerations in reviewing Executive Directors' remuneration included alignment with the strategic objectives of the business and the extent to which remuneration will attract, motivate, and retain the talent needed to achieve the long-term success of the Company. The Committee aims to set remuneration packages for the Executive directors that reflect the market for similarly sized roles and fairly reward them for their contribution to the overall performance of the Company. Remuneration packages comprise basic salary and benefits together with a performance related annual bonus. Benefits for Executive Directors principally consist of membership of the pension scheme, a car or car allowance, private health care and a subsidised loan to assist with housing.

The salary and benefits for the Executive team are reviewed by the Committee each October. In recent years, we commissioned a third-party provider to undertake a comprehensive review of the competitor landscape to benchmark the remuneration for our Executive Directors and to advise on the design of the Executive bonus scheme. This benchmarking made reference to comparable companies in the UK/EU, as this is considered the relevant labour market for the skills required. The Committee also makes use of locally focussed benchmarking data.

To ensure we remain vigilant and current in our approach, we will be conducting a similar exercise looking at remuneration policy and benchmarking Executive and non-Executive remuneration during the next financial year, under the auspices of executive remuneration consultants Mercer Kepler.

During the year, the Committee approved salary increases of 2.5% for the Executive directors. These increases were in line with the increases awarded to the wider employee population.

Variable component of Executive remuneration

The Executive annual bonus is designed to promote the long-term success of Jersey Electricity and progress on delivering the vision and strategy. The bonus payable to the Executive Directors is performance related, taking account of delivery against both corporate and personal objectives which are agreed by the Remuneration Committee, and approved by the Board, before the start of the financial year. The corproate objectives are set out in the Corprorate Scorecard. This Corporate Scorecard is also shared across the wider management team to ensure alignment of understanding regarding priorities. The Corporate Scorecard covers the core measures of client service/satisfaction, employee engagement, health and safety, financial performance and delivery on key strategic objectives. For example, during the year to September 2021, key strategic objectives in the Corporate scorecard included delivering renewable projects and enhancing the stakeholder engagement programme. Consideration was also given to the effectiveness of the contingency planning that was implemented during the COVID-19 crisis.

Each Executive Director has a maximum cap on their total variable pay. These maximum total variable awards are payable for outstanding performance only. The bonus scheme was amended in 2019 to allow the Committee the discretion to defer up to 50% of the award for a period of two years, with the ultimate pay-out linked to movements in the listed share price in the period before vesting. The bonuses paid to the Executive Directors, as shown in the table below, exclude a 40%-45% deferment of the total bonus for two years until October 2022. The deferred amounts were £63,000 and £35,200 for C.J Ambler and M.P. Magee respectively set when the share price was £5.29. The deferred element of the bonus is subject to malus and clawback provisions.

Remuneration Committee Report

The remuneration paid, or estimated to be payable, to Directors for the year ended 30 September 2021 was as follows:

	Basic salary/fees £	Bonus paid in year £	Bonus deferred in year £	Benefits in kind £	**Total 2021 £**	Total 2020 £
EXECUTIVE DIRECTORS						
C. Ambler	256,336	77,000	63,000	15,970	**412,306**	400,527
M. Magee	203,954	52,800	35,200	13,004	**304,958**	296,916
NON-EXECUTIVE DIRECTORS						
P. Austin	43,000	-	-	1,882	**44,882**	44,850
A. Bryce	27,000	-	-	1,882	**28,882**	30,350
W. Dorman	28,000	-	-	1,882	**29,882**	29,850
A. Iceton	25,000	-	-	1,882	**26,882**	8,971
A. Le Cornu (retired 4 March 2021)	11,475	-	-	813	**12,288**	28,850
P. Simon (resigned 31 August 2021)	22,917	-	-	1,729	**24,646**	30,350
T. Taylor	24,150	-	-	1,882	**26,032**	24,850
Total	641,832	129,800	98,200	40,926	**910,758**	895,514

Service Contracts

The Executive Directors' service contracts provide for a notice period of six months and they are put forward for annual re-election at each Annual General Meeting (AGM). The non-Executive Directors' service contracts have no unexpired term at the time of election, or re-election, at the AGM.

Pension Benefits

The Company has two pension plans available to employees – a defined benefit scheme, which closed to new members in 2013, and a defined contribution scheme which remains open to all staff. Both Executive Directors are members of the defined benefit scheme which has a contribution rate of 20.6% for the employer, and 6% for the employee. In terms of proportion of employees in either scheme there are currently 54% in the defined benefit scheme and 46% in the defined contribution scheme i.e., the majority are in the former. In addition, it was agreed by the Board at the time of the Chief Executive's appointment that he would participate in a non-contributory version of the defined benefit scheme (refer to page 66 and the Statement of Compliance section, noting Provision 38 of the Code).

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 30.9.2021[2]	Transfer value at 30.9.2021[3]	Transfer value at 30.9.2020[3]	Directors' contributions during year	Increase/ (decrease) in transfer value less Directors contributions[4]
C.J. Ambler	£5,903	£70,112	£1,421,328	£1,407,203	-	£14,125
M.P. Magee[5]	£5,962	£106,820	£2,330,218	£2,453,132	£12,237	£(135,151)

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. The employer cash contributions during the year were £68,185 and £42,015 for C.J. Ambler and M.P. Magee respectively.
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. The transfer values include any accrued Additional Voluntary Contributions (AVC) pensions.
4. The increase/(decrease) 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 AVCs to the Scheme to purchase additional final salary benefits. AVCs paid by the Directors during the year were nil.

CEO pay ratio

The CEO pay ratio is being disclosed for the first time in 2021. This reflects how the total remuneration of the CEO compares to the rest of the employees in the organisation at the 25th, 50th, and 75th percentiles. The table below shows the data for the last 3 years which is relatively static with annual movements mainly due to the changing mix of employees, and their pay, within the organisation.

Year	25th %ile	50th %ile	75th %ile
2019	11.5	8.6	5.9
2020	11.1	8.3	5.9
2021	11.4	8.8	6.3

Share Schemes

At the 2011 AGM approval was granted to launch an all-employee share scheme. To date, 4 tranches of shares have been issued to employees with total shares of 300 having vested and the last tranche of 100 shares issued during the 2020 financial year being due to vest in September 2023. There are no other share-based incentives such as option schemes or long-term incentive plans operated by the Company. However, the Committee has the discretion to defer up to 50% of the performance bonus to Executive Directors for a period of two years with the ultimate pay-out linked to movements in the listed share price in the period before vesting.

Workforce engagement

Under the most recent changes to the UK Corporate Governance Code, committees are required to disclose more details on workforce engagement and wider remuneration considerations. As detailed elsewhere in the Annual Report, the Company has conducted employee surveys for a number of years which provide very valuable data on employee engagement across a number of factors, including remuneration. Employee engagement is a key aspect of the Corporate Scorecard. In addition, each year the Committee is provided with a paper setting out details of all employee pay and workforce policies across the Company. The discussions on this topic provide us with helpful insights for framing executive pay considerations.

During the 2021 financial year, the workforce Culture and Engagement Forum met twice. I was pleased to be able to attend this forum in August, following the previous one attended by Aaron prior to his departure, which provided an ideal opportunity to gain first hand feedback from the workforce. In the course of these discussions, it was clear that employees valued the support and flexibility provided during the COVID-19 crisis.

Non-Executive Directors' Remuneration

The remuneration of the non-Executive Directors is determined by the Chair of the Company and the Executive Directors with the assistance of independent advice concerning comparable organisations and appointments and considering the Committees in which they are involved. As with Executive Director pay, Mercer Kepler were used to provide such advice. A small premium was paid in the financial year to those who chaired Committees (Audit and Risk: £5,000; Nomination/Remuneration: £2,000) and to those who were members of the ARC (£2,000) for additional responsibility and to Directors based off-Island (£3,000) for travelling time. Alan Bryce and Peter Simon, who as Directors based off-Island, would normally receive a travelling time allowance (£3,000), voluntarily waived this annual allowance because they were unable to travel to Jersey due to COVID-19 travel restrictions during this financial year.

External Appointments

The Company encourages Executive Directors to broaden their experience by accepting non-Executive appointments to companies or other organisations outside the Group. Such appointments are subject to prior approval by the Board, having taken into consideration the expected time commitments, and the Board also determines the extent to which any fees may be retained by the Director. 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 Ltd and Apax Global Alpha Ltd
The total non-Executive Director fees for such appointments were £96,429 of which £77,143 was retained by the individual, and the remainder paid to the Company.

M.P. Magee
Jersey Post International Ltd
The non-Executive Director fee for the above appointment was £25,000 of which £20,000 was retained by the individual and the remainder paid to the Company. In addition, another appointment was held for part of the financial year, with Aberdeen Standard Capital Offshore Strategy Fund Ltd. The fee for that appointment was £10,000 of which £8,000 was retained and the remainder paid to the Company.

Remuneration Committee Report

Directors' Loans

At the time of hiring the Executive Directors, and bringing them over to live in Jersey, the Company provided secured loans to assist them with the purchase of a residential property on the Island. Since then, substantial repayments have been made by the Executive Directors and the remaining loan balance was:

	30.9.2021	30.9.2020
C.J. Ambler	**£300,000**	£300,000

Directors' Share Interests

The Directors' beneficial interests in the shares of the Company at 30 September 2021 were:

	'A' Ordinary Shares		5% and 3.5% Preference Shares	
	2021	2020	2021	2020
C. Ambler*	**7,620**	7,620	**-**	-
M. Magee*	**13,800**	13,800	**960**	960
P. Austin	**5,000**	5,000	**-**	-
A. Bryce	**4,500**	4,500	**-**	-
W. Dorman	**3,500**	3,500	**-**	-
T. Taylor	**5,000**	5,000	**-**	-
	39,420	39,420	**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 from the all-employee share scheme in September 2023.

There have been no other changes in the interests set out above between 30 September 2021 and 15 December 2021.

On behalf of the Committee

Tony Taylor

T. TAYLOR
Chairman
15 December 2021

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.

Companies (Jersey) Law 1991 ("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 Group'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 Group 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 Group 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 existence 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 90.

Having taken advice from the ARC, the Board considers the Annual Report and financial statements, taken as a whole, to be fair, balanced and understandable and that they provide the information necessary for shareholders to assess the Company's and Group'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 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
15 December 2021

M.P. MAGEE
Finance Director
15 December 2021

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

Report on the audit of the consolidated financial statements

Our opinion
In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Jersey Electricity plc (the "company") and its subsidiary (together "the group") as at 30 September 2021, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

What we have audited
The group's consolidated financial statements comprise:

- the consolidated balance sheet as at 30 September 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of the group, as required by the Crown Dependencies' Audit Rules and Guidance. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach
Overview

Materiality
- Overall group materiality: £954,000 (2020: £740,000) based on 5% of profit from operations before taxation.
- Performance materiality: £715,500.

Audit scope
- We conducted our audit work in Jersey.
- We tailored the scope of our audit taking into account the operations of the group, the accounting processes and controls, and the industry in which the group operates.
- The group is based solely in Jersey and the consolidated financial statements are a consolidation of the company and Jersey Deep Freeze Limited, a subsidiary which also operates in Jersey.
- Based on its contribution to group profit from operations before taxation and total assets as a percentage of the total, the subsidiary was determined to be a non-significant component. Our audit work was therefore focused on the company.

Key audit matters
- Recognition of energy and retail revenue.
- Assessment of pension assumptions applied in the valuation of defined benefit obligation.
- Adjustment of prior year error in relation to overstatement of revenue and trade and other receivables.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the Key audit matter
Recognition of energy and retail revenue *Refer to note 1 (Accounting policies), and note 3 (Business segments) to the financial statements.* The group recognised £89.9m of energy revenue (2020: £85.3m) and £19.9m of retail revenue (2020: £17.9m). Revenue from the energy segment comprises charges for the consumption of electricity by customers and service connections. Revenue from the retail segment is derived from the sale of consumer products in the company's "Powerhouse" store and online. Energy and retail revenue are material to the financial statements and revenue recognition was identified as an area of focus in the audit plan we presented to the Audit and Risk Committee.	We obtained an understanding and evaluated the overall control environment around the recognition of revenue from energy and retail. Our approach to revenue from the energy segment was based on data analytics as follows: We evaluated the operating effectiveness of the IT General Controls surrounding the smart meter, billing and general ledger systems. We traced data from the meter reading systems to the general ledger system to ensure the data had been completely and accurately transferred. We applied approved tariff rates to the readings from the general ledger system and recalculated the expected revenue. We reconciled the expected revenue to the invoices raised to customers from the general ledger system. For the retail segment: We evaluated the operating effectiveness of the IT General Controls surrounding the electronic point-of-sale ("EPOS") and general ledger systems. We performed a margin analysis between cost of sales and revenue based on the data obtained from the general ledger. The margin analysis was based on tests of detail performed on the cost of sales by agreeing a sample of expenses to supporting documentation. For both energy and retail revenue, we matched revenue from the general ledger system to receipts in the bank statement using data analytics. We investigated unmatched items and performed tests of detail on them, and ensured they tied through to other asset accounts or were offset against other liability accounts (e.g. customer deposits). No matters were identified that required reporting to those charged with governance.

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

Key audit matter	How our audit addressed the Key audit matter
Assessment of pension assumptions applied in the valuation of defined benefit obligation *Refer to note 1 (Accounting policies), note 2 (Critical accounting judgements and key sources of estimation uncertainty), and note 17 (Pensions) to the financial statements.* The group has a defined benefit pension plan that was recognised as a net surplus of £18.8m at the year-end (2020: £7.3m). This comprises estimated plan liabilities of £142.3m (2020: £149.3m) and plan assets of £161.1m (2020: £156.6m). The valuation of the plan liabilities requires significant levels of judgement, estimates and technical expertise including the use of actuarial assessment to support the directors in selecting appropriate assumptions. Changes in a number of key financial and demographic assumptions (including discount rates, salaries increase, inflation, and mortality rates) can have a material impact on the calculation of the pension obligation. The group used an independent qualified actuary to assess the defined benefit obligation at year end.	We obtained an understanding and evaluated the overall control environment around the defined benefit obligation. We used our auditor's experts to evaluate the assumptions made in relation to the valuation of the scheme liabilities. We compared the various assumptions used to our auditor's expert's internally developed benchmarks; considered the consistency and appropriateness of methodology and assumptions applied compared to the prior year end and the most recent actuarial valuation. We tested the completeness and accuracy of the retirement benefit obligation disclosures. We confirmed that the group's actuarial experts are qualified, appropriately affiliated to third party industry bodies and are independent of the group. No matters were identified that required reporting to those charged with governance.
Adjustment of prior year error in relation to overstatement of revenue and trade and other receivables *Refer to note 2 (Critical accounting judgements and key sources of estimation uncertainty) and note 14 (trade and other receivables* During our audit, management identified an error in the prior year reported trade and other receivables balance related to historical overstatement of revenue from pay-as-you-go customers. The error was identified as a result of the discontinuation of a legacy system. We determined the prior year adjustment to be a key audit matter as an area that required significant auditor and management attention during the performance of our audit.	We obtained an understanding of the nature of the error from management and having assessed applicable accounting standards we concluded that this met the definition of a prior year adjustment. We evaluated management's judgement that the error occurred in a period prior to the earliest comparative information presented. To obtain evidence over the completeness and accuracy of the adjustment, we reviewed the trade receivables listing as at 30 September 2021 to confirm there were no material trade and other receivables recognised in relation to meters that have been scrapped. On a sample basis, we compared the listing of meters included in the calculation of the adjustment to data from the metering system to make sure the adjustment related only to scrapped meters. We analysed the appropriateness of adjustments made to reported trade and other receivables and retained earnings for the prior year and prior year opening balances. We evaluated the disclosures in the financial statements with respect to the adjustment for completeness and compliance with the requirements of applicable accounting standards. No matters were identified that required reporting to those charged with governance.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Based on our professional judgement, we determined materiality for the consolidated financial statements as a whole as follows:

Overall group materiality	£954,000 (2020: £740,000)
How we determined it	5% of profit from operations before taxation
Rationale for benchmark applied	We believe that group profit from operations before taxation is the most appropriate benchmark because this is the key metric of interest to members. It is also a generally accepted measure used for companies in this industry.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £715,500 for the group financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £47,500 (2020: £37,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The directors are responsible for the other information. The other information comprises all the information included in the Annual Report and Accounts 2021 (the "Annual Report") but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the consolidated financial statements and the audit

Responsibilities of the directors for the consolidated financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, the requirements of Jersey law and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

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

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

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of this report
This report, including the opinions, has been prepared for and only for the members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Company Law exception reporting

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;
- proper accounting records have not been kept; or
- the consolidated financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the consolidated financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the consolidated 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 consolidated financial statements;
- The directors' explanation as to their assessment of the group's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statement is consistent with the consolidated financial statements and our knowledge and understanding of the group and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the consolidated financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Lisa McClure.

LISA McCLURE
for and on behalf of
PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognized Auditor
Jersey, Channel Islands
15 December 2021

Financial Statements

Consolidated Income Statement

for the year ended 30 September 2021

	Note	2021 £000	2020 £000
Revenue	3	118,608	111,747
Cost of sales		(74,159)	(69,695)
Gross profit		44,449	42,052
Revaluation of investment properties	11	6,055	515
Operating expenses	4	(29,991)	(26,360)
Group operating profit	3	20,513	16,207
Finance income		112	139
Finance costs		(1,540)	(1,516)
Profit from operations before taxation		19,085	14,830
Taxation	7	(2,794)	(3,090)
Profit from operations after taxation		16,291	11,740
Attributable to:			
Owners of the Company		16,155	11,624
Non-controlling interests	19	136	116
		16,291	11,740
Earnings per share			
- basic and diluted	9	52.73p	37.94p

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2021

	Note	2021 £000	2020 £000
Profit for the year		16,291	11,740
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on defined benefit scheme	17	14,803	(1,663)
Income tax relating to items not reclassified	7	(2,961)	333
		11,842	(1,330)
Items that may be reclassified subsequently to profit or loss:			
Fair value (loss)/gain on cash flow hedges	22	(3,116)	1,290
Income tax relating to items that may be reclassified	7	623	(258)
		(2,493)	1,032
Total comprehensive income for the year		25,640	11,442
Attributable to:			
Owners of the Company		25,504	11,326
Non-controlling interests		136	116
		25,640	11,442

All results in the year have been derived from continuing operations.
The notes on pages 90 to 116 form an integral part of these accounts. The independent auditor's report is on pages 80 to 85.

Consolidated Balance Sheet

as at 30 September 2021

	Note	2021 £000	2020 £000 Restated	2019 £000 Restated
Non-current assets				
Intangible assets	10	**933**	479	683
Property, plant and equipment	11	**216,550**	217,936	217,046
Right of use assets	11	**3,113**	2,899	-
Investment properties	11	**27,810**	21,755	21,240
Trade and other receivables	14	**308**	300	383
Retirement benefit asset	17	**18,761**	7,315	10,417
Derivative financial instruments	22	**108**	277	208
Other investments	12	**5**	5	5
Total non-current assets		**267,588**	250,966	249,982
Current assets				
Inventories	13	**6,909**	6,028	6,018
Trade and other receivables	14	**18,000**	15,745	17,095
Derivative financial instruments	22	**-**	960	197
Cash and cash equivalents		**43,136**	35,520	24,915
Total current assets		**68,045**	58,253	48,225
Total assets		**335,633**	309,219	298,207
Liabilities				
Trade and other payables	15	**18,373**	18,193	17,320
Current tax liabilities	7	**3,020**	2,742	2,714
Lease liabilities		**72**	65	-
Derivative financial instruments	22	**1,256**	143	298
Total current liabilities		**22,721**	21,143	20,332
Net current assets		**45,324**	37,110	27,893
Non-current liabilities				
Trade and other payables	15	**24,006**	22,714	21,757
Lease liabilities	16	**3,035**	2,879	303
Derivative financial instruments	22	**874**	-	-
Financial liabilities - preference shares	18	**235**	235	235
Borrowings	16	**30,000**	30,000	30,000
Deferred tax liabilities	7	**29,321**	27,209	26,936
Total non-current liabilities		**87,471**	83,037	79,231
Total liabilities		**110,192**	104,180	99,563
Net assets		**225,441**	205,039	198,644
Equity				
Share capital	18	**1,532**	1,532	1,532
Revaluation reserve		**5,270**	5,270	5,270
ESOP reserve		**(79)**	(120)	(45)
Other reserves		**(1,618)**	875	(157)
Retained earnings		**220,178**	197,359	191,982
Equity attributable to the owners of the Company		**225,283**	204,916	198,582
Non-controlling interests	19	**158**	123	62
Total equity		**225,441**	205,039	198,644

Approved by the Board on 15 December 2021

P.J. AUSTIN
Director

M.P. MAGEE
Director

The notes on pages 90 to 116 form an integral part of these accounts. The independent auditor's report is on pages 80 to 85.

Consolidated Statement of Changes in Equity

for the year ended 30 September 2021

	Note	Share capital £000	Revaluation reserve £000	ESOP reserve £000	*Other reserves £000	Retained earnings £000	Total £000
At 1 October 2020 - restated		1,532	5,270	(120)	875	197,359	204,916
Total recognised income and expense for the year		-	-	-	-	16,155	16,155
Amortisation of employee share option scheme		-	-	41	-	-	41
Movement on hedges (net of tax)		-	-	-	(2,493)	-	(2,493)
Actuarial gain on defined benefit scheme (net of tax)		-	-	-	-	11,842	11,842
Equity dividends	8	-	-	-	-	(5,178)	(5,178)
At 30 September 2021		**1,532**	**5,270**	**(79)**	**(1,618)**	**220,178**	**225,283**
At 1 October 2019 as previously stated		1,532	5,270	(45)	(157)	192,882	199,482
Impact of prior year adjustment	2	-	-	-	-	(900)	(900)
At 1 October 2019 restated		1,532	5,270	(45)	(157)	191,982	198,582
Total recognised income and expense for the year		-	-	-	-	11,624	11,624
Funding of employee share option scheme		-	-	(78)	-	-	(78)
Amortisation of employee share option scheme		-	-	3	-	-	3
Movement on hedges (net of tax)		-	-	-	1,032	-	1,032
Actuarial loss on defined benefit scheme (net of tax)		-	-	-	-	(1,330)	(1,330)
Equity dividends	8	-	-	-	-	(4,917)	(4,917)
At 30 September 2020 - restated		**1,532**	**5,270**	**(120)**	**875**	**197,359**	**204,916**

*'Other reserves' represents the foreign currency hedging reserve.

The notes on pages 90 to 116 form an integral part of these accounts. The independent auditor's report is on pages 80 to 85.

Consolidated Statement of Cash Flows

for the year ended 30 September 2021

	2021 £000	2020 £000
Cash flows from operating activities		
Operating profit	20,513	16,207
Depreciation and amortisation charges	10,924	11,424
Share-based reward charges	41	3
Gain on revaluation of investment property	(6,055)	(515)
Pension operating charge less contributions paid	3,357	1,439
Profit on sale of property, plant and equipment	(6)	(24)
Operating cash flows before movement in working capital	28,774	28,534
Working capital adjustments:		
Increase in inventories	(881)	(10)
(Increase)/decrease in trade and other receivables	(2,263)	1,433
Increase in trade and other payables	904	1,071
Net movement in working capital	(2,240)	2,494
Interest paid on borrowings	(1,395)	(1,376)
Preference dividends paid	(9)	(9)
Income taxes paid	(2,742)	(2,714)
Net cash flows from operating activities	22,388	26,929
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,513)	(10,922)
Investment in intangible assets	(805)	(337)
Deposit interest received	112	139
Net proceeds from disposal of fixed assets	6	24
Net cash flows used in investing activities	(9,200)	(11,096)
Cash flows from financing activities		
Equity dividends paid	(5,178)	(4,917)
Dividends paid to non-controlling interest	(101)	(55)
Purchase of shares for employee benefit trust	-	(78)
Repayment of lease liabilities	(297)	(189)
Net cash flows used in financing activities	(5,576)	(5,239)
Net increase in cash and cash equivalents	7,612	10,594
Cash and cash equivalents at the beginning of the year	35,520	24,915
Effect of foreign exchange rate changes	4	11
Cash and cash equivalents at the end of the year	43,136	35,520

IAS 7 ' Statement of Cash Flows' requires the explanation of both cash and non-cash movements in assets and liabilities relating to financing activities. See note 16.

Of the £43.1m cash and cash equivalents at 30 September 2021, £35.0m (2020: £20.0m) is on fixed term deposits with an average of 79 days remaining (2020: 52 days).

The notes on pages 90 to 116 form an integral part of these accounts. The independent auditor's report is on pages 80 to 85.

Notes to the Consolidated Financial Statements
for the year ended 30 September 2021

1 Accounting policies

Basis of preparation
The Group's accounting policies as applied for the year ended 30 September 2021 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 2021 comprises the Company and its subsidiary.

The subsidiary is an entity over which the Company 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 105 (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 51 to 54). In addition, note 22 to the financial statements includes 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 pages 53 to 54.

Foreign currencies
The functional and presentation currency of the Company is Pounds 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.

1 Accounting policies (continued)

Revenue

The Group recognises revenue from the following services:

i) **Energy supply**

Energy sales revenue is recognised on the basis of energy supplied during the period. Revenue for energy supply is therefore accounted "over time" and includes an estimated assessment of energy supplied to customers. This is between the date of the last meter reading and the balance sheet date, using historical consumption patterns.

Service connections revenue is derived from the provision of a connection to an existing mains cable, laying required infrastructure to the boundary of a customer's property and connecting to their domestic supply. Management considers that the combination of these activities comprise a distinct performance obligation to the customer. Service connection income is recognised at the point in time that the service is complete.

Capital contributions arise where charges are made to a developer when the Group provides a first-time supply for a property/properties. These charges cover the immediate infrastructure requirements as well as future investment needed to meet the extra demands which new connections put on existing network infrastructure. Management considers that the obligation to invest in the network is highly interrelated with the ongoing and future obligation to provide electricity supply services, particularly to maintain continuous supplies into the future. The investment in the network from the infrastructure charges enables the Group to continue providing value to the customer through the supply of electricity. The associated asset arises from the investment in the network and therefore the Group recognises infrastructure income through revenue on a straight line basis over the life of the associated asset. Deferred infrastructure charges are initially recorded within deferred income.

ii) **Retail**

Revenue resulting from the sales of goods within our retail business is recognised on sale to the customer at that point in time, as this is the point at which the company recognises the transfer of risks and rewards. Retail additionally sells service contracts to customers where the obligations to the customer are recognised as revenue on a monthly basis for the duration of the service contract.

iii) **Building Services**

Revenue within JEBS, our contracting and building services business, is recognised as the service is provided. As such JEBS recognises the revenue over time as an appropriate amount each month end, driven by the stage of completion for each contract (usually assessed by reference to costs incurred against budget to date).

iv) **Property**

Rental income is accrued on a monthly basis by reference to the agreements entered. Where applicable, contingent rental revenue is also recognised based on historic levels and in accordance with IFRS 16.

v) **Other**

Other income is recognised as the service is provided or on receipt of payment as appropriate. Other income also includes indefeasible rights of use (IRU) sales.

Through Jersey Electricity's interest in submarine cables, the Group has the ability to sell dark fibre to 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 consolidated income statement as a gain/(loss) on disposal of fixed assets.

vi) **Interest free financing**

Both retail customers and those wishing to fuel switch to electric heating can qualify for interest free credit terms.

Within retail, the Group has applied the practical expedient available in IFRS 15 (paragraph 63) and has not made an adjustment for any impacts of financing since customers will typically pay for the goods within 12 months or less.

Where financing is provided for fuel switching, repayment terms are typically up to five years. As such a deemed interest charge is calculated on an annual basis and offset against revenue.

Notes to the Consolidated Financial Statements
for the year ended 30 September 2021

1 Accounting policies (continued)

Revenue (continued)

Income in Jendev arises from both ongoing support contracts as well as implementation contracts and small ad-hoc development. Across these revenue streams are elements that relate to both point in time and over time delivery of service to customers. With ongoing support contracts the obligation is to provide user support for the specified business systems for a time period and the transaction price is an annualised rate invoiced every six or 12 months. The contracts provide that Jendev be on call should support be required, therefore the performance obligation is the time period over which this is provided. The revenue is recognised as the obligation is satisfied, each month recognising 1/12th of the annual rate as we have provided support over that period. With implementation contracts Jendev is deemed to be creating or enhancing an asset that the customer controls as the asset is being enhanced or created. As such revenue is recognised over time at an appropriate amount each month end, driven by the stage of completion for each contract. This can be assessed by completion of milestone obligations or by reference to development costs incurred.

Jersey Deep Freeze is a 51% (2020: 51%) controlled subsidiary. Revenues are derived from two workstreams. Firstly, service contracts where the obligation is satisfied over time and the customer is invoiced and revenue recognised as such, on a monthly basis. Secondly, provision of goods (refrigeration equipment) which is invoiced and revenue recognised at a point in time, upon delivery of the equipment to the customer.

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.

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 four 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 ("PPE") 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 from the year following acquisition. 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.

Owner-occupied property is classified within PPE.

1 Accounting policies (continued)

Property, plant and equipment (continued)

Depreciation is charged as follows:

Buildings	up to 50 years
Interlinks	up to 30 years
Plant, mains cables and services	up to 60 years
Fixtures and fittings	up to 15 years
Computer equipment	up to 4 years
Vehicles	up to 10 years

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 consolidated income statement.

Customer contributions in respect of additions to plant are treated as deferred income within Trade and other payables which is classified as non-current liabilities and released to the income statement over the estimated operational lives of the related assets.

Right of use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where a modification to a lease agreement decreases the scope of the lease, the carrying amount of the right of use asset is adjusted and a gain or loss is recognised in proportion to the decrease in scope of the lease. All other modifications to lease agreements are accounted for as a reassessment of the lease liability with a corresponding adjustment to the right of use asset.

Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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.

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, 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 the consolidated income statement, 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 properties are stated at fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated 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 arrangement

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

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.

Notes to the Consolidated Financial Statements
for the year ended 30 September 2021

1 Accounting policies (continued)

Financial instruments

Cash and cash equivalents
Cash and cash equivalents comprise cash and short-term deposits with an original 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 reduced by appropriate allowances for estimated irrecoverable amounts.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Group's assessment for calculating expected credit losses is made by reference to its historical collection experience, including comparisons of the relative age of the individual balance and the consideration of the actual write-off history. The provisioning rates applied in the calculation are reviewed on an annual basis to reflect the latest historical collection performance data and management's expectation of future performance and industry trends. Furthermore, where the Group has assessed a known risk of recoverability relating to known customers these balances are provided for in full.

Trade and other payables
Trade and other 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
Borrowings are measured at amortised cost using the effective interest method. Interest expense is recognised by applying the effective interest rate.

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 consolidated 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 consolidated 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 consolidated 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 consolidated income statement.

Following the adoption of IFRS 9 and as permitted by this standard, the Group has elected to continue to apply the hedge accounting requirements of IAS 39. This policy choice will be periodically reviewed to consider any changes in our risk management activities.

Borrowing costs
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 consolidated income statement in the period in which they occurred.

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 shares or options are shown as a deduction, net of tax, from the proceeds.

1 Accounting policies (continued)

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 Company 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 benefit 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 the income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Accounting developments

In preparing these Consolidated 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 Consolidated 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 disclosures of the Group and consequently have not been listed. The Group has not adopted any new standards or interpretations that are not mandatory.

New standards, amendments and interpretations effective or adopted by the Group

The accounting policies applied are consistent with those of the prior year. From 1 January 2020 (1 October 2020 for the Group), amendments to IFRS 3: Business Combinations; IFRS 7, IFRS 9 and IAS 39; Interest Rate Benchmark Reform; amendments to IAS 1 and IAS 8; and the conceptual framework for financial reporting became effective. None have had a material impact on the Group. From 1 June 2020 an amendment to IFRS 16 for coronavirus related rent concessions became effective. The Group has not received or granted any rent concessions and so has not early adopted the amendment as it would have no impact on the presentation of these Financial Statements.

New standards, amendments and interpretations issued, but not yet adopted by the Group

IFRS 17 'Insurance Contracts' is effective from 1 January 2023 (1 October 2023 to the Group) and is subject to endorsement. IFRS 17 'Insurance contracts' was originally issued in May 2017, then reissued in June 2020, and replaces IFRS 4 'Insurance Contracts' and sets out the requirements that a company should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. It is therefore not expected that adoption of this standard will have any impact on the Group's consolidated financial statements.

In addition to these issued standards, there are a number of other interpretations, amendments and annual improvement project recommendations that have been issued but not yet adopted by the Group because application is not yet mandatory.

2 Critical Accounting Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are monitored on an ongoing basis. Changes to accounting estimates are recognised in the period in which an estimate is revised if the modification affects only that period (or also in future periods if applicable).

Notes to the Consolidated Financial Statements
for the year ended 30 September 2021

2 Critical Accounting Judgements and key sources of estimation uncertainty (continued)

Critical accounting judgements

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

i Hedge accounting

The Group utilises currency derivatives to hedge a proportion of its future purchases of electricity from France which currently extend to the next three calendar years as well as for any foreign currency denominated capital contracts. Judgement is applied in establishing the quantum of these future foreign exchange commitments as the volume and price of imported electricity vary annually. All such currency derivatives are fair valued, based on market values of equivalent instruments at the balance sheet date.

ii Decommissioning

A judgement has been made that the Company does not meet the recognition criteria (set out in IAS 37 Provisions) as it does not have any set obligation to decommission 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.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation and uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

Retirement benefit obligations

The Group provides pensions through a defined benefits scheme for a number of its employees which is accounted for in accordance with IAS 19 'Employee Benefits'. The benefit obligation is discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded. The discount rate used in 2021 was 2.1% and in 2020 was 1.6%.

Prior year adjustment

During 2020 we migrated to a new Smart Pay As You Go metering solution for around 4,000 of our electricity customers who choose this payment method as a budgeting tool. The legacy system, which had been installed in the 1990's, was scrapped and the remaining credit balances and debts that existed on each meter transferred across to the new system.

Following a review of the remaining £0.9m balance in our receivable's ledger we ascertained that there had been a systematic over statement of income from this payment method over the period since 1998, when a new ERP financial system was adopted. The primary drivers being a combination of both the accumulation of £5 free credit provided as a customer service benefit to all new charge keys and a timing delay arising on each occasion tariffs have risen. The sums were relatively immaterial on an annual basis.

The Smart Pay As You Go metering solution benefits from more accurate data, including the elimination of time lag where tariffs move and any upfront credit provided to customers is now reclaimed over subsequent top-ups. At 30th September 2021 a deferred income balance of £0.5m is included and has been assessed as being reasonable.

In accordance with IAS 8, it has proven impractical to accurately allocate adjustments to all the individual years between 1998-2019. Therefore, £0.9m has been written off and treated as a prior year adjustment against reserves and trade receivables as seen in both the Consolidated Balance Sheet and the Consolidated Statement of Changes in Equity.

Each of the affected financial statement line items for the prior periods have been restated as follows:

	30 Sept 2020 £000	Decrease £000	30 Sept 2020 £000 Restated	1 Oct 2019 £000	Decrease £000	1 Oct 2019 £000 Restated
Trade and other receivables - current assets	**16,645**	**(900)**	**15,745**	17,995	(900)	17,095
Retained earnings	**198,259**	**(900)**	**197,359**	192,882	(900)	191,982

3 Business segments

The business segments below are those reported to the Group's Chief Executive for the purposes of resource allocation and performance assessment:

	2021 External £000	2021 Internal £000	2021 Total £000	2020 External £000	2020 Internal £000	2020 Total £000
Revenue						
Energy	89,780	100	89,880	85,140	122	85,262
Building Services	3,399	645	4,044	3,767	1,027	4,794
Retail	19,808	68	19,876	17,825	60	17,885
Property	2,304	645	2,949	2,266	645	2,911
Other*	3,317	945	4,262	2,749	891	3,640
	118,608	2,403	121,011	111,747	2,745	114,492
Intergroup elimination			(2,403)			(2,745)
Revenue			118,608			111,747
Operating profit						
Energy			10,693			12,257
Building Services			217			216
Retail			1,533			1,176
Property			1,393			1,270
Other			622			773
			14,458			15,692
Revaluation of investment properties			6,055			515
Operating profit			20,513			16,207
Finance income			112			139
Finance costs			(1,540)			(1,516)
Profit from operations before taxation			19,085			14,830
Taxation			(2,794)			(3,090)
Profit from operations after taxation			16,291			11,740
Attributable to:						
Owners of the Company			16,155			11,624
Non-controlling interests			136			116
			16,291			11,740

*Other segment includes Jersey Energy, Jendev (divisions) and Jersey Deep Freeze Limited, the Group's sole subsidiary.

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

Revaluation of investment properties is shown separately from Property operating profit as income.

Revenues disclosed by the business segments above are recognised both on a point in time and over time basis. The treatment of revenue recognition in accordance with IFRS 15 is detailed for each of these business segments in note 1 to these financial statements.

Notes to the Consolidated Financial Statements
for the year ended 30 September 2021

4 Operating expenses

	2021 £000	2020 £000
Distribution costs	12,363	12,343
Administration expenses	17,628	14,017
	29,991	26,360

5 Directors and employees

Detailed information in respect of Directors' shareholdings and emoluments, pensions and benefits is given in the Remuneration Committee Report on pages 75 to 78. The number of persons (full time equivalents) employed by the Group (including non-Executive Directors) at 30 September was as follows:

	2021 Number	2020 Number
Energy	238	199
Other businesses	88	97
Trainees	21	9
	347	305

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	18,592	17,441
Social security costs	1,003	941
Pension (note 17)*	4,967	3,163
	24,562	21,545
Capitalised manpower costs**	(2,083)	(1,868)
	22,479	19,677

* The pension costs above relate to the defined benefit pension scheme. The contributions recognised as an expense relating to the defined contribution scheme are included within wages and salaries and amount to £503,000 (2020: £397,000).

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

6 Group operating profit

Operating profit is after charging/(crediting):

	2021 £000	2020 £000
Fees payable to Group auditor		
Auditor's remuneration for audit services	249	242
Auditor's remuneration for non-audit services	-	-
Other operating charges		
Depreciation of property, plant, equipment and right-of-use assets (note 11)	10,573	10,833
Amortisation of intangible assets	351	541
Maintenance and repairs	2,350	1,768
Marketing costs	726	618
Movement in expected credit losses	(110)	381
Administration costs	1,908	1,383

7 Taxation

	2021 £000	2020 £000
Current tax:		
Jersey Income Tax - ordinary activities	3,020	2,742
Total current tax	3,020	2,742
Deferred tax:		
Current year	(226)	348
Total tax on profit on ordinary activities	2,794	3,090

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:

	2021 £000	2020 £000
Profit from ordinary activities before tax	19,085	14,830
Tax on profit on ordinary activities at standard income tax rate of 20% (2020: 20%)	3,817	2,966
Effects of:		
Expenses not deductible for tax purposes	17	5
Income not taxable for tax purposes	(1,328)	(214)
Non-qualifying depreciation	288	333
Group current tax charge for year	2,794	3,090

Notes to the Consolidated Financial Statements
for the year ended 30 September 2021

7 Taxation (continued)

Deferred Tax
The following outlines the major deferred tax assets/liabilities recognised by the Group and Company:

Group and Company	2021 £000	2020 £000
Accelerated capital allowances	25,973	25,527
Derivative financial instruments	(404)	219
Pensions	3,752	1,463
Provisions for deferred tax	29,321	27,209

Deferred tax movements in the year

Group and Company	2021 £000	2020 £000
At 1 October	27,209	26,936
Charged to profit and loss account	(226)	348
Charged to statement of comprehensive income	2,338	(75)
At 30 September	29,321	27,209

The Company is taxed solely in Jersey as it has no legal presence in any other jurisdiction. The applicable rate of income tax for utility companies in Jersey is 20%, whilst the applicable rate for companies in general, such as Jersey Deep Freeze Limited is 0%. There are no current indications, political or otherwise, that these rates are expected to change in the foreseeable future. The effective tax rate on pre-tax profits is 21% (2020: 21%) due to the manner in which capital allowances are applied in place of depreciation expenses which are included in the pre-tax profit figure. As the tax liability rests with the Government of Jersey, the right to offset assets and liabilities allows the balance sheet to show the net deferred tax liability position.

There is no tax impact on the Group arising from the proposed dividend shown in note 8.

8 Dividends paid and proposed
Equity:

		Per Share		In Total	
		2021 pence	2020 pence	2021 £000	2020 £000
Ordinary and 'A' Ordinary:					
Dividend paid	final for previous year	9.70	9.25	2,972	2,834
	interim for current year	7.20	6.80	2,206	2,083
		16.90	16.05	5,178	4,917
Dividend proposed	final for current year	10.20	9.70	3,125	2,972

The proposed dividend is subject to approval at the forthcoming AGM and has 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 Limited are disclosed in note 19.

9 Earnings per Ordinary share

Earnings per Ordinary and 'A' Ordinary share (basic and diluted) of 52.73p (2020: 37.94p) are calculated on the Group profit, after taxation, of £16,155,000 (2020: £11,624,000), and on the 30,640,000 (2019: 30,640,000) Ordinary and 'A' Ordinary shares in issue during the financial year and at 30 September 2021. There are no share options in issue nor any changes to the employee share option scheme and therefore there is no difference between basic and diluted earnings per share.

10 Intangible assets

	Computer Software £000
Cost as at 1 October 2020	1,818
Additions	805
Disposals	(202)
At 30 September 2021	2,421
Amortisation	
At 1 October 2020	1,339
Charge for the year	351
Disposals	(202)
At 30 September 2021	1,488
Net book value	
At 30 September 2021	933

	Computer Software £000
Cost as at 1 October 2019	1,656
Additions	337
Disposals	(175)
At 30 September 2020	1,818
Amortisation	
At 1 October 2019	973
Charge for the year	541
Disposals	(175)
At 30 September 2020	1,339
Net book value	
At 30 September 2020	479

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

The gross carrying amount of intangible assets at net book value of zero at 30 September 2021 was £80k. The average remaining useful life of intangible assets is 3 years.

Notes to the Consolidated Financial Statements
for the year ended 30 September 2021

11 Property, plant, equipment, right-of-use assets and investment properties

	Freehold land and buildings £000	Leasehold buildings £000	Plant £000	Mains cables and services £000	Fixtures, fittings, vehicles etc. £000	Interlinks £000	Total £000	Right-of-use assets £000	Investment properties* £000
Cost or valuation									
At 1 October 2020	36,467	16,990	112,570	97,539	22,918	98,182	384,666	3,002	21,755
Expenditure/lease additions	699	383	3,219	4,100	680	-	9,081	324	-
Revaluation	-	-	-	-	-	-	-	-	6,055
Disposals	-	-	-	-	(611)	-	(611)	-	-
At 30 September 2021	37,166	17,373	115,789	101,639	22,987	98,182	393,136	3,326	27,810
Depreciation									
At 1 October 2020	11,188	7,650	68,885	34,302	11,355	33,350	166,730	103	-
Charge for the year	721	366	2,760	1,427	2,076	3,113	10,463	110	-
Disposals	-	-	-	-	(607)	-	(607)	-	-
At 30 September 2021	11,909	8,016	71,645	35,729	12,824	36,463	176,586	213	-
Net book value at 30 September 2021	25,257	9,357	44,144	65,910	10,163	61,719	216,550	3,113	27,810

	Freehold land and buildings £000	Leasehold buildings £000	Plant £000	Mains cables and services £000	Fixtures, fittings, vehicles etc. £000	Interlinks £000	Total £000	Right-of-use assets £000	Investment properties* £000
Cost or valuation									
At 1 October 2019	34,461	16,990	108,577	94,189	23,096	98,007	375,320	-	21,240
Recognition on adoption of IFRS 16	-	-	-	-	-	-	-	2,901	-
Expenditure/lease additions	2,006	-	4,273	3,350	1,873	175	11,677	25	-
Modification/revaluation	-	-	-	-	-	-	-	76	515
Disposals	-	-	(280)	-	(2,051)	-	(2,331)	-	-
At 30 September 2020	36,467	16,990	112,570	97,539	22,918	98,182	384,666	3,002	21,755
Depreciation									
At 1 October 2019	10,092	7,283	66,353	32,931	11,403	30,212	158,274	-	-
Charge for the year	1,096	367	2,812	1,371	1,996	3,138	10,780	103	-
Disposals	-	-	(280)	-	(2,044)	-	(2,324)	-	-
At 30 September 2020	11,188	7,650	68,885	34,302	11,355	33,350	166,730	103	-
Net book value at 30 September 2020	25,279	9,340	43,685	63,237	11,563	64,832	217,936	2,899	21,755

11 Property, plant, equipment, right-of-use assets and investment properties (continued)

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, which in March 2021 deferred to May 2038. The Medical Centre lease is an internal repairing lease with a 30 year term from May 2005 and two remaining break options at 20 and 25 year anniversaries.

Commercial properties have been valued on the basis of a yield between 5.95% and 9.00% before deductions for acquisition costs. The Directors consider the assumptions and sensitivities in those assumptions would unlikely result in a material difference in valuation. If residential properties were valued 5% below or above the level assumed this would amount to a differential of £0.6m whilst the same variance for commercial properties would result in a movement in valuation of around £0.8m. 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 receivable are detailed in note 21.

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

b. The investment properties were valued as at 30 September 2021 by independent professionally qualified valuers who hold a recognised relevant professional qualification and are based in Jersey so have knowledge of our location. At each financial year-end the finance department verifies major inputs to the independent valuation report, assesses property valuation movements when compared to the prior year valuation report and holds discussions with the independent valuer. Changes in Level 2 and 3 fair values are analysed at each reporting year end and movements are explained. In accordance with IAS40 investment properties are not depreciated.

   The rental income arising from the properties during the year was £1,449k (2020: £1,440k) with maintenance and repair cost of £161k (2020: £85k). Under the terms of the lease arrangements with residential tenants, the Company is obliged to keep the rented premises in a good state of condition and repair. The Company is obliged to keep the Medical Centre wind and water tight and structurally sound, whilst no obligations exist to the Company with regards to the B&Q lease which is fully repairing.

c. The Group figures are tabled together with fixtures, fittings and vehicles for our subsidiary of £51k (2020: £48k) at cost and a net book value of £12k (2020: £8k).

d. The gross carrying amount of tangible assets still in use at net book value of zero at 30 September 2021 was £60.8m (2020: £60.0m).

e. The Group leases land and buildings as part of its Energy business, classified as right of use assets. For the year ended 30 September 2021 this includes two roof leases where third party roof areas have been used to provide solar generation. In addition to the depreciation expense relating to right of use assets of £110k (2020: £103k), the finance costs included in the consolidated income statement arising from the lease liability was £136k (2020: £131k). The maturity analysis of lease liabilities is presented in note 16.

Notes to the Consolidated Financial Statements

for the year ended 30 September 2021

12 Other investments

	2021 £000	2020 £000
Joint arrangement	5	5

Principal group investments

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	Shareholding	% Holding	Financial Year End
Joint arrangement:					
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 refrigeration and catering equipment	51 Ordinary	51	30 September

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 (EDF) 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' and included in these financial statements. CIEG has a reporting period end of 30 November based on the Company inception date. There was no activity during the current or prior years and CIEG continues to have no material assets.

Jersey Deep Freeze Limited

The Company owns 51% (2020: 51%) 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, as the Group is considered to exert control under IFRS 10. Jersey Deep Freeze Limited has a reporting period end of 30 September.

13 Inventories

The amounts attributed to the different categories are as follows:

	2021 £000	2020 £000
Fuel oil	2,019	2,206
Commercial stocks and work in progress	3,348	2,854
Generation, distribution spares and sundry	1,542	968
	6,909	6,028

During the year £15.6m (2020: £14.1m) was recognised directly in cost of sales in respect of inventories sold or used in operations or production.

14 Trade and other receivables

	2021 £000	2020 £000 Restated*
Amounts receivable within one year:		
Trade receivables (includes unbilled units)	15,850	14,125
Prepayments and other receivables	2,150	1,620
	18,000	15,745
Amounts receivable after more than one year:		
Secured loan accounts	308	300

*see note 2.

Unbilled revenues included within trade and other receivables in the balance sheet relating to such customers at 30 September 2021 amounted to £5.6m (2020: £5.6m).

The secured loans include a loan to a Director and to a shareholder in the subsidiary Jersey Deep Freeze Limited. See the Remuneration Committee Report on page 78 in the Report of the Directors for disclosure of the Directors' loan.

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

15 Trade and other payables

	2021 £000	2020 £000
Amounts falling due within one year:		
Trade payables	1,583	1,948
Other payables including taxation and social security	8,058	8,458
Accruals	8,218	7,340
Deferred income	514	447
	18,373	18,193
Amounts falling due after more than one year:		
Accruals	144	183
Deferred income	23,862	22,531
	24,006	22,714

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

Notes to the Consolidated Financial Statements

for the year ended 30 September 2021

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%

This facility includes externally imposed capital requirements. The financial covenants require a net debt to regulated asset value ratio to be calculated bi-annually not greater than 50% and an EBITDA to borrowings cost ratio not less than 4%, as defined in the loan agreement. The Group continues to meet these covenants.

	2021 £000	2020 £000
Unsecured borrowing at amortised cost		
Loan obtained from private placement	**30,000**	30,000

In addition the above borrowings are supplemented by an unsecured five year £10m revolving credit facility (RCF) from the Royal Bank of Scotland International Limited (RBSI) which provides flexibility as the timing of further planned capital expenditure is variable. This was renewed for a further five year period in July 2019.

This facility bears the same externally imposed capital requirements as detailed above. A one year £2m overdraft facility also exists with RBSI. Neither RBSI Facility was drawn at 30 September 2021.

The fair value of the loan obtained from private placement at 30 September 2021 is considered to be £35.0m (2020: £38.3m).

Lease liabilities

	2021 £000	2020 £000
At 1 October		
Lease liability recognised on adoption of IFRS 16	**2,944**	2,901
Additions during the year	**324**	363
Unwind of discount	**136**	(131)
Repayment in the year	**(297)**	(189)
As at 30 September	**3,107**	2,944

Right of use assets recognised under lease arrangements are detailed within note 11.

The maturity of future lease liabilities are as follows:

	2021 £000	2020 £000
Payable within one year	**237**	195
After one year but within five years	**948**	763
After five years	**8,335**	6,160
	9,520	7,118
Less: future finance charge	**(6,413)**	(4,174)
Present value of lease obligations	**3,107**	2,944

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 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 49% of the liabilities are attributable to current employees, 10% to former employees and 41% 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 17 years reflecting the approximate split of the defined benefit obligation.

Funding requirements

The last funding valuation of the Scheme was carried out by a qualified actuary as at 31 December 2018 and showed a surplus of £3.7m. In Jersey there are no legal or regulatory requirements governing pension schemes and therefore no imposed minimum funding requirement. The Company pays contributions of 20.6% (26.6% for non-contributory members) of pensionable salaries in respect of current accrual with contributory members paying a further 6% of pensionable salaries.

The effective date of the next funding valuation will be no later than 31 December 2021.

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. Most 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.

Risk management

The Company and Trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes an asset-liability matching policy which aims to reduce the volatility of the funding level of the Scheme by investing in assets that perform in line with the liabilities of the Scheme.

The Trustees insure certain benefits which are payable on death before retirement.

Reporting at 30 September 2021

The results of the latest funding valuation at 31 December 2018 have been adjusted to the balance sheet date taking account of experience over the period since 31 December 2018, changes in the market conditions, and differences in the financial and demographic assumptions. The present value of the defined benefit obligation, and the related current service cost, were measured using the Projected Unit Credit Method.

Notes to the Consolidated Financial Statements
for the year ended 30 September 2021

17 Pensions (continued)

The principal assumptions used by the independent qualified actuaries to calculate the liabilities under IAS 19 are set out below:

Main financial assumptions:	2021 % pa	2020 % pa
Discount rate for scheme liabilities	2.1	1.6
Inflation	3.4	2.9
Rate of general increase in salaries		
- short term (year 1)	4.0	3.0
- long term (year 2 onwards)	4.4	3.9
Pension increases in payment		
- short term (year 1)	3.0*	-
- long term (year 2 onwards)	-	-
Pension increases in payment for pensions purchased with AVCs	3.4	2.9

*An ex-gratia pension increase of 3.0% has been awarded to pensioners with pensions in payment. The impact of this has been recognised as a past service cost in the year ended 30 September 2021.

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

	30 September 2021	30 September 2020
Post-retirement mortality assumption - base table	SAPS "S2" tables with scaling factors of 90% for males and females	SAPS "S2" tables with scaling factors of 90% for males and females
Post-retirement mortality assumption - future improvements	CMI 2018 projections (A = 0.0%, Sk = 7.0) with long-term improvement rate of 1.25% p.a. for males and females	CMI 2018 projections (A = 0.0%, Sk = 7.0) with long-term improvement rate of 1.25% p.a. for males and females
Life expectancy for male currently aged 60	27.0	27.0
Life expectancy for female currently aged 60	29.1	29.0
Life expectancy at 60 for male currently aged 40	28.6	28.5
Life expectancy at 60 for female currently aged 40	30.7	30.6
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:

	Value at 30 September 2021 £000	Value at 30 September 2020 £000
LDI/UK Gilts	54,245	58,280
Equities	41,261	44,584
Diversified Growth Funds	62,034	53,652
Cash and Commitments	3,516	122
	161,056	156,638

17 Pensions (continued)

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

Reconciliation of funded status to balance sheet:	2021 £000	2020 £000
Fair value of Scheme assets	161,056	156,638
Present value of funded defined benefit obligations	(142,295)	(149,323)
Funded Status and asset recognised on the balance sheet	18,761	7,315
Related deferred tax liability	(3,752)	(1,463)
Net pension asset	15,009	5,852

Breakdown of amounts recognised in profit and loss and other comprehensive income	2021 £000	2020 £000
Operating cost		
Service costs:		
Current service cost	3,038	3,030
Past service cost (including curtailments)	1,800	-
Administration expenses	257	344
Financing cost		
Interest on net defined benefit asset	(128)	(211)
Total pension expense recognised in profit and loss	4,967	3,163
Remeasurements in OCI:		
Return on plan assets in excess of that recognised in net interest	(5,250)	(3,766)
Actuarial (gains)/losses due to changes in financial assumptions	(8,864)	6,107
Actuarial gains due to changes in demographic assumptions	-	-
Actuarial gains due to liability experience	(689)	(678)
Total amount recognised in OCI	(14,803)	1,663
Total (credit)/debit recognised in profit and loss and OCI	(9,836)	4,826

Changes to the present value of the defined benefit obligation during the year	2021 £000	2020 £000
Opening defined benefit obligation	149,323	144,235
Current service cost	3,038	3,030
Interest expense on scheme liabilities	2,354	2,686
Contributions by scheme participants	465	501
Actuarial (gains)/losses on scheme liabilities arising from changes in financial assumptions	(8,864)	6,107
Actuarial gains due to changes in demographic assumptions	-	-
Actuarial gains on scheme liabilities arising from experience	(689)	(678)
Net benefits paid out	(5,132)	(6,558)
Past service costs (including curtailments)	1,800	-
Closing defined benefit obligation	142,295	149,323

Changes to the fair value of Scheme assets during the year	2021 £000	2020 £000
Opening fair value of Scheme assets	156,638	154,652
Interest income on Scheme assets	2,482	2,897
Remeasurement gains on scheme assets	5,250	3,766
Contributions by the employer	1,610	1,724
Contributions by scheme participants	465	501
Net benefits paid out	(5,132)	(6,558)
Administration costs incurred	(257)	(344)
Closing fair value of scheme assets	161,056	156,638

Notes to the Consolidated Financial Statements
for the year ended 30 September 2021

17 Pensions (continued)

Actual return on scheme assets	2021 £000	2020 £000
Interest income on scheme assets	2,482	2,897
Remeasurement gain on scheme assets	5,250	3,766
Actual return on scheme assets	7,732	6,663

Analysis of amounts recognised in comprehensive income (SoCI)	2021 £000	2020 £000
Total remeasurement gains/(losses) in other comprehensive income	14,803	(1,663)

Discount rate sensitivity

To show sensitivity of the results to the choice of discount rate, we have set out below the balance sheet and profit and loss impact of adopting a discount rate of 0.5% p.a. lower or higher than the current assumption.

Following a 0.5% p.a. decrease in the discount rate	Change £000	New value £000
Pension expense for the following year	743	3,300
DBO at 30 September 2021	13,217	155,512

Following a 0.5% p.a. increase in the discount rate	Change £000	New value £000
Pension expense for the following year	(762)	1,785
DBO at 30 September 2021	(11,431)	130,864

18 Share capital

	Authorised 2021 £000	Issued and fully paid 2021 £000	Authorised 2020 £000	Issued and fully paid 2020 £000
'A' Ordinary shares 5p each (2020: 5p each)	1,250	582	1,250	582
Ordinary shares 5p each (2020: 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 2021 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 (2020: £9,000) and are recorded in finance costs in the consolidated 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 for eligible employees of the Group based on a three year vesting period. As at 30 September 2021, 72,700 shares have been awarded to employees who met the three year vesting period requirements. The Trust currently holds 26,600 shares which will vest in August 2023. The shares have been purchased in instalments since the inception of the Trust at an average of £4.64 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	2021 £000	2020 £000
At 1 October	123	62
Share of profit on ordinary activities after taxation	136	116
Dividends paid	(101)	(55)
At 30 September	158	123

Non-controlling interests represent 49% (2020: 49%) ownership of the issued ordinary share capital of Jersey Deep Freeze Limited.

20 Financial commitments

	2021 £000	2020 £000
a Five year capital expenditure approved by the directors:		
Contracted	1,045	6,610
Not contracted*	80,525	67,146
	81,570	73,756

*Although this sum is approved it is still subject to formal business cases being reviewed in due course.

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:

	2021 £000	2020 £000
No later than 1 year	1,770	1,799
Later than 1 year and no later than 2 years	1,546	1,654
Later than 2 years and no later than 3 years	1,254	1,224
Later than 3 years and no later than 4 years	1,254	369
Later than 4 years and no later than 5 years	1,206	369
Later than 5 years	8,624	1,440
	15,654	6,855

Notes to the Consolidated Financial Statements
for the year ended 30 September 2021

22 Derivatives and financial instruments and their risk management

Categories of financial instruments

The carrying values of the financial assets and liabilities of the Group are as follows:

Financial assets	2021 £000	2020 £000
Fair value through other comprehensive income		
Derivative financial instruments	108	1,237
Amortised cost		
Secured loan accounts	308	300
Trade and other receivables (excluding prepayments)	16,750	15,025
Cash and cash equivalents	43,136	35,520
	60,194	50,845

Financial liabilities	2021 £000	2020 £000
Fair value through other comprehensive income		
Derivative financial instruments	2,130	143
Amortised cost		
Borrowings	30,000	30,000
Trade and other payables	9,641	10,406
Preference shares	235	235
	39,876	40,641

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

The Group's currency exposure at 30 September 2021, taking into account the effect of forward contracts placed to manage such exposures, was £2.3m (2020: £2.6m) 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); and

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

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

Categories of financial instruments (continued)

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.

Foreign exchange risk

The Group utilises currency derivatives to hedge the payment of a proportion of its future purchases of power from France which currently extend to the next three calendar years.

Due to the nature of the Euro denominated purchases being largely underpinned by contracted amounts the Group has accurate expectations of the values and timings of future liabilities, reducing the risk of exposure to hedge ineffectiveness which could only arise if units imported were to vary by more than 20% from established patterns.

Foreign exchange hedging instruments are contracted to mature as the liabilities fall due and so minimise any timing or other uncertainties of future cash flows.

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	2021 £000	2020 £000
Less than one year - operational expenditure	35,406	34,473
Greater than one year and less than three years	49,850	45,360
	85,256	79,833

At 30 September 2021, the fair value of the Group's currency derivatives is estimated to be a net liability of approximately £2.0m over the next three years (2020: £1.1m asset). The fair value of currency derivatives that are designated and effective as cash flow hedges amount to a liability of £2.0m (2020: £1.1m asset) and these amounts have 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 (2020: £nil). In the current period amounts of £3.1m were credited (2020: £1.3m debit) to equity and £3.1m debit (2020: £1.3m credit) recycled to the consolidated income statement. Gains and losses on the derivatives are recycled through the consolidated income statement at the time the purchase of power is recognised.

Fair value of currency hedges	2021 £000	2020 £000
Derivative assets		
Less than one year	-	960
Greater than one year	108	277
Derivative liabilities		
Less than one year	(1,256)	(143)
Greater than one year	(874)	-
Total net (liabilities)/assets	(2,022)	1,094

Commodity risk

Power purchases

The Group has power purchase agreements with EDF in France. As at 30 September 2021, the import prices, but not volumes, have been substantially fixed for 2022. The Group entered into a 10 year framework agreement with EDF on 1 January 2013 which has a commitment to procure around 35% of expected volume requirements at known prices. During 2017 this agreement was extended a further 5 years to 2027. 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 Consolidated Financial Statements
for the year ended 30 September 2021

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 and trade and other receivables. The Group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the consolidated balance sheet are net of allowances for expected credit losses which are set out below. The trade and other receivables at 30 September 2021 outside agreed credit terms are as follows:

	2021 £000	2020 £000
Less than 30 days	1,736	925
Greater than 30 days	585	154
Greater than 60 days	181	149
Greater than 90 days	403	757
	2,905	1,985

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, moving customers to pay as you go meters to manage credit risk and implementing payment plans for customers in arrears.

The Group has no other significant concentration of credit risk. Exposure is spread over a large number of counterparties and customers with a maximum credit exposure of £36.1m (2020: £33.3m).

Expected credit losses provision

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which assesses if a material expectation exists for lifetime expected loss allowances against all trade receivables based on historic realised write-downs. Where specific customers are viewed to be at risk of default due to known or expected economic circumstances, their receivable balances at the balance sheet date are provided for in full.

An explanation of the Group's assessment for calculating expected credit losses and balance write-offs is detailed in note 1.

An expected credit losses provision is recorded against assets which are past due but for which no individual provision is made. This is calculated based on historical experience of levels of recovery.

Movements in the expected credit losses were as follows:	2021 £000	2020 £000
At 1 October	476	122
Charge for expected credit losses - included within operating costs	43	381
Amounts written back	(216)	(27)
At 30 September	303	476

Ageing of impaired receivables is as follows:	2021 £000	2020 £000
0 - 30 days	72	269
31 - 60 days	12	151
61 - 90 days	7	5
Greater than 90 days	212	51
	303	476

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

Capital management

Strong capital management is an integral part of the Directors' strategy to achieve the Group's stated objectives. The capital managed by the Group consists of borrowings, cash and cash equivalents and equity of the Group. 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 five year £10m 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. The Group is subject to externally imposed capital requirements in respect of the borrowing facilities detailed in note 16. The Group has complied with these requirements throughout the year.

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	2021 £000	2020 £000
Less than one year	21,041	19,741
More than one year and less than five years	33,508	31,186
More than five years	45,446	46,785
	99,995	97,712

Financial liabilities shown above include interest payments due on the £30m private placement.

Borrowing facilities

The Group had undrawn borrowing facilities at 30 September 2021 of £12.0m (2020: £12.0m) in respect of which all conditions precedent had been met. The overdraft facility of £2.0m is annually renewable, and the Revolving Credit Facility was renewed in July 2019 for a further five years.

Maturity of financial assets and liabilities

The financial assets of the Group comprise deposits placed 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	2021 £000	2020 £000
Less than 3 months: cash and cash equivalents and short-term investments	27,136	30,520
Greater than 3 months: short-term investments	16,000	5,000

Interest rate risk

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

Notes to the Consolidated Financial Statements
for the year ended 30 September 2021

23 Ultimate controlling party and related party transactions

The Government of Jersey (the "Government") treats the Company as a strategic investment. Whilst it holds the majority voting rights in the Company the Government does not view the Company as being under its control and as such, it is not consolidated within the Government accounts. The Government is understood by the Directors to have significant influence but not control of the Company. The Company has elected to take advantage of the disclosure exemptions available in IAS 24, paragraphs 25 and 26. All transactions are undertaken on an arms-length basis in the course of ordinary business.

Energy from Waste Plant

An Energy from Waste plant was commissioned in Jersey during 2011. Jersey Electricity signed a 25 year agreement in 2008 to purchase electricity produced at the plant by the Government and to share existing facilities with the Energy from Waste plant. This gives rise to the most significant value transactions with the Government during the year with the value of electricity purchased from the facility during the year being £1.2m (2020: £1.5m) whilst the value of services provided to the plant was £0.4m (2020: £0.4m).

Remuneration of key management personnel

The remuneration of key management personnel of the Group (which is defined as the Executive and non-Executive Directors) is set out below. Further information about the remuneration of individual Directors is provided in the Remuneration Report on pages 66 to 69.

	2021 £000	2020 £000
Short-term employee benefits	717	697
Post-employment benefits	170	184
Non-Executive Director's benefits	194	198
	1,081	1,079

Five Year Group Summary (unaudited)

Financial Statements	2021	2020	2019	2018	2017
Income Statement (£m)		Restated	Restated	Restated	Restated*
Revenue	**118.6**	111.7	110.7	105.9	102.1
Operating profit	**20.5**	16.2	16.1	16.7	14.7
Profit before tax	**19.1**	14.8	14.8	15.3	13.5
Profit after tax	**16.3**	11.7	11.9	12.2	10.6
Dividends paid (£m)	**5.2**	4.9	4.7	4.4	4.2
Balance Sheets (£m)					
Property, plant and equipment	**216.6**	217.9	217.0	215.2	211.9
Net current assets*	**45.3**	37.1	27.9	22.5	17.3
Non-current liabilities	**(87.5)**	(83.0)	(79.2)	(76.4)	(78.5)
Net assets*	**225.4**	205.0	198.6	187.8	175.4
Financial Ratios and Statistics					
Earnings per ordinary share (pence)	**52.7**	37.9	38.4	39.5	34.6
Gross dividend paid per ordinary share (pence)	**21.1**	20.1	19.1	18.1	17.3
Net dividend paid per ordinary share (pence)	**16.9**	16.1	15.3	14.5	13.8
Dividend cover (times)	**3.1**	2.4	2.5	2.7	2.5
Cash at bank/(net debt) (£m)	**13.1**	5.5	(5.1)	(14.3)	(21.9)
Capital expenditure (£m)	**9.9**	12.0	13.3	14.3	14.4
Electricity Statistics					
Units sold (m)	**639**	619	627	634	621
% movement	**3.3%**	-1.2%	-1.1%	2.1%	-0.6%
% of units imported	**95.2%**	94.7%	94.1%	94.9%	92.6%
% of units generated	**0.4%**	0.2%	0.3%	0.2%	1.5%
% of units from Energy from Waste plant	**4.4%**	5.1%	5.6%	4.9%	5.8%
Maximum demand (megawatts)	**170**	141	150	178	154
Number of customers	**51,912**	51,522	51,103	50,561	49,894
Customer minutes lost	**5**	5	6	6	8
Average price per kilowatt hour sold (pence)	**13.9p**	13.6p	13.3p	12.9p	12.9p
Manpower Statistics (full time equivalents)					
Energy	**238**	199	188	186	201
Other	**88**	97	94	102	116
Trainees	**21**	9	11	14	9
Total	**347**	305	293	302	326
Units sold per energy employee (000's)	**2,686**	3,112	3,336	3,411	3,091
Number of customers per energy employee	**218**	259	272	272	248

* See note 2 for prior year adjustment with respect to trade and other receivables.

Financial Statements

Financial Calendar

4 January 2022	Preference share dividend
17 February 2022	Record date for final dividend
3 March 2022	Annual General Meeting
24 March 2022	Final dividend for year ended 30 September 2021
18 May 2022	Interim Management Statement – six months to 31 March 2022
3 June 2022	Record date for interim ordinary dividend
21 June 2022	Interim dividend for year ending 30 September 2022
1 July 2022	Preference share dividend
20 December 2022	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 2022 at 12:30pm. 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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