

FY24 Interim Report



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 £46.7 m 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.

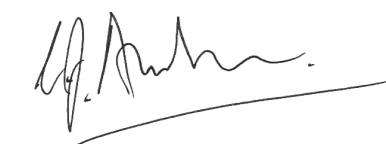
Responsibility Statement

We confirm to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting'.
- 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
- 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
- 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)

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

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

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

Condensed Consolidated Balance Sheet (Unaudited)

| | Note | As at | | |
|---|------|----------------|----------------|----------------|
| | | 2024 | 2023 | 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 | 440 | 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 | 1,654 | 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 | - | - | - | - | 8,011 | 8,011 |
| Property, plant and equipment | - | - | - | - | - | - |
| 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 comprise revaluation reserve, employee share scheme reserve and other reserves.

Condensed Consolidated Cash Flow Statement (Unaudited)

| | Six months ended 30 March | | Year ended 30 September |
|--|------------------------------|----------------|----------------------------|
| | 2024 | 2023 | 2023 |
| | £000's | £000's | £000's |
| Cash flows from operating activities | | | |
| Operating profit before exceptional items | 9,937 | 10,366 | 14,522 |
| 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 | 11,581 |
| Share based reward charges | - | 20 | 3 |
| Loss on revaluation of investment property | - | - | 1,215 |
| Pension operating charge less contributions paid | 692 | 612 | 73 |
| Deemed interest from hire purchase agreements | - | - | 183 |
| Profit on sale of property, plant and equipment | (34) | (1) | (3) |
| Operating cash flows before movement in working capital | 16,944 | 16,738 | 27,574 |
| Working capital adjustments: | | | |
| Increase in inventories | (227) | (2,281) | (2,014) |
| Increase in receivables | (9,473) | (8,101) | (3,835) |
| Increase / (decrease) in payables | 2,574 | 2,136 | (617) |
| Net movement in working capital | (7,126) | (8,246) | (6,466) |
| Interest paid on borrowings | (761) | (763) | (1,368) |
| Preference dividends paid | (4) | (4) | (9) |
| Income taxes paid | (1,568) | (1,045) | (2,089) |
| Net cash flows from operating activities | 7,485 | 6,680 | 17,642 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | (5,626) | (4,541) | (13,046) |
| Investment in intangible assets | - | (68) | (92) |
| Deposit interest received | 1,127 | 706 | 1,688 |
| Net proceeds from disposal of fixed assets | 34 | 1 | 3 |
| Net cash flows used in investing activities | (4,465) | (3,902) | (11,447) |
| Cash flows from financing activities | | | |
| Equity dividends paid | (3,492) | (3,309) | (5,760) |
| Dividends paid to non-controlling interest | (97) | - | (165) |
| Repayment of lease liabilities | (114) | (72) | (242) |
| Net cash flows used in financing activities | (3,703) | (3,381) | (6,167) |
| Net (decrease) / increase in cash and cash equivalents | (683) | (603) | 28 |
| Cash and cash equivalents at the beginning of the year/period | 47,429 | 47,397 | 47,397 |
| Effect of foreign exchange rate changes | (3) | 1 | 4 |
| Cash and cash equivalents at the end of the period | 46,743 | 46,795 | 47,429 |

Of the £46.7m cash and cash equivalents at 31 March 2024, £35.0m 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 | | | Six months ended 31 March 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 | 3,349 | 831 | 4,180 |
| Building Services | 2,136 | 294 | 2,430 | 1,684 | 343 | 2,027 | 18,514 | 56 | 18,570 |
| 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 | | | 162 |
| Building Services | | | 128 | | | 27 | | | 917 |
| 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 | Six months ended 31 March 2023 | Six months ended 30 September 2023 |
|-------------------------|-----------------------------------|-----------------------------------|---------------------------------------|
| | £000 | £000 | £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 | Six months ended 31 March 2023 | Six months ended 30 September 2023 |
|--------------------------------|-----------------------------------|-----------------------------------|---------------------------------------|
| | £000 | £000 | £000 |
| Dividends per share | | | |
| Paid | 11.40p | 10.80p | 18.80p |
| Proposed | 8.40p | 8.00p | 11.40p |
| | Six months ended 31 March 2024 | Six months ended 31 March 2023 | Six months ended 30 September 2023 |
| | £000 | £000 | £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 credit market value, asset 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 | Six months ended 31 March 2023 | Six months ended 30 September 2023 |
|--------------------------------------|-----------------------------------|-----------------------------------|---------------------------------------|
| | £000 | £000 | £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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