

FY24 Interim Report



Jersey Electricity

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Directors, Officers and Professional Advisers

NON-EXECUTIVE DIRECTORS

- Phil Austin MBE
FCIB, FCMI (Chair)
- Alan Bryce
MSc, CEng, FIET
- Wendy Dorman
BA, ACA
- Tony Taylor
BSc (Hons)
- Amanda Icteton
BA (Hons)
- Kayte O'Neill
BA (Hons)

EXECUTIVE DIRECTORS

- Christopher Ambler
Chief Executive
BA, MEng, CDipAF,
CEng, MIMechE, MBA
- Lynne Fulton
Chief Financial Officer
BA (Hons), ACCA

SECRETARY

- Andrew Welsby
BA, MA, FCIPD

REGISTERED OFFICE

Queen’s Road, St. Helier, Jersey

PLACE OF INCORPORATION

Jersey Electricity Plc (‘the Company’) and Jersey Offshore Wind Limited 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

Directors' Statement

Jersey Electricity Plc (JE) has delivered a strong set of both operational and financial results for the period 1st October 2023 to 31st March 2024.

Operational Performance

At the start of the financial year Jersey faced one of the worst storms in at least 40 years. The storm caused a lot of damage and disruption on the Island and the Energy Business faced significant challenges with its overhead network and certain substations, but overall resilience remained strong with a less than 1% fault rate. We thank all our staff, and the broader Community for their strong response to the Storm.

Excluding the storm, our Customer Minutes Lost remain below 7 and enabling works have begun on our new ground mounted solar array at St Clements. We have also commenced replacement of transformers at Five Oaks and we have initiated our £23m resilience programme at La Collette Power Station.

Wholesale Energy Markets

In our 2023 Annual Report, we noted that global energy markets had eased somewhat compared to the turmoil of 2021/22. The market has continued to improve with more easing in the first three months of calendar year 2024, however, it remains above historic levels and the macro-economic environment is tough. The geopolitical landscape is fragile, with ongoing conflict in Ukraine and rising tension in the Middle East. Through this period of uncertainty and turmoil we have continued to demonstrate financial resilience and have shielded our customers from the higher retail prices seen elsewhere without needing any Government help/subsidy.

Hedging of electricity and foreign exchange, and customer tariffs

Our focus remains on delivering secure, low-carbon electricity supplies and maintaining relatively stable and competitive customer tariffs, now and into the future. Our electricity purchases are fully fixed for the remainder of 2024 and materially hedged for 2025. In addition, we have around one third of our expected 2026 and 2027 requirements hedged. As these are contractually denominated in Euros, we also enter forward foreign currency contracts, on a three-year rolling basis, reducing the volatility of our cost base and aiding tariff planning. In January 2024 we implemented a 12% rise in customer tariffs and do not anticipate further rises during the remainder of 2024.

Even with the rises implemented to date, the tariffs payable by our customers continue to benchmark well against other jurisdictions. Residential customers in Jersey currently pay around 40% what equivalent customers pay in the UK for their electricity.

Financial Performance

1st October 2023 – 31 March 2024	2024	2023
Electricity Sales in kWh	355.9m	355.7m
Revenue	£75.6m	£69.4m
Profit before tax	£10.3m	£10.3m
Earnings per share	26.15p	26.23p
Final dividend paid per ordinary share	11.40p	10.80p
Proposed interim dividend per ordinary share	8.40p	8.00p

Group revenue, at £75.6m, was 9% higher for the first half of 2023/24 compared with £69.4m for the same period last year mainly due to a rise in revenue from our Energy business. Profit before tax was in line with prior year at £10.3m. Cost of sales and operating costs increased by 5% year on year recognising the ongoing inflationary pressures.

Net cash on the balance sheet, which comprises borrowings less cash and cash equivalents, on 31 March 2024, was £16.7m compared with £16.8m at this time last year (and £17.4m of net cash at our last year end on 30 September 2023).

Energy Performance

Unit sales of electricity were static at 355.9 kWh compared to 355.7 kWh for the same period last year. We imported 96% of our on-island requirement from France and 4% from the Energy from Waste plant, owned by the Government of Jersey. Just over 1 million units of power (0.4%) was generated in Jersey using our traditional oil-fired plant, which is run during testing regimes and our local solar generation. These importation and generation levels are materially consistent with the same period last year.

Revenue in our Energy business at £60.9m was £6.1m higher than in 2022/23 with the year-on-year increase being largely attributable to a 12% tariff rise in January 2024. Operating profit at £8.5m is consistent with the same period last year. We anticipate our year end position to be in line with our targeted range of 6% - 7% Return on Assets (ROA), on a five year rolling basis.

Non-Energy performance

Throughout a challenging economic period, our Non-Energy Businesses have produced a half year position that remains consistent with the prior financial year. Our Powerhouse retail store has had a slight reduction in profit year on year due to inflationary cost pressures relating to storage. Our property portfolio has, as forecast, now leased the commercial space at the Powerhouse site resulting in all major commercial spaces being fully occupied. JEBS, our building services unit, has also performed well over the first 6 months of the year, with profits increased by £0.1m over the same period last year.

Liquidity and cashflow

Net cash on the balance sheet, which comprises borrowings less cash and cash equivalents, on 31 March 2024, was £16.7m compared with £16.8m at this time last year (and £17.4m of net cash at our last year end on 30 September 2023). Net cash consists of cash and cash equivalents of £46.7m offset by £30.0m of long-term debt. The cash and cash equivalents balance have, for the last five years, remained relatively stable. However, over the next few years, we expect to see this balance reduce as our capital programme increases in line with our long-term investment requirements. Our programme of work is focussed on ensuring investment is optimised to deliver community, customer, and shareholder value.

Pension scheme

The defined benefit pension scheme surplus (without deduction of deferred tax) on our balance sheet on 31 March 2024 stood at £28.9m, compared with a surplus of £25.5m on 30 September 2023.

Net of deferred tax, the pension surplus, increased by £2.7m, which is mainly driven by the increase in assets by 7.7% over the period versus the increase in liabilities of the scheme by 6.1%. Assets in the Scheme rose by around £8.6m to £119.7m. Unlike most UK schemes, the Jersey Electricity pension scheme is not funded to pay mandatory annual rises on retirement. The P&L charge is £0.1m for the half-year to 31 March 2024, which we have determined by pro-rating the estimated P&L charge for the full year ending 30 September 2024. There were no special events during the period that led to past service costs or settlement costs in the P&L charge. No new ex-gratia pension increases were awarded during the period.

Dividends

Your Board proposes to pay an interim net dividend for 2024 of 8.4p (2023: 8.0p). As stated in previous years, we aim to deliver sustained real growth each year over the medium-term. The final dividend for 2023 of 11.40p, paid in late March in respect of the last financial year, was an increase of 5% on the previous year.

Risk and Outlook

The principal risks and uncertainties identified in our last Annual Report, issued in December 2023 have not materially altered in the interim period. As highlighted earlier in this report, there is continued uncertainty in the energy markets, although we have seen an overall easing during the first quarter of 2024.

The JE Board is satisfied business has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of approval of this report and accordingly, we continue to adopt the going concern basis in preparing the condensed financial statements.

Responsibility Statement

We confirm to the best of our knowledge:

- a. the condensed set of financial statements has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’.
- b. the Interim Directors Statement includes a fair review of the information required by the Disclosure and Transparency Rule DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- c. the Interim Directors Statement includes a fair review of the information required by the Disclosure and Transparency Rule DTR 4.2.8R (disclosure of related party transactions and changes therein); and
- d. this half yearly interim report looks at certain forward-looking statements with respect to the operations, performance, and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this half yearly financial report and the Company undertakes no obligation to update these forward-looking statements. Nothing in this half yearly financial report should be construed as a profit forecast.

Investor timetable for 2024

7 June	Record date for interim ordinary dividend
24 June	Interim ordinary dividend for year ending 30 September 2024
1 July	Payment date for preference share dividends
18 December	Announcement of full year results



C. J. AMBLER - Chief Executive
Director
20 May 2024



L.G. Fulton - Chief Financial Officer
Director
20 May 2024

Condensed Consolidated Income Statement (Unaudited)

	Note	Six months ended		Year ended
		2024	31-Mar 2023	30-Sep 2023
		£000	£000	£000
Revenue	2	75,593	69,378	125,078
Cost of sales		(48,606)	(46,459)	(80,924)
Rebate of past energy costs - non-recurring item		-	3,593	3,593
Gross profit		26,987	26,512	47,747
Movement on revaluation of investment properties		-	-	(1,215)
Operating expenses		(17,050)	(16,146)	(32,010)
Group operating profit	2	9,937	10,366	14,522
Finance income		1,127	706	1,871
Finance costs		(765)	(767)	(1,528)
Profit from operations before taxation		10,299	10,305	14,865
Taxation	3	(2,208)	(2,208)	(3,432)
Profit from operations after taxation		8,091	8,097	11,433
Attributable to:				
Owners of the Company		8,011	8,037	11,280
Non-controlling interests		80	60	153
		8,091	8,097	11,433
Earnings per share				
- basic and diluted		26.15p	26.23p	36.81p

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

	Six months ended		Year ended
	2024	31-Mar 2023	30-Sep 2023
	£000	£000	£000
Profit for the period/year	8,091	8,097	11,433
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on defined benefit scheme	2,627	4,307	(815)
Income tax relating to items not reclassified	(525)	(861)	163
	2,102	3,446	(652)
Items that may be reclassified subsequently to profit or loss:			
Fair value loss on cash flow hedges	(1,525)	(2,013)	(3,361)
Income tax relating to items that may be reclassified	305	403	672
	(1,220)	(1,610)	(2,689)
Total comprehensive income for the period/year	8,973	9,933	8,092
Attributable to:			
Owners of the Company	8,893	9,873	7,939
Non-controlling interests	80	60	153
	8,973	9,933	8,092

Condensed Consolidated Balance Sheet (Unaudited)

Note	2024	As at 31-Mar 2023	As at 30-Sep 2023
	£000	£000	£000
NON-CURRENT ASSETS			
Intangible assets	496	654	681
Property, plant and equipment	216,277	215,329	216,136
Right of use assets	3,128	3,259	3,194
Investment properties	27,615	28,830	27,615
Trade and other receivables	300	300	300
Retirement benefit asset	28,864	30,130	25,546
Derivative financial instruments	6	916	129
Other investments	5	5	5
Total non-current assets	276,685	279,423	273,606
CURRENT ASSETS			
Inventories	9,414	9,454	9,187
Trade and other receivables	32,457	28,035	25,959
Derivative financial instruments	6	148	64
Cash and cash equivalents	46,743	46,795	47,429
Total current assets	88,614	84,432	82,639
TOTAL ASSETS	365,299	363,855	356,245
CURRENT LIABILITIES			
Trade and other payables	20,829	22,799	19,459
Lease liabilities	81	81	81
Derivative financial instruments	6	110	536
Current tax liabilities	3,473	3,328	3,301
Total current assets	24,823	26,318	23,377
TOTAL ASSETS	63,791	58,114	59,262
NET CURRENT ASSETS			
NON-CURRENT LIABILITIES			
Trade and other payables	26,399	25,390	26,249
Lease liabilities	3,152	3,212	3,193
Derivative financial instruments	6	174	225
Financial liabilities - preference shares	235	235	235
Borrowings	30,000	30,000	30,000
Deferred tax liabilities	32,108	32,508	31,422
Total non-current liabilities	93,548	91,519	91,324
TOTAL LIABILITIES	118,371	117,837	114,701
NET ASSETS	246,928	246,018	241,544
EQUITY			
Share capital	1,532	1,532	1,532
Revaluation reserve	5,270	5,270	5,270
ESOP reserve	(35)	(18)	(35)
Other reserves	(1,675)	624	(455)
Retained earnings	241,721	238,418	235,100
Equity attributable to the owners of the Company	246,813	245,826	241,412
Non-controlling interest	115	192	132
TOTAL EQUITY	246,928	246,018	241,544

Condensed Consolidated Statement of Changes in Equity (Unaudited)

	Share capital	Revaluation reserve	ESOP reserve	Other reserves*	Retained earnings	Total reserve
	£000's	£000's	£000's	£000's	£000's	£000's
At 1 October 2023	1,532	5,270	(35)	(455)	235,100	241,412
Total recognised income and expense for the period						
Property, plant and equipment	-	-	-	-	8,011	8,011
Amortisation of employee share scheme	-	-	-	-	-	-
Unrealised loss on hedges (net of tax)	-	-	-	(1,220)	-	(1,220)
Actuarial gain on defined benefit scheme (net of tax)	-	-	-	-	2,102	2,102
Equity dividends paid	-	-	-	-	(3,492)	(3,492)
As at 31 March 2024	1,532	5,270	(35)	(1,675)	241,721	246,813
At 1 October 2022	1,532	5,270	(38)	2,234	230,232	239,230
Total recognised income and expense for the period	-	-	-	-	8,037	8,037
Amortisation of employee share scheme	-	-	20	-	-	20
Unrealised loss on hedges (net of tax)	-	-	-	(1,610)	-	(1,610)
Actuarial gain on defined benefit scheme (net of tax)	-	-	-	-	3,446	3,446
Equity dividends paid	-	-	-	-	(3,309)	(3,309)
As at 31 March 2023	1,532	5,270	(18)	624	238,406	245,814
At 1 October 2022	1,532	5,270	(38)	2,234	230,232	239,230
Total recognised income and expense for the period	-	-	-	-	11,280	11,280
Amortisation of employee share scheme	-	-	3	-	-	3
Unrealised loss on hedges (net of tax)	-	-	-	(2,689)	-	(2,689)
Actuarial loss on defined benefit scheme (net of tax)	-	-	-	-	(652)	(652)
Equity dividends paid	-	-	-	-	(5,760)	(5,760)
As at 30 September 2023	1,532	5,270	(35)	(455)	235,100	241,412

*Other reserves represents the foreign currency hedging reserve.

Condensed Consolidated Cash Flow Statement (Unaudited)

	Six months ended 31 March	Year ended 30 September
	2024	2023
	£000's	£000's
Cash flows from operating activities		
Operating profit before exceptional items	9,937	10,366
Adjustments to add back / (deduct) non-cash items and items disclosed elsewhere on the Cash Flow Statement:		
Depreciation and amortisation charges	6,349	5,741
Share based reward charges	-	20
Loss on revaluation of investment property	-	-
Pension operating charge less contributions paid	692	612
Deemed interest from hire purchase agreements	-	-
Profit on sale of property, plant and equipment	(34)	(1)
Operating cash flows before movement in working capital	16,944	16,738
Working capital adjustments:		
Increase in inventories	(227)	(2,281)
Increase in receivables	(9,473)	(8,101)
Increase / (decrease) in payables	2,574	2,136
Net movement in working capital	(7,126)	(8,246)
Interest paid on borrowings	(761)	(763)
Preference dividends paid	(4)	(4)
Income taxes paid	(1,568)	(1,045)
Net cash flows from operating activities	7,485	6,680
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,626)	(4,541)
Investment in intangible assets	-	(68)
Deposit interest received	1,127	706
Net proceeds from disposal of fixed assets	34	1
Net cash flows used in investing activities	(4,465)	(3,902)
Cash flows from financing activities		
Equity dividends paid	(3,492)	(3,309)
Dividends paid to non-controlling interest	(97)	-
Repayment of lease liabilities	(114)	(72)
Net cash flows used in financing activities	(3,703)	(3,381)
Net (decrease) / increase in cash and cash equivalents	(683)	(603)
Cash and cash equivalents at the beginning of the yearperiod	47,429	47,397
Effect of foreign exchange rate changes	(3)	1
Cash and cash equivalents at the end of the period	46,743	46,795

Of the £46.7m cash and cash equivalents at 31 March 2024, £35.0m is on fixed term deposits with an average of 74 days remaining. At 30th September 2023 this was £34.0m with an average of 70 days remaining, whilst on 31st March 2023 the figure was £37.0m with an average of 74 days remaining.

Notes to the Condensed Interim Accounts (Unaudited)

1. Accounting policies

Basis of preparation

The interim accounts for the six months ended 31 March 2024 have been prepared on the basis of the accounting policies set out in the 30 September 2023 annual report and accounts using accounting policies consistent with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with IAS 34 'Interim Financial Reporting'. There have been no changes to accounting standards during the current financial period that has impacted the disclosures in these financial statements and the full year financial statements that will be prepared for 30 September 2023.

Jersey Electricity Plc has considerable financial resources and, consequently, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. Revenue and profit

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

	Six months ended 31 March 2024			Six months ended 31 March 2023			Year ended 30 September 2023		
	External	Internal	Total	External	Internal	Total	External	Internal	Total
Revenue	£000	£000	£000	£000	£000	£000	£000	£000	£000
Energy	60,937	55	60,992	54,833	46	54,879	97,053	89	97,142
Retail	9,573	34	9,607	9,955	35	9,990	18,514	56	18,570
Building Services	2,136	294	2,430	1,684	343	2,027	3,349	831	4,180
Property	1,151	320	1,471	1,226	320	1,546	2,350	641	2,991
Other*	1,796	65	1,861	1,680	264	1,944	3,812	466	4,278
	75,593	768	76,361	69,378	1,008	70,386	125,078	2,083	127,161
Inter-segment elimination			(768)			(1,008)			(2,083)
			75,593			69,378			125,078
Operating Profit									
Energy profit before rebate of past energy costs			8,519			5,061			9,329
Rebate of past energy costs			-			3,593			3,593
Energy profit including rebate			8,519			8,654			12,922
Retail			514			672			917
Building Services			128			27			162
Property			458			788			1,149
Other *			318			225			587
Operating profit before property revaluation/sale			9,937			10,366			15,737
Loss on revaluation of investment properties			-			-			(1,215)
Operating profit			9,937			10,366			14,522

*The Other segment includes the divisions of Jersey Energy and Jendev as well as 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 arm's length basis. Gains or losses resulting from the revaluation of investment properties is shown separately from Property operating profit.

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 in the 30 September 2023 annual report.

Notes to the Condensed Interim Accounts (Unaudited) (continued)

3. Taxation

	Six months ended 31 March 2024 £000	Six months ended 31 March 2023 £000	Year ended 30 September 2023 £000
Current income tax	1,741	2,132	3,301
Deferred income tax	467	76	131
Total income tax	2,208	2,208	3,432

The Company is taxable at the rate applicable to utility companies in Jersey of 20%. (2023: 20%).

4. Dividends paid and proposed

	Six months ended 31 March 2024 £000	Six months ended 31 March 2023 £000	Year ended 30 September 2023 £000
Dividends per share			
Paid	11.40p	10.80p	18.80p
Proposed	8.40p	8.00p	11.40p
	Six months ended 31 March 2024 £000	Six months ended 31 March 2023 £000	Year ended 30 September 2023 £000
Distribution to equity holders	3,492	3,309	5,760

The distribution to equity holders in respect of the final dividend for 2023 of £3,492,059 (11.40p net of tax per share) was paid on 15 March 2024. The Directors have declared an interim dividend of 8.40p per share, net of tax (2023: 8.00p) for the six months ended 31 March 2024 to shareholders on the register at the close of business on 7 June 2024. This dividend was approved by the Board on 20 May 2024 and has not been included as a liability on 31 March 2024.

5. Pensions

In consultation with the independent actuaries to the scheme, the valuation of the pension scheme assets and liabilities has been updated to reflect current market discount rates, inflation, salary increases, pension increases, post-retirement mortality, current market values of investments and actual investment returns applicable under IAS 19 'Employee Benefits', and also consideration has been given as to whether there have been any other events that would significantly affect the pension liabilities.

6. Financial Instruments

The Group held the following derivative contracts, classified as level 2 financial instruments on 31 March 2023.

	Six months ended 31 March 2024 £000	Six months ended 31 March 2023 £000	Year ended 30 September 2023 £000
Fair value of currency hedges			
Derivative assets			
Less than one year	-	148	64
Greater than one year	-	916	129
Derivative liabilities			
Less than one year	(440)	(110)	(536)
Greater than one year	(1,654)	(174)	(225)
Total net assets/liabilities	(2,094)	(780)	(568)

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

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

7. 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 ordinary course of business.



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