PRIVATE AND CONFIDENTIAL

Annual Report and Audited Financial Statements 31 December 2015

JT Group Limited

PO Box 53, No1 The Forum
Grenville Street, St Helier
Jersey, JE4 8PB

www.jtglobal.com

R.64/2016

JOIN TOGETHER

Contents

Report of the Directors

The directors present their report and audited financial statements.

Incorporation

JT Group Limited (the "company" or the "group") was incorporated in Jersey, Channel Islands on 22 October 2002.

Principal activities

The principal activity of the company and its subsidiaries is the supply of telecommunication services and equipment.

The principal place of business is Jersey, Channel Islands.

Results and going concern

The results are set out on pages 4 to 7.

The group made an operating profit before an exceptional item** of £10.2m (2014 restated*: £10.9m). This reduction is mainly due to an increase in depreciation of £1.8m (2014 restated*: (£2.2m)). Revenue has grown to £191.6m (2014: £152.4m). At the year end the group's total assets exceeded its total liabilities by £90.6m (2014 restated*: £81.7m).

Management have prepared a budget for 2016, projecting cashflows and results for the year based on the strategies being followed by the group. The budget demonstrates the group's ability to continue as a going concern.

The 2014 final and 2015 interim and special dividends of £4.1m were paid during 2015 (2014: £1.6m). Further details are included in note 7.

The directors have approved the payment of a final dividend for 2015 of £0.96m.

***Transition to FRS 102**

The group transitioned from its previous accounting framework, old UK GAAP, to FRS 102 "The Financial Reporting Standards applicable in the UK and Republic of Ireland" ("FRS"), effective from 1 January 2014. This transition from old UK GAAP was mandatory. The group's financial statements have been prepared in accordance with FRS 102 and the comparative results and opening statement of financial position at 1 January 2014 have been restated, where appropriate. The impact of the transition on the profit before tax for the year ended 2014 was a decrease in profits of £3.4m and a reduction to net assets of £2.7m. Note 25 provides further details of the transition.

Prior period adjustment to restate opening balances

The comparative opening balance of the equity reserve has been restated to correct a prior period error which resulted from a miscalculation of deferred revenue in the financial statements of a subsidiary entity, ekit.com Inc. The impact of the adjustment to 2014 was a reduction of £0.24m to the opening equity reserve balance, a reduction of £0.01m to the translation reserve and a reduction in net assets of £0.25m. Refer to note 25 for further details.

****Pension scheme reorganisation**

During 2015 a change to the arrangements under the Public Employees Contributory Retirement Scheme ("PECRS") was agreed with the States of Jersey. The group's pension assets and liabilities were transferred out of the sub-fund into the main scheme, administered by the States of Jersey, with effect from 1 October 2015. As the group was no longer able to identify its share of the underlying position and performance of the plan with sufficient reliability to measure its share of assets and liabilities of the scheme, the change in the arrangement constituted a "change in accounting estimate". The impact of the change resulted in a write down of the deficit held at the date of change to nil, resulting in a net increase to profit on ordinary activities before taxation of £10.94m. This has been presented as a pension scheme reorganisation within the income statement.

Directors

The executive and non-executive directors of the group who served during the year and subsequently are:

Non-executive
John B Stares
Phil Male
Colin Tucker
Sean Collins
Kevin Keen
Meriel Lenfestey (appointed 3 March 2016)

Executive
Graeme Millar
John Kent

Directors' interests

The directors of the group had no interests, beneficial or otherwise, in the shares of the group.

Insurance of directors and officers

The group maintains an insurance policy on behalf of all directors and officers of the group against liability arising from neglect, breach of duty and breach of trust in relation to their activities as directors and officers of the group.

Independent auditor

Deloitte LLP has indicated its willingness to continue in office as auditor.

By order of the board

Daragh J McDermott
Company Secretary
Date: 18 May 2016

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standards applicable in the UK and Republic of Ireland". The financial statements are required by law to give a true and fair view of the state of affairs of the group and of the profit of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the 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 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 group's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of JT Group Limited

We have audited the consolidated financial statements of JT Group Limited for the year ended 31 December 2015, which comprise the consolidated Income Statement, the consolidated Statement of Comprehensive Income, the consolidated Statement of Financial Position, the consolidated Statement of Changes in Equity, the consolidated Cash Flow Statement and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standards applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

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

Gregory Branch BSc FCA

for and on behalf of Deloitte LLP
Chartered Accountants
St Helier
Jersey

18 May 2016

Consolidated Income Statement

for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000 Restated
Continuing operations			
Revenue		191,647	152,414
Cost of sales		(101,583)	(65,331)
Gross profit		**90,064**	**87,083**
Operating expenses		(79,860)	(76,223)
Operating profit before an exceptional item		**10,204**	**10,860**
Exceptional item - Pension scheme reorganisation	18	10,937	–
Operating profit after an exceptional item		**21,141**	**10,860**
Finance income and similar income	4	16	66
Finance costs and similar charges	5	(3,113)	(2,975)
Profit on ordinary activities before taxation		**18,044**	**7,951**
Tax on profit on ordinary activities	6	(5,648)	(2,522)
Profit on ordinary activities after taxation		**12,396**	**5,429**

The impact of the restatement on adoption of FRS 102 for the year ended 31 December 2014 is explained in note 25.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000 Restated
Profit for the financial year		12,396	5,429
Currency translation difference		528	83
Remeasurements of net defined benefit obligations	18	151	420
Total tax on components of other comprehensive income		(30)	(83)
Other comprehensive income for the year, net of tax		**649**	**420**
Total comprehensive income for the year		**13,045**	**5,849**
Profits for the year attributable to			
– Owners of the parent		12,396	5,429
– Non-controlling interest		–	–
		12,396	**5,429**
Total comprehensive income attributable to			
– Owners of the parent		13,045	5,849
– Non-controlling interest	24	–	–
		13,045	**5,849**

The impact of the restatement on adoption of FRS 102 for the year ended 31 December 2014 is explained in note 25.

Consolidated Statement of Financial Position

at 31 December 2015

	Note	2015 £'000	2014 £'000 Restated
Fixed assets			
Intangible assets	8	25,201	29,827
Property, plant and equipment	9	108,977	107,811
Investments		–	5
Deferred tax asset	6(c)	1,672	3,122
		135,850	**140,765**
Current assets			
Inventories	10	8,536	12,473
Receivables due within one year	11	36,753	39,677
Receivables due after one year	11	949	1,069
Cash at bank and in hand		10,756	8,741
		56,994	**61,960**
Payables: amounts falling due within one year	12	(31,319)	(41,255)
Net current assets		**25,675**	**20,705**
Total assets less current liabilities		**161,525**	**161,470**
Payables: amounts falling due after more than one year	13	(51,000)	(51,636)
Deferred tax liability	6(c)	(7,442)	(5,561)
Provision for other liabilities	15	(1,678)	(2,238)
Post-employment benefits	18	(773)	(10,305)
2.5% Redeemable preference shares	14	(10,000)	(10,000)
Total non-current liabilities		**(70,893)**	**(79,740)**
Net assets		**90,632**	**81,730**
Capital and reserves			
Share capital	17	20,000	20,000
Equity reserve		71,054	62,119
Currency translation reserve		(422)	(389)
Equity attributable to owners of the parent		**90,632**	**81,730**
Non-controlling interest	24	–	–
Total equity		**90,632**	**81,730**

The impact of the restatement on adoption of FRS 102 for the year ended 31 December 2014 and from the prior period adjustment is explained in note 25.

The financial statements were approved by the board of directors on 18 May 2016 and were signed on its behalf by:

G Millar
Chief Executive Officer
on 18 May 2016

J Kent
Chief Financial Officer
on 18 May 2016

Consolidated Statement of Changes in Equity

at 31 December 2015

	Note	Called up share capital £'000	Equity reserve £'000	Currency Translation reserve £'000
Balance at 1 January 2014 (restated FRS 102)		**20,000**	**58,380**	**(575)**
Prior period adjustment	25	-	(235)	(11)
		20,000	58,145	(586)
Profit for the year (restated)		–	5,429	–
Other comprehensive income for the year (restated)		–	420	–
Total comprehensive income for the year		–	5,849	–
Transfers		–	(255)	197
Dividends	7	–	(1,620)	–
Total transactions with owners recognised directly in equity		–	(3,974)	–
Balance as at 31 December 2014 (restated)		**20,000**	**62,119**	**(389)**
Balance at 1 January 2015		20,000	62,119	(389)
Profit for the year		–	12,396	–
Other comprehensive income for the year		–	649	–
Total comprehensive income for the year		–	13,045	–
Transfers		–	–	(33)
Dividends	7	–	(4,110)	
Total transactions with owners recognised directly in equity		–	8,935	(33)
Balance as at 31 December 2015		**20,000**	**71,054**	**(422)**

The impact of the restatement on adoption of FRS 102 for the year ended 31 December 2014 and from a prior period adjustment is explained in note 25.

Consolidated Cash Flow Statement

for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000 Restated
Profit for the financial year		12,396	5,429
Adjustment for:			
Tax on profit on ordinary activities		5,648	2,522
Finance income and similar income		(16)	(66)
Finance costs and similar charges		3,113	2,975
Amortisation of intangible assets	8	4,858	4,910
Depreciation of property, plant and equipment	9	18,193	16,442
Loss on disposal of property, plant and equipment		153	183
Provision for bad debts and bad debt write off		1,360	613
Inventory impairment		86	123
Net (utilisation) / charge for provisions		(279)	386
Profit on sale of investments		(57)	–
Gain on pension scheme reorganisation		(10,937)	–
Currency translation difference		631	83
Decrease / (Increase) in inventories		3,851	(4,794)
Decrease in receivables		1,700	18,648
Decrease in payables		(1,705)	(9,893)
Cash flow generated from operating activities		**38,995**	**37,561**
Taxation paid		**(2,129)**	**(2,509)**
Pension contributions		**(633)**	**(851)**
Cash flow from investing activities			
Purchases of intangible assets		(145)	(221)
Purchases of property, plant and equipment		(23,936)	(21,917)
Dividend income		–	3
Sale of investments		62	–
Finance income received		–	4
Net cash used in investing activities		**(24,019)**	**(22,131)**
Cash flow from financing activities			
Dividends paid		(4,110)	(1,620)
Borrowings		(3,642)	(4,615)
Interest paid		(2,214)	(2,384)
Preference dividend paid		(200)	(200)
Net cash used in financing activities		**(10,166)**	**(8,819)**
Net increase in cash and cash equivalents		**2,048**	**3,251**
Cash at bank and in hand at beginning of the year		8,741	5,304
Effect of foreign exchange rate changes		(33)	186
Cash at bank and in hand at end of year		**10,756**	**8,741**

The impact of the restatement on adoption of FRS 102 for the year ended 31 December 2014 is explained in note 25.

Notes to the Financial Statements

1. Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

General information and basis of accounting

The consolidated financial statements are prepared under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value and in accordance with Companies (Jersey) Law 1991 and with Financial Reporting Standards (FRS 102) issued by the Financial Reporting Council.

Under Article 105 (11) of the Companies (Jersey) Law 1991 the directors of a holding company need not prepare separate accounts (i.e. company only accounts) if consolidated accounts for the company are prepared, unless required to do so by the members of the company by ordinary resolution. The members of the company have not passed a resolution requiring separate accounts and, in the directors' opinion, the company meets the definition of a holding company. As permitted by the law, the directors have elected not to prepare separate accounts.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 and a prior period adjustment. For more information see note 25.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings as at 31 December each year. Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used by the subsidiaries in line with those used by the group. All intra-group balances, income and expenses are eliminated on consolidation. In accordance with section 35 of FRS 102 "Transition to FRS 102", section 19 of FRS 102 "Business Combinations and Goodwill" has not been applied in these financial statements in respect of business combinations affected prior to the date of transition. More information can be found in note 25 of these financial statements.

The functional currency of the group is considered to be pound sterling ("GBP"), because that is the currency of the primary economic environment in which the group operates. The consolidated financial statements are also presented in GBP. Foreign operations are included in accordance to the policies set out below.

JT Group Limited going concern

The directors of the group believe the group has sufficient resources to meet its obligations as they fall due and will continue in operation in the foreseeable future. The consolidated financial statements have been prepared on a going concern basis.

Management have prepared a budget for 2016, projecting cashflows and results for the year based on the strategies being followed by the group. The budget demonstrates the group's ability to continue as a going concern.

Revenue

Revenue comprises the value of network usage revenues, subscription fees, roaming income, equipment sales, directory income and income from maintenance and support services. Revenue is stated net of taxes and trade discounts.

The group derives revenues from:

- Fixed monthly access charges and network usage (including revenues from incoming and outgoing traffic). Call revenues are recognised at the time the call is made over the network, whilst rentals are recognised evenly over the period to which the charges relate.

- Mobile telecommunications services earned from usage of the mobile network by the group's customers, subscription fees and interconnect revenue. Post-paid customers are billed in arrears based on usage and usage revenue is recognised when the service is rendered. Revenue for prepaid customers is recorded as deferred revenue prior to commencement of services and is recognised as the prepaid services are rendered.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Revenue (continued)

- Broadband rentals and usage charges. Rentals are recognised evenly over the period to which the charge relates, whilst usage charges are recognised when the service is rendered.

- Private circuit rentals, which are recognised evenly over the period to which the charge relates.

- Inbound roaming revenue, earned from other mobile operators whose customers roam onto the group's network, and outbound roaming revenue earned from certain customers roaming outside their domestic covering area, are recognised based upon usage and are included in mobile service revenue.

- Subscription fees, which are recognised evenly throughout the periods to which they relate.

- Retail equipment sales, which are recognised at the point of sale.

- Corporate equipment sales, net of rebates, discounts and similar commissions, which are recognised at the point of sale. Connection fees are recognised upon delivery to the customer or activation by the customer, as appropriate.

- The provision of other services, including maintenance and support service contracts, which are recognised evenly over the periods in which the service is provided to the customer.

- Bundled products, which are allocated between the separate elements and the appropriate recognition policy is applied to each element as described above.

- Significant long term contracts, where the outcome of the contract can be estimated reliably. Revenue and costs are recognised by reference to the stage of completion of the contract activity at the statement of financial position date.

Taxation

Current tax, including income tax in Jersey and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the statement of financial position date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Taxation (continued)

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Property, plant and equipment

Property, plant and equipment ("PPE") are stated at cost net of depreciation and any impairment. Assets held under finance leases are stated at the net present value of the minimum lease payments due at the inception of the lease.

Capital work in progress comprises capital projects which are under construction. Accrued and expended project labour and material costs are accounted for as capital work in progress. Internal labour costs that were necessary and arising directly from construction or acquisition of the asset are capitalised as part of the project or asset to which they relate. Once completed, projects are capitalised as separately identifiable assets and depreciated over their estimated useful economic lives.

The cost of network plant and equipment includes all cable, ducting and transmission equipment extending from the main switching systems to the customers' premises.

Depreciation

The costs of PPE, less estimated residual value, are written off over their estimated useful economic lives on a straight-line basis as follows:

Freehold buildings	-	50 years
Leasehold buildings	-	the term of the lease
Motor vehicles	-	7 years
Equipment fixtures and fittings:		
Network infrastructure	-	3-25 years
Other*	-	5-10 years

*This includes freehold and leasehold fixtures and fittings.

Intangible assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses represents any excess of the consideration given over the fair value of the identifiable assets and liabilities acquired. Goodwill is capitalised and amortised on a straight line basis over its useful economic life, which is assessed by each asset and varies from 5 to 10 years. Amortisation charges are recognised in the income statement.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Intangible assets – other intangible assets

Other intangible assets consist of internally-developed intangible assets with a readily ascertainable market value such as software development costs.

The costs of materials, licenses, consultants, payroll and payroll-related costs for employees incurred in developing internal software are capitalised as intangible assets once technological feasibility is attained and the costs incurred are in connection with upgrades and enhancements to internally-developed software that result in additional functionality.

Capitalised software costs are amortised using the straight-line method over the estimated useful life of the software, typically three years.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each statement of financial position date. If there is objective evidence of impairment, an impairment loss is recognised in the income statement as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. If it is not possible to estimate the recoverable amount of the individual asset the group estimates the recoverable amount of the cash-generating units ("CGUs") to which the asset belongs.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the CGUs of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Finance and operating leases

At inception the group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Notes to the Financial Statements (continued)

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Finance and operating leases (continued)

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

(ii) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Finance and operating leases

(iii) Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the income statement, to reduce the lease expense, on a straight-line basis over the period of the lease.

The group has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the income statement over the period to the first review date on which the rent is adjusted to market rates.

Inventories

Inventories are valued at the lower of cost and net realisable value, and accounted for on a weighted average cost basis. Provisions are made for obsolete, slow moving or defective items where appropriate.

Foreign currencies

Transactions denominated in foreign currencies are translated into pound sterling at the exchange rate ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into pound sterling at the exchange rate ruling at the statement of financial position date. Realised gains and losses on foreign currency transactions are dealt with in the income statement. Gains and losses in the translation of foreign subsidiaries on consolidation are included in other comprehensive income as currency translation difference and accumulated in the currency translation reserve in the statement of changes in equity.

Provisions for other liabilities and charges

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Onerous lease provisions are measured at the lower of cost to fulfil or exit the contract.

Asset retirement obligations and dilapidations are recognised as provisions as a result of the legal obligation for decommissioning costs on mobile site and property leases. These provisions are recognised through the statement of financial position.

Employee benefits

For defined benefit plans, the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of the staff costs. Past service costs are recognised immediately in the income statement.

1. Accounting policies (continued)

Employee benefits (continued)

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This net interest cost on the defined liability is charged to the income statement within finance costs. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

Defined benefit schemes are funded, with the assets of the schemes held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The resulting defined benefit asset or liability, net of the related deferred tax, is presented within long term provisions in the statement of financial position.

For defined contribution schemes the amount charged to the income statement in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments on the statement of financial position.

Treatment of PECRS from 1 October 2015

On 1 October 2015, JT (Jersey) Limited's pension assets and liabilities were moved out of the sub-fund and into the main scheme, administered by States of Jersey. This is considered to be a multi-employer (benefit) plan as defined by FRS 102.

Under the revised Terms of Admission there is insufficient information available to use defined benefit accounting and, with effect from 1 October 2015, JT (Jersey) Limited has accounted for the scheme as if it was a defined contribution scheme. However, the scheme continues to be a defined benefit scheme.

Pension scheme reorganisation

Treatment of PECRS on 1 October 2015

The transaction, which resulted in the transfer of the pension assets and liabilities into the main scheme and a resulting change in accounting of the scheme from a defined benefit to defined contribution scheme, is considered a change in accounting estimate on 1 October 2015. This resulted in the release of the defined benefit liability, the group held on the statement of financial position from its previous accounting basis, down to nil as at 31 December 2015.

This has been presented as a pension scheme reorganisation within the income statement.

Financial instruments

Financial assets and financial liabilities are recognised when the group becomes party to the contractual provision of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Financial instruments (continued)

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the income statement in finance costs or finance income as appropriate, unless they are included in a hedging arrangement. The timing of release into the income statement depends on the type of hedge arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

In the current period there were immaterial derivatives amounting to £nil (2014: £6k).

Cost of sales

Cost of sales are accounted for on an accruals basis.

Operating expenses

Operating expenses are accounted for on an accruals basis.

Finance income and similar income

Finance income and similar income is accounted for on an accruals basis.

Finance costs and similar charges

Finance costs and similar charges are accounted for on an accruals basis.

Investments

Investments are held at cost less any impairment losses. Investment costs include acquisition costs and transaction costs directly associated with the acquisition.

Prior period adjustment to restate opening balances

The comparative opening balance of the equity reserve has been restated to correct a prior period adjustment. See note 25 for details.

Notes to the Financial Statements (continued)

2. Critical accounting estimates and key judgements

The preparation of financial statements in conformity with FRS 102 requires the use of accounting estimates and assumptions. It also requires management to exercise judgement in the process of applying the group's accounting policies. We continually evaluate our estimates, assumptions and judgements based on available information and experience. The areas involving a higher degree of judgment or complexity are explained below.

Goodwill

The group considers whether goodwill is impaired when an impairment indicator arises. This requires an estimation of the future cash flows from the cash generating units ("CGUs") to which the goodwill is attributed and the selection of appropriate discount rates in order to calculate the net present value of those cash flows.

The carrying value of goodwill is disclosed in note 8.

Useful lives of goodwill

Estimating the useful life of goodwill requires the exercise of judgement. Factors such as a change in the business, length of customer contracts, technological advancement and changes in market prices can indicate that the useful life has changed since the most recent reporting date.

The remeasurement of goodwill on transition to FRS 102 is explained within note 25.

Defined benefit pension schemes

TBPS as at 31 December 2015 and PECRS up to 30 September 2015

The group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and inflation. The assumptions reflect historical experience and current trends.

Further details are contained in note 18.

Long term contracts

Where the outcome of long term contracts can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the statement of financial position date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Estimation of the contract stage of completion requires management judgement.

Provision for doubtful debts

The group provides services to consumer and business customers, mainly on credit terms. Certain debts due to the group will not be recovered through default of a small number of customers. Estimates based on historical experience are used in determining the level of debts we believe will not be collected.

The value of the provision for doubtful debts is offset against trade receivables due within one year on the statement of financial position.

Provisions and contingent liabilities

As disclosed in note 15 the group's provisions principally arise from asset retirement obligations as a result of the legal obligation for decommissioning costs on mobile site and property leases.

In respect of claims and litigation the group provides for anticipated costs where the outflow of resources is considered probable and a reasonable estimate can be made on the likely outcome. The ultimate liability may vary from the amounts provided and will be dependant upon the eventual outcome of any settlement.

Notes to the Financial Statements (continued)

2. Critical accounting estimates and key judgements (continued)

Useful lives of property, plant and equipment and intangible assets

The annual depreciation and amortisation charges for property, plant and equipment and intangible assets are sensitive to the estimated lives allocated to each type of asset. Lives are assessed annually and changed when necessary to reflect expected impact from changes in technology, network investment plans (eg Gigabit programme) and physical condition of the assets.

The carrying value of property, plant, equipment and intangible assets are disclosed in note 8 and 9 respectively. The useful lives applied to the principal categories are disclosed on pages 10-11.

Current and deferred income tax

The actual tax we pay on our profits is determined according to complex tax laws and regulations. Where the effect of these laws is unclear, we use estimates in determining the liability for the tax to be paid on our past profits which we recognise in our financial statements. We believe the estimates, assumptions and judgements are reasonable but this can involve complex issues which may take a number of years to resolve. The final determination of prior year liabilities could be different from the estimates reflected in the financial statements and may result in the recognition of an additional tax expense or tax credit in the income statement.

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. The group uses management's expectations of future revenue growth, operating costs and profit margins to determine the extent to which future taxable profits will be generated against which to consume the deferred tax assets.

The value of the group's income tax assets and liabilities is disclosed on the statement of financial position. The carrying value of the group's deferred tax assets and liabilities is disclosed in note 6.

3. Operating profit

	Note	2015 £'000	2014 £'000 Restated
Operating profit is stated after charging:			
Wages and salaries		31,887	29,803
Social security costs		1,756	1,545
Total staff costs		**33,643**	**31,348**
Amounts capitalised		(2,680)	(2,826)
Staff costs charged to income statement		**30,963**	**28,522**
Loss on disposals of property, plant and equipment		153	183
Operating leases charge for the year – land and buildings		1,531	1,592
Depreciation	9	18,193	16,442
Amortisation of goodwill	8	4,652	4,652
Amortisation of intangibles	8	206	258
Provision for and write off of bad debts		1,360	613
Cost of inventory recognised as an expense		12,028	12,964
Impairment of inventory		86	123

Notes to the Financial Statements (continued)

4. Finance income and similar income

	2015 £'000	2014 £'000 Restated
Finance income and other similar income	16	66

5. Finance costs and similar charges

	2015 £'000	2014 £'000 Restated
2.5% preference dividends (gross)	250	250
Interest on bank loan and other short term borrowings	349	259
Interest on private placement	2,142	2,142
Net finance costs from pension schemes	265	324
Other interest payable	107	–
	3,113	**2,975**

Refer to note 14 for details of the above financing facilities.

The finance costs associated with the private placement financing facility have been included within liabilities and are expensed over the period of the private placement.

6. Tax

(a) Analysis of tax charge in the year	2015 £'000	2014 £'000 Restated
Current tax		
Current tax	2,088	1,957
Adjustment in respect of prior periods	185	(478)
Total current tax	**2,273**	**1,479**
Deferred tax		
Timing differences	3,208	884
Adjustment in respect of prior periods	167	159
Total deferred tax	**3,375**	**1,043**
Total tax on profit on ordinary activities	**5,648**	**2,522**

The impact of the restatement on adoption of FRS 102 for the year ended 31 December 2014 and from a prior period adjustment is explained in note 25.

Notes to the Financial Statements (continued)

Notes to the Financial Statements (continued)

6. Tax (continued)

(b) Factors affecting the tax charge

The tax charged for the period is different than the standard rate of income tax. The differences are explained below:

	2015 £'000	2014 £'000 Restated
Profit on ordinary activities before taxation	18,044	7,951
Profit on ordinary activities multiplied by the standard rate of income tax of 20%	3,609	1,590
Effects of:		
Profits on sale of investments	(11)	–
Expenses not deductible for tax purposes	321	148
Non-qualifying depreciation	317	268
Utilisation of losses	–	–
Subject to tax at 0%	1,251	985
Losses not utilised	(224)	143
Prior year adjustment	352	(319)
Profits taxed at rates other than 20%	–	(46)
Other tax adjustments	33	(247)
	5,648	**2,522**

(c) Provisions for liabilities and charges – deferred taxation

	2015 £'000	2014 £'000 Restated
Recognised deferred tax asset		
Accelerated capital allowances	(7,533)	(6,330)
Losses	1,976	2,121
Defined benefit pension deficit	155	2,061
Other	(368)	(291)
Total deferred tax liability provided	**(5,770)**	**(2,439)**
Deferred tax asset	1,672	3,122
Deferred tax liability	(7,442)	(5,561)
Net deferred tax liability provided	**(5,770)**	**(2,439)**

The impact of the restatement on adoption of FRS 102 for the year ended 31 December 2014 and from a prior period adjustment is explained in note 25.

7. Dividends on equity shares

The amounts recognised as distributions to equity holders in the year are:

	2015 £'000	2014 £'000
Equity		
Final dividend for the previous year end of 2.61p (2014: 1.86p) per ordinary share	522	372
Interim dividend for the current year of 5.94p (2014: 6.24p) per ordinary share	1,188	1,248
Special dividend for the current year of 12p (2014: nil) per ordinary share	2,400	–
	4,110	**1,620**

The group's redeemable preference shares are included in the statement of financial position as a liability and accordingly the dividends payable on them are included in finance costs and similar charges.

A final dividend of £0.96m (4.78p per share) (2014: £0.52m (2.61p per share)) has been approved for payment post year end.

8. Intangible assets

	Goodwill £'000	Other Intangibles £'000	Total £'000
Cost			
At 1 January 2015	39,042	999	40,041
Additions	-	145	145
Foreign currency translation adjustment	147	(113)	34
At 31 December 2015	**39,189**	**1,031**	**40,220**
Amortisation			
At 1 January 2015	(9,465)	(749)	(10,214)
Charge for the year	(4,652)	(206)	(4,858)
Foreign currency translation adjustment	-	53	53
At 31 December 2015	**(14,117)**	**(902)**	**(15,019)**
Net book value			
At 31 December 2014 (restated)	29,577	250	29,827
At 31 December 2015	**25,072**	**129**	**25,201**

The impact of the restatement on adoption of FRS 102 for the year ended 31 December 2014 is explained in note 25.

The remaining useful economic lives for the goodwill held for Newtel and Corporate Communications Holdings Limited, acquired in 2010 and 2012 respectively, are both 8 years at the statement of financial position date. Management considers the remaining lives to be appropriate for these entities as they operate in sustainable markets with customers on long term contracts.

There are no individually material other intangibles assets. Other intangibles are amortised over 3 to 10 years.

Notes to the Financial Statements (continued)

9. Property, plant and equipment

	Buildings £'000	Network plant and equipment £'000	Motor vehicles £'000	Capital work in progress £'000	Total £'000
Cost					
At 1 January 2015	32,430	227,393	688	6,782	267,293
Additions	563	301	-	18,691	19,555
Disposals	(447)	(27,548)	(91)	-	(28,086)
Transfer from capital work in progress	804	23,802	727	(25,333)	-
Foreign currency translation adjustment	-	(38)	-	-	(38)
At 31 December 2015	**33,350**	**223,910**	**1,324**	**140**	**258,724**
Depreciation					
At 1 January 2015	(17,081)	(141,725)	(676)	-	(159,482)
Charge for the year	(1,974)	(16,156)	(63)	-	(18,193)
Disposals	355	27,487	91	-	27,933
Foreign currency translation adjustment	-	(5)	-	-	5
At 31 December 2015	**18,700**	**130,399**	**648**	**-**	**149,747**
Net book value					
At 31 December 2014 (restated)	15,349	85,668	12	6,782	107,811
At 31 December 2015	**14,650**	**93,511**	**676**	**140**	**108,977**

10. Inventories

	2015 £'000	2014 £'000
Finished products	8,420	12,306
Work in progress	116	167
	8,536	**12,473**

Inventories of finished products include £4.5m (2014: £8.7m), to be used in capital work in progress on property, plant and equipment.

11. Receivables

Receivables due within one year	2015 £'000	2014 £'000
Trade receivables (net of provision for bad debts)	30,987	34,471
Prepayments and accrued income	5,766	5,206
	36,753	**39,677**

Receivables due after one year	2015 £'000	2014 £'000
Trade receivables	949	1,069

Notes to the Financial Statements (continued)

11. Receivables (continued)

Provision for bad debts	2015 £'000	2014 £'000
At 1st January	1,415	1,043
Charge to the income statement	364	372
At 31 December	**1,779**	**1,415**

12. Payables: amounts falling due within one year

	2015 £'000	2014 £'000
Borrowings	665	3,755
Trade payables	8,702	10,462
Corporation tax	1,693	1,518
Deferred revenue	10,781	11,248
Other payables and accruals	9,478	14,272
	31,319	**41,255**

13. Payables: amounts falling due after more than one year

	2015 £'000	2014 £'000 Restated
Amounts falling due between one and five years		
Private placement	31,000	31,000
USD borrowings due after one year	-	630
Derivative financial instruments	-	6
	31,000	**31,636**
Amounts falling due after more than five years		
Private placement	20,000	20,000
Total payables falling due after more than one year	**51,000**	**51,636**

Other payables have been restated on transition to FRS 102. Forward currency contracts that were previously held off-statement of financial position are now recognised at their fair value. Refer to note 25 for further information.

14. Loans and other borrowings

	2015 £'000	2014 £'000
Short term overdraft facility ("RCF")	-	3,000
USD borrowings	665	1,385
Private placement	51,000	51,000
2.5% redeemable preference shares	10,000	10,000
	61,665	**65,385**

Notes to the Financial Statements (continued)

14. Loans and other borrowings (continued)

As at 31 December 2015, there was no amount owing for the Revolving Credit Facility ("RCF") held by JT Group Limited (2014: £3m). The RCF provides for an overdraft facility of £15m. The facility is interest-bearing with a term of 3 years, which has been extended for a further 1 year. The balance is repayable on demand and classified as a current liability.

An interest-bearing loan of USD 2m, repayable over 24 months, was provided to the group in 2013.

JT Group Limited received £51m under a private placement facility during 2012. £31m has a term of 7 years and £20m has a term of 10 years. Both loans accrue interest on an annual basis at an interest rate of 3.86% and 4.48% for each respective tranche.

The 2.5% redeemable preference shares were issued in three tranches during 2012. Interest accrues at 2.5% per annum. The amount is repayable on demand.

15. Other provisions for liabilities and charges

	2015 £'000	**2014 £'000**
At 1 January	2,238	254
(Utilised) / charged to the income statement	(279)	386
Asset retirement obligations	(281)	1,598
At 31 December	**1,678**	**2,238**

The closing balance of provisions is made up of amounts for asset retirement obligations of £1.4m (2014: £2m), annual leave of £0.2m (2014: £0.1m) and other provisions for legal and long term service of £0.1m (2014: £0.1m).

16. Financial instruments

	Note	**2015 £'000**	**2014 £'000**
Financial liabilities at fair value through profit and loss			
- Derivative financial instruments	13	-	(6)
		-	**(6)**
Financial liabilities measured at amortised cost			
- Private placement	14	(51,000)	(51,000)
- USD Loan and short term overdraft facilities	14	(665)	(4,385)
		(51,665)	**(55,385)**

17. Share capital and reserves

	2015 £'000	**2014 £'000**
Authorised, issued and fully paid up		
Ordinary shares at £1 each – equity	20,000	20,000

Ordinary shares carry a voting right of one vote for each share held.

The equity reserve represents cumulative comprehensive income, including unrealised gains or losses on foreign exchange, net of equity dividends paid and other adjustments on post-employment benefit schemes.

The translation reserve arises on consolidation, where the consolidation of subsidiaries with a functional currency that is not GBP results in a difference that is recognised through other comprehensive income.

Notes to the Financial Statements (continued)

18. Post-employment benefits

	2015 £'000	**2014 £'000 Restated**
Post-employment benefits	773	10,305

Most employees of JT (Jersey) Limited are members of the Public Employees Contributory Retirement Scheme ("PECRS"). A small number are members of the Telecommunications Board Pension Scheme ("TBPS") and the JT Group Limited Pension Plan.

JT Group Limited Pension Plan

The JT Group Limited Pension Plan is a defined contribution scheme administered by Alexander Forbes. The employer currently pays contributions at 10% of members' salary. Regular employer contributions to the pension plan in 2016 are expected to be £0.39m (2014: £0.32m).

PECRS

The PECRS is a defined benefit pension plan, providing retirement benefits based on final salary.

Amendment to the Terms of Admission effective from 1 October 2015

JT (Jersey) Limited participates in the PECRS as an Admitted Body under a Terms of Admission Document which sets out how the contributions to and assets of the company's notional Sub-Fund are to be determined.

With effect from 1 October 2015 the Terms of Admission were amended to remove the requirement for the Scheme's Actuary to monitor a ring-fenced Sub-Fund for the purpose of setting JT (Jersey) Limited's contributions to the Scheme. Under the amended terms JT (Jersey) Limited's contributions will increase over a period to 2020 in accordance with a fixed schedule. Thereafter contribution rates will be set in accordance with Jersey Law insofar as it applies to Admitted Bodies in the Scheme. Under the revised Terms of Admission there is insufficient information available to use defined benefit accounting and, with effect from 1 October 2015, JT (Jersey) Limited has accounted for the Scheme as if it was a defined contribution scheme.

The change in accounting has necessitated a release of the net liability of £10.94m, on 30 September 2015, into the income statement as a pension scheme reorganisation. The associated deferred tax on the pension liability is £2.19m.

Employer contributions made to the pension plan from 1 October 2015 to 31 December 2015 were £0.19m.

Up to 30 September 2015

The latest actuarial valuation of the PECRS took place on 31 December 2013. Following the latest actuarial valuation JT (Jersey) Limited pays contributions of 7.07% (2014: 7.07%) of PECRS members' pensionable salaries.

Additional employer contributions will be required if there are any enhancements to benefits due to redundancies or augmentations during the year.

Actuarial gains and losses have been recognised in the period in which they occured, (but outside income statement), through other comprehensive income ("OCI").

Notes to the Financial Statements (continued)

18. Post-employment benefits (continued)

PECRS (continued)

Up to 30 September 2015 (continued)

The scheme was accounted for as a defined benefit scheme up to 30 September 2015. The principal assumptions used by the independent qualified actuaries to calculate the liabilities under FRS 102 are set out below:

Main financial assumptions (PECRS)	30 September 2015 % pa	31 December 2014 % pa	31 December 2013 % pa
Before retirement			
Jersey inflation rate	3.00	3.00	3.65
Rate of general long-term increase in salaries	4.00	3.70	4.35
Rate of increase to pensions in deferment	3.00	3.00	3.50
Discount rate for scheme liabilities	3.65	3.45	4.40
After retirement			
Jersey inflation rate	3.10	3.05	3.70
Rate of increase to pensions in payment	3.10	3.05	3.55
Discount rate for scheme liabilities	6.60	4.55	5.45

The demographic assumptions used by the independent qualified actuaries for both PECRS were:

Post retirement mortality assumptions	30 September 2015	31 December 2014	31 December 2013
Males			
Base table	Standard SAPS 2 "All Lives" tables (S2PMA)	Standard SAPS 2 "All Lives" tables (S2PMA)	Standard SAPS All Amounts (S1PMA)
Rating to above base table * (years)	0	0	0
Scaling to above base table rates	100%	100%	100%
Improvements to base table	CMI 2013 with a long term rate of improvement of 1.5% p.a.	CMI 2013 with a long term rate of improvement of 1.5% p.a.	CMI 2010 with a long term rate of improvement of 1.25% p.a
Assumed Retirement Age (ARA)	63	63	62
Future lifetime from ARA (currently aged ARA)	24.6	24.5	25.3
Future lifetime from ARA (currently aged 45)	26.6	26.5	27.0

Notes to the Financial Statements (continued)

18. Post-employment benefits (continued)

PECRS (continued)

Up to 30 September 2015 (continued)

Post retirement mortality assumptions (continued)	30 September 2015	31 December 2014	31 December 2013
Females			
Base table	Standard SAPS 2 "All Lives" tables (S2PMA)	Standard SAPS 2 "All Lives" tables (S2PMA)	Standard SAPS All Amounts (S1PMA)
Rating to above base table * (years)	0	0	0
Scaling to above base table rates	100%	100%	100%
Improvements to base table	CMI 2013 with a long term rate of improvement of 1.5% p.a.	CMI 2013 with a long term rate of improvement of 1.5% p.a.	CMI 2010 with a long term rate of improvement of 1.25% p.a
Assumed Retirement Age (ARA)	63	63	62
Future lifetime from ARA (currently aged ARA)	26.6	26.5	27.6
Future lifetime from ARA (currently aged 45)	28.8	28.7	29.3

**A rating of x years means that members of the scheme are assumed to follow the mortality pattern of the base table for an individual x years older than them. The ratings shown apply to normal health retirements.*

Notes to the Financial Statements (continued)

18. Post-employment benefits (continued)

PECRS (continued)

Commutation	**30 September 2015**	**31 December 2014**
	Each member assumed to exchange 21% of their pension entitlements.	Each member assumed to exchange 21% of their pension entitlements.

Split of assets	**Value at 30 September 2015 (£'000)**	**Value at 31 December 2014 (£'000)**	**Value at 31 December 2013 (£'000)**
Equities	28,193	30,538	31,244
Property	5,129	4,215	2,684
Fixed Interest Gilts	–	–	–
Index-Linked Gilts	–	–	–
Corporate Bonds	7,351	4,384	2,752
Other	2,714	2,505	2,025
Total	43,387	41,642	38,705

Note: Values are shown at bid value.

Reconciliation of funded status to statement of financial position

	Value at 30 September 2015 (£'000)	**Value at 31 December 2014 (£'000)**	**Value at 31 December 2013 (£'000)**
Fair value of scheme assets	43,387	41,642	38,705
Present value of scheme liabilities	(54,324)	(51,132)	(45,664)
Liability recognised on the statement of financial position	(10,937)	(9,490)	(6,959)

Analysis of income statement charge

	Period ended 30 September 2015 (£'000)	**Year ended 31 December 2014 (£'000)**
Current service cost*	1,924	2,375
Past service cost	–	1,112
Net finance costs	237	289
Expense recognised in income statement	2,161	3,776

**Allowance for administration expenses included in 2015 current service cost: £0.05m*

Notes to the Financial Statements (continued)

18. Post-employment benefits (continued)

PECRS (continued)

Changes to the present value of the scheme liabilities during the year

	Period ended 30 September 2015 (£'000)	**Year ended 31 December 2014 (£'000)**
Opening defined benefit obligation	51,132	45,664
Current service cost	1,924	2,375
Interest on the scheme liabilities	1,322	1,982
Contributions by scheme participants	445	591
Actuarial (gains) / losses on scheme liabilities*	(369)	1,341
Net benefits paid out	(130)	(1,933)
Past service cost	–	1,112
Net increase in liabilities from disposals / acquisitions	–	–
Curtailments	–	–
Settlements	–	–
Closing defined benefit obligation	54,324	51,132

**includes changes to the actuarial assumptions.*

Changes to the fair value of scheme assets during the year

	Period ended 30 September 2015 (£'000)	**Year ended 31 December 2014 (£'000) Restated**
Opening fair value of scheme assets	41,642	38,705
Interest on the scheme assets	1,085	1,693
Actuarial gains / (losses) on scheme assets	(248)	1,781
Contributions by the employer	593	805
Contributions by scheme participants	445	591
Net benefits paid out	(130)	(1,933)
Net increase in assets from disposals / acquisitions	–	–
Settlements	–	–
Closing fair value of scheme assets	43,387	41,642

Actual return on scheme assets

	Period ended 30 September 2015 (£'000)	**Year ended 31 December 2014 (£'000)**
Interest on the scheme assets	1,085	1,693
Actuarial (loss) / gain on scheme assets	(248)	1,781
Actual return on scheme assets	837	3,474

Notes to the Financial Statements (continued)

18. Post-employment benefits (continued)

PECRS (continued)

Analysis of amounts recognised in other comprehensive income ("OCI")

	Period ended 30 September 2015 (£'000)	Year ended 31 December 2014 (£'000)
Total actuarial gains	121	440
Total gain in OCI	121	440

History of experience gains and losses

	Period ended 30 September 2015 (£'000)	Year ended 31 December 2014 (£'000)
Experience (losses) / gains on scheme assets	(248)	1,781
Experience gains on scheme liabilities*	633	1,176

**This item consists of (losses) / gains in respect of liability experience only, and excludes any change in liabilities in respect of changes to the actuarial assumptions used. This history can be built up over time and need not be constructed retrospectively (and once complete will show the current period and previous four periods).*

Telecommunications Board Pension Scheme (TBPS)

The disclosures below have been prepared for JT (Jersey) Limited in relation to benefits payable from the Telecommunications Board Pension Scheme ("TBPS").

The TBPS is an unfunded scheme under which a defined benefit pension is payable to current pensioners.

The FRS 102 disclosure of the TBPS has been based on a valuation of the liabilities of the scheme as at 31 December 2014 and 31 December 2015 using the membership data at the accounting date. The present values of the defined benefit obligation and the related current service cost were measured using the projected unit method. Employer contributions in 2016 are expected to be £0.04m to provide for the payment of benefits to pensioners.

Actuarial gains and losses have been recognised in the period in which they occur, (but outside the income statement), through other comprehensive income ("OCI").

The principal assumptions used by the independent qualified actuaries to calculate the liabilities under FRS 102 are set out below:

Main financial assumptions

	31 December 2015 (% p.a.)	31 December 2014 (% p.a.)	31 December 2013 (% p.a.)
Jersey price inflation	3.00	3.00	3.65
Rate of increase to pensions in deferment	3.00	3.00	3.65
Discount rate for scheme liabilities	3.70	3.45	4.40

Notes to the Financial Statements (continued)

18. Post-employment benefits (continued)

TBPS (continued)

The demographic assumptions used by the independent qualified actuaries for TBPS were:

Post retirement mortality assumptions	31 December 2015	31 December 2014	31 December 2013
Males			
Base table	Standard SAPS 2 "All Lives" tables (S2PMA)	Standard SAPS 2 "All Lives" tables (S2PMA)	Standard SAPS All Amounts (S1PMA)
Rating to above base table * (years)	0	0	0
Scaling to above base table rates	100%	100%	100%
Improvements to base table	CMI 2013 with a long term rate of improvement of 1.5% p.a.	CMI 2013 with a long term rate of improvement of 1.5% p.a.	CMI 2010 with a long term rate of improvement of 1.25% p.a
Assumed Retirement Age (ARA)	63	63	62
Future lifetime from ARA	24.6	24.5	25.3
(Currently aged ARA)			
Females			
Base table	Standard SAPS 2 "All Lives" tables (S2PMA)	Standard SAPS 2 "All Lives" tables (S2PMA)	Standard SAPS All Amounts (S1PMA)
Rating to above base table * (years)	0	0	0
Scaling to above base table rates	100%	100%	100%
Improvements to base table	CMI 2013 with a long term rate of improvement of 1.5% p.a.	CMI 2013 with a long term rate of improvement of 1.5% p.a.	CMI 2010 with a long term rate of improvement of 1.25% p.a
Assumed Retirement Age (ARA)	63	63	62
Future lifetime from ARA	26.6	26.5	27.6
(Currently aged ARA)			

**A rating of x years means that members of the scheme are assumed to follow the mortality pattern of the base table for an individual x years older than them. The ratings shown apply to normal health retirements.*

	31 December 2015	31 December 2014
Commutation	Each member assumed to exchange 21% of their pension entitlements.	Each member assumed to exchange 21% of their pension entitlements.

Notes to the Financial Statements (continued)

18. Post-employment benefits (continued)

TBPS (continued)

Split of assets	**Value at 31 December 2015 (£'000)**	**Value at 31 December 2014 (£'000)**	**Value at 31 December 2013 (£'000)**
Other	6	8	4
Total	6	8	4

Note: Values are shown at bid value.

Reconciliation of funded status to statement of financial position

	Value at 31 December 2015 (£'000)	**Value at 31 December 2014 (£'000)**	**Value at 31 December 2013 (£'000)**
Fair value of scheme assets	6	8	4
Present value of scheme liabilities	(779)	(823)	(810)
Liability recognised on the statement of financial position	(773)	(815)	(806)

Analysis of income statement charge

	Year ended 31 December 2015 (£'000)	**Year ended 31 December 2014 (£'000)**
Net finance costs	28	35
Expense recognised in income statement	28	35

Notes to the Financial Statements (continued)

18. Post-employment benefits (continued)

TBPS (continued)

Changes to the present value of the scheme liabilities during the year

	Year ended 31 December 2015 (£'000)	**Year ended 31 December 2014 (£'000)**
Opening defined benefit obligation	823	810
Current service cost	–	–
Interest on the scheme liabilities	28	35
Contributions by scheme participants	–	–
Actuarial (gains) / losses on scheme liabilities*	(30)	20
Net benefits paid out	(42)	(42)
Past service cost	–	–
Net increase in liabilities from disposals / acquisitions	–	–
Curtailments	–	–
Settlements	–	–
Closing defined benefit obligation	779	823

**includes changes to the actuarial assumptions.*

Changes to the fair value of scheme assets during the year

	Year ended 31 December 2015 (£'000)	**Year ended 31 December 2014 (£'000)**
Opening fair value of scheme assets	8	4
Interest on the scheme assets	–	–
Actuarial gains / (losses) on scheme assets	–	–
Contributions by the employer	40	46
Contributions by scheme participants	–	–
Net benefits paid out	(42)	(42)
Net increase in assets from disposals / acquisitions	–	–
Settlements	–	–
Closing fair value of scheme assets	6	8

Actual return on scheme assets

	Year ended 31 December 2015 (£'000)	**Year ended 31 December 2014 (£'000)**
Interest on the scheme assets	-	-
Actuarial (loss) / gain on scheme assets	-	-
Actual return on scheme assets	-	-

Notes to the Financial Statements (continued)

18. Post-employment benefits (continued)

TBPS (continued)

Analysis of amounts recognised in other comprehensive income ("OCI")

	Year ended 31 December 2015 (£'000)	Year ended 31 December 2014 (£'000)
Total actuarial gains/(losses)	30	(20)
Total gains/(losses) in OCI	30	(20)

History of experience gains and losses

	Year ended 31 December 2015 (£'000)	Year ended 31 December 2014 (£'000)
Experience gains/(losses) on scheme assets	–	–
Experience gains/(losses) on scheme liabilities*	7	–

**This item consists of (losses) / gains in respect of liability experience only, and excludes any change in liabilities in respect of changes to the actuarial assumptions used. This history can be built up over time and need not be constructed retrospectively (and once complete will show the current period and previous four periods).*

Summary

Reconciliation of pension to statement of financial position

	2015 (£'000)	2014 (£'000)
Opening balance	(10,305)	(7,765)
(Loss)/gain recognised through the income statement:		
- PECRS	(1,568)	(2,971)
- TBPS	12	11
Actuarial (loss)/gain recognised in OCI:		
- PECRS	121	440
- TBPS	30	(20)
	(11,710)	(10,305)
Pension scheme reorganisation	10,937	–
Closing balance	**(773)**	**(10,305)**

19. Ultimate and immediate controlling party

The ultimate controlling party of JT Group Limited is the States of Jersey.

Notes to the Financial Statements (continued)

20. Related party transactions

Under the terms of FRS 102, section 33 "Related Party Disclosures", the States of Jersey is considered to be a related party of the group. All commercial transactions between the parties are undertaken in the normal course of business.

The following transactions and balances relating to the States of Jersey departments are reflected in the financial statements.

	2015 (£'000)	2014 (£'000)
Revenue	3,762	3,448
Trade receivables	625	1,027
Operating expenses	483	545
Trade payables	7	29
Preference shares interest	250	250
Preference shares payable	10,000	10,000
Equity dividends paid	4,110	1,620

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2015 (£'000)	2014 (£'000)
Salaries and other short term benefits	2,116	1,569
Post-employment benefits	61	51
	2,177	**1,620**

21. Directors' emoluments

	Basic Salary/ Fees 2015 £' 000	Bonuses 2015 £' 000	Total 2015 £' 000	Total 2014 £' 000
Executive Directors				
Graeme Millar	215	136	351	258
John Kent	185	71	256	200
Non-Executive Directors				
John Stares	40	–	40	40
Colin Tucker	25	–	25	25
Phil Male	25	–	25	25
Sean Collins	25	–	25	21
Kevin Keen	25	–	25	10
Total	**540**	**207**	**747**	**579**

During the year the company made pension contributions of £15k (2014: £10k) in respect of Mr. Millar.

Notes to the Financial Statements (continued)

22. Capital and other commitments

	2015 (£'000)	2014 (£'000)
Capital expenditure committed and contracted	2,556	11,440
Capital expenditure approved but not yet contracted	2,171	4,970
	4,727	**16,410**

The group has the following future minimum lease payments under non-cancellable operating leases for each of the following periods.

	2015 (£'000)	2014 (£'000)
Expiry date		
Not later than one year	2,209	2,162
Later than one year and not later than five years	8,178	8,124
Later than five years	9,321	10,997
	19,708	**21,283**

23. Principal subsidiary undertakings

JT Group Limited has investments in the following subsidiaries, which principally affected the profits and net assets of the group.

Subsidiary undertaking	Place of incorporation	Trading/Non-trading	Principal activity
JT (Jersey) Limited (100% directly owned)	Jersey, Channel Islands	Trading	Provision of telecommunication services
JT (Guernsey) Limited (100% directly owned)	Guernsey, Channel Islands	Trading	Provision of telecommunication services
Jersey Telecom UK Limited (100% directly owned)	United Kingdom	Non-trading	Holding company for eKit.com Inc
eKit.com Inc (100% indirectly owned through Jersey Telecom UK Limited)	United States	Trading	Low cost roaming solutions to business and other travellers
eKit.com Pty Ltd (100% indirectly owned through eKit.com Inc)	Australia	Trading	Low cost roaming solutions to business and other travellers
eKit.com UK Ltd (100% indirectly owned through eKit.com Inc)	United Kingdom	Trading	Low cost roaming solutions to business and other travellers

Notes to the Financial Statements (continued)

23. Principal subsidiary undertakings (continued)

Subsidiary undertaking	Place of incorporation	Trading/Non-trading	Principal activity
Corporate Communications (Holdings) Ltd (100% directly owned)	United Kingdom	Non-trading	Holding company for Corporate Communications (Holdings) Ltd group subsidiaries
Worldstone Group Ltd (100% indirectly owned through Corporate Communications (Holdings) Ltd)	United Kingdom	Trading	Provision of communications consultancy and outsourcing services
JT (Global) Limited (formerly Corporate Communications (Europe) Ltd) (100% indirectly owned through Corporate Communications (Holdings) Ltd)	United Kingdom	Trading	Provision of communications consultancy and outsourcing service.
Worldstone, Inc (100% indirectly owned through Corporate Communications (Holdings) Ltd)	United States	Trading	Provision of communications consultancy and outsourcing services

24. Non-controlling interest

	2015 (£'000)	2014 (£'000)
At 1 January	–	255
Loss on ordinary activities after taxation	–	–
Equity minority interests loss transferred to reserves	–	(255)
At 31 December	**–**	**–**

The minority interest shareholders held 24.99% (2014: 24.99%) of the shares in Donate Limited at the year end. In 2014, the transfer of the minority interest losses was made to the reserve as the decision to wind down Donate Limited was made during the year and all losses in the entity relate to JT Group Limited. Donate Limited was dissolved on 19 January 2016.

Notes to the Financial Statements (continued)

25. Transition to FRS 102

This is the first year that the group has presented its results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014, effective 1 January 2015. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between old UK GAAP as previously reported and FRS 102.

Consolidated Income Statement

for the year ended 31 December 2014

	Note	As previously Stated £'000	Effect of Transition £'000	FRS 102 (as restated) £'000
Revenue		152,414	–	152,414
Cost of sales		(65,331)	–	(65,331)
Gross profit		**87,083**	**–**	**87,083**
Other operating expenses	A, C	(73,408)	(2,815)	(76,223)
Operating profit		**13,675**	**(2,815)**	**10,860**
Finance income and similar income	B, C	545	(479)	66
Finance costs and similar charges	C	(2,651)	(324)	(2,975)
Profit on ordinary activities before taxation		**11,569**	**(3,618)**	**7,951**
Tax on profit on ordinary activities	C	(2,712)	190	(2,522)
Profit on ordinary activities after taxation		**8,857**	**(3,428)**	**5,429**
Non-controlling interests		–	–	–
Profit for the financial year		**8,857**	**(3,428)**	**5,429**

The effect of the prior year period adjustment in 2014 (£0.04m) was immaterial and has been adjusted to 2013.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2014

	Note	As previously Stated £'000	Effect of Transition £'000	FRS 102 (as restated) £'000
Profit for the financial year		8,857	(3,428)	5,429
Currency translation difference		83	–	83
Remeasurements of net defined benefit obligation	C	(535)	955	420
Total tax on components of other comprehensive income	C	107	(190)	(83)
Other comprehensive income for the year, net of tax		**(345)**	**765**	**420**
Total comprehensive income for the year		**8,512**	**(2,663)**	**5,849**
Total profit attributable to				
- Owners of the parent		8,857	(3,428)	5,429
- Non-controlling interest		–	–	–
		8,857	**(3,428)**	**5,429**
Total comprehensive income attributable to				
- Owners of the parent		8,512	(2,663)	5,849
- Non-controlling interest		–	–	–
		8,512	**(2,663)**	**5,849**

Notes to the Financial Statements (continued)

25. Transition to FRS 102 (continued)

Consolidated Statement of Financial Position

At 31 December 2014

	Note	As previously stated £'000	Prior period adjustment £'000	Old UK GAAP corrected for prior period adjustment (as restated) £'000	Effect of transition £'000	FRS 102 (as restated) £'000
Fixed assets						
Intangible assets	A	32,510	–	32,510	(2,683)	29,827
Property, plant and equipment		107,811	–	107,811	–	107,811
Investments		5	–	5	–	5
Deferred tax asset	E	452	609	1,061	2,061	3,122
		140,778	**609**	**141,387**	**(622)**	**140,765**
Current assets						
Inventories		12,473	–	12,473	–	12,473
Receivables due within one year		39,677	–	39,677	–	39,677
Receivables due after one year		1,069	–	1,069	–	1,069
Cash at bank and in hand		8,741	–	8,741	–	8,741
		61,960	**–**	**61,960**	**–**	**61,960**
Payables: amounts falling due within one year	E	(40,400)	(855)	(41,255)	–	(41,255)
Net assets		**21,560**	**(855)**	**20,705**	**–**	**20,705**
Total assets less current liabilities		**162,338**	**(246)**	**162,092**	**(622)**	**161,470**
Payables: amounts falling due after more than one year	B	(51,630)	–	(51,630)	(6)	(51,636)
Deferred tax liability		(5,561)	–	(5,561)	–	(5,561)
Provisions for other liabilities		(2,238)	–	(2,238)	–	(2,238)
Post-employment benefits		(8,244)	–	(8,244)	(2,061)	(10,305)
2.5% Redeemable preference shares		(10,000)	–	(10,000)	–	(10,000)
Net assets		**84,665**	**(246)**	**84,419**	**(2,689)**	**81,730**
Capital and reserves						
Share capital		20,000	–	20,000	–	20,000
Equity reserve		65,043	(235)	64,808	(2,689)	62,119
Translation reserve		(378)	(11)	(11)	–	(389)
Equity attributable to owners of the parent		**84,665**	**(246)**	**84,419**	**(2,689)**	**81,730**
Non-controlling interest		–	–	–	–	–
Total equity		**84,665**	**(246)**	**84,419**	**(2,689)**	**81,730**

Notes to the Financial Statements (continued)

25. Transition to FRS 102 (continued)

Consolidated Statement of Changes in Equity

At 31 December 2014

	Note	Total reserves as previously stated £'000	Prior period adjustment £'000	Old UK GAAP corrected for prior period adjustment (as restated) £'000	Effect of transition £'000	FRS 102 (as restated) £'000
Balance at 1 January 2014	B,E	77,831	(246)	77,585	(26)	77,559
Profit for the year		8,857	–	8,857	(3,428)	5,429
Other comprehensive income for the year		(345)	–	(345)	765	420
Total comprehensive income for the year		8,512	–	8,512	(2,663)	5,849
Movement in translation reserve		197	–	197	–	197
Transfers		(255)	–	(255)	–	(255)
Dividends		(1,620)	–	(1,620)	–	(1,620)
Balance at 31 December 2014		**84,665**	**(246)**	**84,419**	**(2,689)**	**81,730**

A – Reassessment of the useful economic life of Goodwill
Estimating the useful life of goodwill requires the exercise of judgement. Factors such as a change in the business, technological advancement and changes in market prices can indicate that the useful life has changed since the most recent annual reporting date. On transition to FRS 102, management reviewed all useful economic lives from the default 20 year life adopted by the group under old UK GAAP. In accordance with section 10 of FRS 102, the revision is accounted for as a change in accounting estimate. The original estimate of the useful life is revised, the unamortised cost is written off over the revised remaining useful life. The incremental amortisation charges arise from the reduction of the goodwill related to ekit from 20 to 5 years, Corporate Communications (Holdings) Limited from 20 to 10 years and Newtel from 20 to 10 years. As at 1 January 2014, the net book values were £10.4m, £15.4m and £7.3m respectively.

B – Derivative financial instruments
FRS 102 requires derivative financial instruments to be recognised at fair value. Previously under UK GAAP the group did not recognise these instruments in the financial statements. Prior to the transition the group's policy was to enter into forward currency contracts to cover specific foreign currency payments and receipts to reduce the exposure to fluctuations in foreign exchange. On transition to FRS 102, the group has fair valued these derivative instruments. The opening statement of financial position recognised a £26k liability, being the fair value gain for the year ended 31 December 2014 and a £6k liability as at 31 December 2014. The group has adopted a policy to apply hedge accounting derivative instruments but did not put the documentation in place to apply this for the derivatives in place at the date of adoption given their size.

C – Defined benefit scheme
Under old UK GAAP the group recognised an expected return on defined benefit plan assets in the income statement. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in the income statement. There has been no change in the defined benefit liability at either 1 January 2014 or 31 December 2014. The effect of the change has been to reduce the credit to the income statement in the year to 31 December 2014 by £0.77m net of tax and increase the credit in other comprehensive income by the same amount. As there was a net finance income for the year ended 31 December 2014 under old UK GAAP which is now a finance cost there is a reclassification of £0.5m between finance income and finance cost.

Notes to the Financial Statements (continued)

25. Transition to FRS 102 (continued)

D – Cash flow statement
The group's cash flow statement reflects the presentation requirements of FRS 102, which is different to that prepared under FRS 1 and the impacts of changes in the income statement and the statement of financial position for the prior period. In addition, the cash flow statement reconciles to cash and cash equivalents whereas under previous UK GAAP the cash flow statement reconciled to cash. Cash and cash equivalents are defined in FRS 102 as 'cash on hand and demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an in-significant risk of changes in value' whereas cash is defined in FRS 1 as 'cash in hand and deposits repayable on demand with any qualifying institution, less overdrafts from any qualifying institution repayable on demand'.

E – Prior period adjustment to restate opening balances
The comparative opening balance of the equity reserve has been restated to correct a prior period error which resulted from a miscalculation of deferred revenue in the financial statements of a subsidiary entity, ekit.com Inc. The impact of the adjustment to 2014 was a reduction of £0.24m to the opening equity reserve balance, a reduction of £0.01m to the translation reserve and a reduction in net assets of £0.25m, being the net of an increase in deferred income of £0.86m offset by an increase in the deferred tax asset of £0.61m.

26.Subsequent events

There have been no subsequent events that require any adjustment or further disclosure since the statement of financial position date.

PIONEERING TECHNOLOGY FOR OUR NETWORKED SOCIETY

Annual Review
2015/2016

Stay in Touch

JTsocial JTHelp

JT Group Limited

JTsocial JTHelp JT_Business

PO Box 53, No1 The Forum, Grenville Street,
St Helier, Jersey, JE4 8PB

www.jtglobal.com

Facts and figures correct at time of publication. June 2016.

JT
JOIN TOGETHER

Welcome to the most connected island in the world

Whether you're relocating your home or business to Jersey, we're here to support you. With over 120 years experience delivering communication solutions in the Channel Islands, JT's team will take care of all your needs.

From our superfast 4G mobile network, to our island-wide fibre broadband and landline services, we'll help you get connected.

CHAIRMAN'S FOREWORD

There's a key phrase at JT which is very relevant when looking back both on our work during 2015, but also forward in the years to come: 'always enabling.'

That's exactly how we see the purpose of our business; both for the Channel Islands, and for our growing international customer base, which as well as being important in its own right, is essential for funding our work at home.

John Stares
Chairman

JT exists to enable people and businesses to be connected. Whether that's via our mobile services, landlines or broadband, or by using our SIM cards to connect vital personal medical equipment, such as heart sensors, to remote monitors, through what's known as machine-to-machine technology, JT plays a vital role in keeping them, and our customers, connected. You can see more about how JT is powering vital services like these on page 16.

Our business success relies on this ability to enable customers to live their lives (both socially and at work) supported with the connectivity that they now rely on, every day.

Turning to our financial performance (the details follow later in this report) 2015 was a strong year which saw an increase in both overall revenue and gross profit, enabling us to deliver a healthy dividend back to our ultimate owners, the people of Jersey.

"JT exists to enable people and businesses to be connected"

Much of the revenue increase was from our wholesale trading business, not expected to continue at this level. Gross profits grew. Higher depreciation arising from our capital spend programme led to a small reduction in operating profit from £10.9m to £10.2m. Our results also benefited from a one-off non-cash accounting credit of £10.9m.

It was also the year in which our own surveys (and those of the regulator CICRA) suggested that we were doing much better in terms of satisfying our customers, which is perhaps the most important measure of all.

I'd also like to draw out two major network achievements; firstly, we completed the Channel Islands' first 4G network, with customer feedback already suggesting it is the best on offer in terms of quality and coverage.

Secondly, we connected more than half of Jersey's broadband customers to super-fast, fibre-optic cabling, a major milestone in this exceptionally important project for the Island's future social and economic well-being.

I would like to take this opportunity to thank every member of the JT team for their energy, talent and commitment, which all came together to deliver those excellent results. We will be using that successful performance to continue to grow the business; growth is vital for JT's future, as in the global telecommunications industry, we are what's known as 'sub-scale.'

While within the telecommunications industry we are classified as a "Tier 1 firm", and now the biggest digital business in the Channel Islands, to ensure our continued success, we need to continue to grow. You'll see a visual on this page which shows the acquisitions made by the JT Group in the last seven years, all of which have helped us to build a substantial international customer base.

We will continue to look carefully for the right acquisitions in the coming years – on that note, I must quickly reference the potential deal with Bharti-Airtel.

While the proposed merger with Bharti-Airtel across the Channel Islands (with Bharti-Airtel also taking a stake in JT) is no longer under consideration, we remain interested in the Guernsey Airtel business at the right price, as it is a good example of the sort of acquisition that forms part of our strategic growth path. That growth path is critical to us being able to continue to fund investment in the reliable, high-speed/capacity networks which are enjoyed by Channel Island residents and companies, and which deliver the world-class communications quality and resilience underpinning our core financial services industries, and nascent digital sectors.

I'd like to finish with a phrase I used in the foreword to last year's Annual Review – I said that the opening up of the landline market in the Channel Islands represented an opportunity for us. Well, looking back on that significant change, I'm pleased to say it is an opportunity which JT has seized; our market share in this sector has held up very well indeed in Jersey, while increasing in Guernsey.

I believe this is in no small part down to the quality and reliability of our network, in addition to our pricing, which remains very competitive. Particularly once you take into account the fact that we continue to invest £1.2m every year to provide a discounted tariff for those Jersey residents over 65 who were on the Prime Talk scheme before June 2015, something which isn't on offer elsewhere.

The team at JT has worked hard for their success in 2015, and I'm proud of what they have achieved. Whether it is for local residents, companies or international customers, we will continue with our key philosophy of, '...always there, always on, always enabling.'

John Stares
Chairman

Dated: June 2016

Since 2009, the acquisitions made by JT Group have contributed £114m towards revenue.

Revenue earned by these acquisitions in 2015 represents 28% of the overall growth in annual revenue versus 2009.

CEO'S BUSINESS REVIEW

Graeme Millar
CEO

JT is a complex, and high profile, business, and so it's useful to take stock occasionally, step back, and see how far we have actually come.

I'd like to do that now, by focussing on one word which is critical to our business strategy:

'CONNECTIVITY'

Starting with our flagship 'Gigabit Isles' project, as the chart below shows, Jersey is now 3rd in the world in terms of the percentage of homes with broadband connected to JT Fibre. We've come such a long way in a few short years (for example, we were in 21st position in 2009 and 7th in 2014), with now more than 54% of Jersey's broadband customers receiving that world-class fibre service – soon, fibre broadband will be available to all customers, creating the infrastructure necessary for our whole community to benefit from innovative digital services. More on that later.

In Guernsey, we have invested £7m in laying 50km of fibre optic cabling in and around St Peter Port, which has aided us thus far to connect 42 government sites, such as schools and the hospital, and so delivering a real benefit to the community; local residents are also starting to access this 'super-fast' broadband network too.

54%
of Jersey's broadband customers are now on fibre

"2015 saw the completion and activation of the new £12m 4G mobile network across the Channel Islands"

Staying with the 'connectivity' theme, 2015 saw the completion of our £12m 4G mobile network across the Channel Islands. Effectively, that has made 'broadband for your mobile' a reality and the feedback we are getting from customers in terms of the quality and coverage of the new network is exceptional.

"More than half of JT customers' mobile data usage is watching video"

It is now easily possible to sit at home, on the bus or on the beach streaming video on your mobile using JT's 4G network (more than half of the mobile data usage for JT customers is for watching video), an experience which customers would have found frustrating, or impossible, just a few months earlier.

However, as our Chairman points out in his foreword to this document, JT must also grow by connecting customers internationally, not just in our home-base of the Channel Islands. That growth outside of the Islands is vital for our future success in an industry where, in global terms, JT is still a locally-owned, niche operator.

Following on from this, JT is also providing world-class services to customers across the globe:

Our 'machine-to-machine' business, which uses JT SIM cards to allow machines to share information, grew very strongly indeed in 2015, with more than 800,000 subscribers now on the JT platform by the end of the year;

For example, we won a contract in 2015 to supply SIM cards connecting heart rate monitors in patients to special monitoring equipment for a company called m-health in Canada, providing a real-time information feed which has the potential to save lives.

"The main attraction for us in contracting with JT was the personal service on offer and having a strong relationship with someone who will always be available to look after you."

SANDY SCHWENGER
M-HEALTH IN CANADA

m-health SOLUTIONS

Sandy Schwenger
M-Health

In 2015 we also built strong strategic relationships with major corporations like BT, providing fully managed Avaya voice services to BT for 25,000 Kimberly Clark users across 17 countries in North America and EMEA. This is a key element of an overall transformational deal for BT.

"In 2015, JT responded very quickly and Kimberly Clark have commented on the significant improvement in service since JT came on board."

FLORIAN SPLETT
BT

So having built those super-fast, resilient networks, how will they shape the future?

To answer this we need to roll the clock back a couple of years to when we announced the project to connect all customers to fibre-optic broadband. Common feedback then was that we simply didn't need it. People said 2Mb/s broadband was enough for email and basic web surfing.

Well, we are currently trialling 100Mb/s domestic broadband, double the current entry-level fibre-optic speed, and fifty times faster than our basic product on the previous copper-based broadband network.

Currently trialling
100Mb/s

We're doing this because our customers want it, and they prove it every day with the volumes of data they are now regularly using to live their lives online. In less than a year of offering 4G mobile services, weekly data usage on this network had grown five-fold.

We have built the Islands' networks so that we don't get left behind as this trend continues; so that we have the ability for the telemedicine, virtualization and augmented reality services which are only a few years away now. With the right connectivity, the Channel Islands will be able to keep up with these new technologies, perhaps enabling top surgeons to conduct remote consultations or operations; or on a more everyday level, allowing mechanics to resolve problems in your car or washing machine without needing to actually touch it.

2015 was a year in which we took very significant steps forward in creating the networks needed to enable this future in the Channel Islands. We also ended the year, celebrating the key milestone of signing our one millionth subscriber. I'd like to wish a particularly warm welcome to Tracy Parkinson from Jersey, who in December last year became our 1,000,000th customer. The day marked a very big achievement for us as a business and highlights how proud I am of the JT team who work hard to make this happen and our loyal customers who will continue to strive to delight through everything we do.

Graeme D. Millar

Graeme Millar
CEO

Dated: June 2016

Tracy Parkinson is presented with a hamper by David Le Couilliard, Retail Store Supervisor, to congratulate her as our 1,000,000th subscriber.

JT FIBRE: SUPERIOR CONNECTIVITY IN THE CHANNEL ISLANDS

GIGABIT JERSEY

GIGABIT GUERNSEY

1st in Europe

3rd in the world

54%
of customers with broadband connected to fibre ranks us 1st in Europe and 3rd in the world.

As we live more and more of our lives online, Jersey's broadband network is being completely replaced to enable Islanders to 'think digital.' Goodbye to the old copper-based network with speeds of only up to 25 Mb/s – hello to fibre optic broadband which enables speeds of....well, no one yet knows for sure, apart from to say scientific trials are being done which involve all the works of literature man has ever written being sent down a fibre cable in just seconds.

Suffice it to say it is very, very, very fast. Every year more customers are being connected, until very soon, Jersey will be the most connected place in the world. The future is a place where the only certainty is that our demand for connectivity only ever increases, whether it be at home, school or work: welcome to fibre optic broadband.

Speed

THEN AND NOW

JT broadband speeds on Jersey have risen 500 times with top speeds of 1GB now widely available.

2MB 2010

1GB 2015

JERSEY FACTS

£35m
fibre investment in Jersey so far

124,236
total devices connected to the fibre network in Jersey

14
average number of devices connected per home in Jersey

18,500
properties connected in Jersey

As at May 2016

100+
jobs created so far on the project in Jersey

NO
more buffering. Faster, smoother downloads.

2,850km
cable laid throughout Jersey

ALL
schools in Jersey connected to fibre

45
vehicles used by the project in Jersey, all supported by local businesses

GUERNSEY FACTS

£7m
fibre investment in Guernsey

46
government sites connected in Guernsey

50km
of fibre cable laid around St Peter Port in Guernsey

"One St Julian's Avenue is the number one address in Guernsey and from the very beginning we anticipated the desires of potential buyers, including their communications needs.

As soon as we were aware of JT's investment in fibre-optic broadband in Guernsey we knew it was essential to make this service available in this particular development. Every step of the way JT has worked with us to ensure seamless installation and ongoing support to deliver the very best service for our new residents.

We're thrilled to offer the first fibre-connected apartments in Guernsey and thank JT for their commitment to bring innovative products and services to Guernsey."

CHARLES MCHUGH
DEVELOPERS STRATEGIC DEVELOPMENT PARTNERSHIP

THE CI's FASTEST 4G NETWORK

Officially Guernsey's FASTEST NETWORK as tested by you

Smartphone penetration in the Channel Islands is now higher than most places in the world with the demand for mobile internet growing exponentially.

The need for full island-wide coverage complemented by the fastest data speeds available is essential in supporting future emerging technologies as well as local economic growth.

JT's £12 million investment in the Island's superior 4G network was completed during 2015. This has enabled super-fast broadband access for mobile, delivering the fastest and smoothest mobile internet experience for our customers to help them stay connected; anytime anywhere.

In the UK, leading operator EE recently stated their commitment to reach 95% coverage by 2021. In contrast JT have already delivered the Channel Islands 97% landmass coverage in 2015, some 5 years before them.

WE'RE THE QUICKEST

4G is 100% faster than the quickest data speeds previously available, with big improvements for everyone on the existing 3G network as well.

JT 4G MAKES EVERYDAY THINGS INSTANT

Stream video in high definition; game in near-real time; and download songs and photos in seconds and movies in minutes, on the move.

JT INVESTED £12M IN 4G

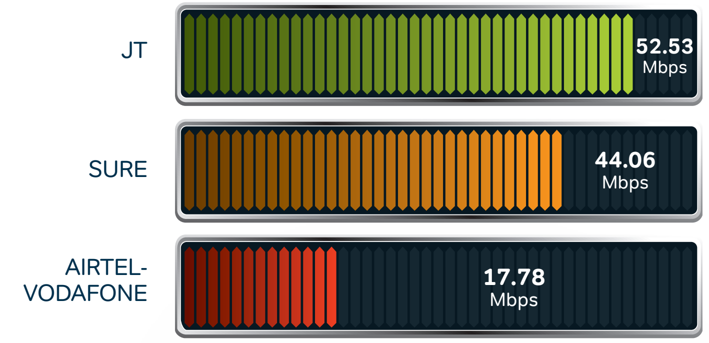
"Uploading my beach pics to Instagram is a breeze"

ALISON
GRANDES ROCQUES BEACH
WEST COAST GUERNSEY

GUERNSEY SPEED TEST RESULTS

THE 4G CHALLENGE

AVERAGE DOWNLOAD SPEEDS:



JT'S TOP SPEED
212
MBPS

TESTED IN OVER
400
LOCATIONS

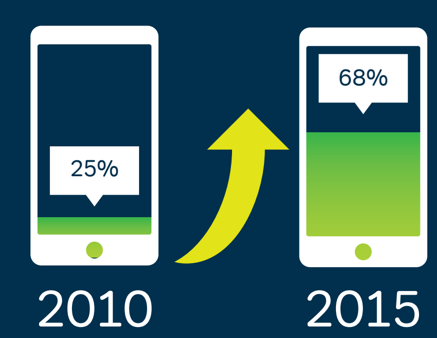
NUMBER OF ENTRIES INTO THE 4G CHALLENGE
446

FASTER THAN THE UK'S FASTEST NETWORK
58%

Smartphones

THEN AND NOW

The Channel Islands has more Smartphones per head than most places in the world and JT's superfast 4G network ensures we can meet this ever growing demand for data.



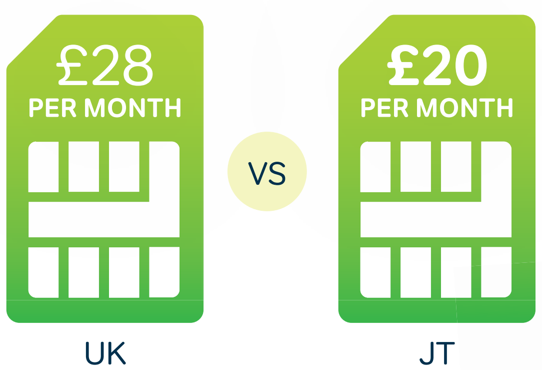
A FAIR DEAL ON A BETTER NETWORK

1ST 2015 MILESTONE 4G

In 2015 we reached two further major milestones for customers, both relating to the quality of the networks we deliver for them, which form the backbone of local life, whether social or business.

The quality of our superior 4G network speed and coverage has been proven and we have also ensured that this, as well as our landline service, has been fairly priced for our customers to ensure they get the best deal:

The average price in the UK today, for a 'SIM Only' service, with a typical 8GB data allowance, ranges between £24 - £28 per month. A JT 'SIM Only' Tariff with 10,000 SMS and 10GB of data, costs just £20-£25 per month.



2ND 2015 MILESTONE JT FIBRE

Even with the investment in JT Fibre, we strive to ensure that these 'super fast' speeds also come at a fair price: the entry-level, guaranteed speed of 50Mb/s is priced at just £36.49 (which includes line rental) which compares with £39.99* for an equivalent service from BT, and £44.98 against our main competitor in Guernsey for a speed of 'up to' 40 Mb/s.

JT'S OVERALL PACKAGE INCLUDING LANDLINE IS SIGNIFICANTLY CHEAPER:

BT	Landline	£18.99*	£38.99*
	Broadband	£20.00*	
SURE	Landline	£11.99	£44.98
	Broadband	£32.99	
JT	Landline	£13.50	£36.49
	Fibre Broadband	£22.99	

Pricing: *BT call and line rental from 3rd July 2016
All other pricing comparisons were correct at time of going to print; June 2016

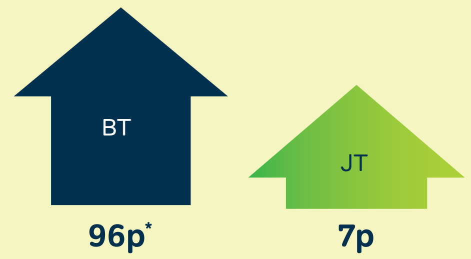
OFFERING MORE CHOICE WITHOUT PRICE INCREASES.

We also saw the landline market open up to competition in the Channel Islands giving customers choice and it's a testament to our pricing and focus on our customers needs that they stayed with us in Jersey and many switched to us from their previous operator in Guernsey.

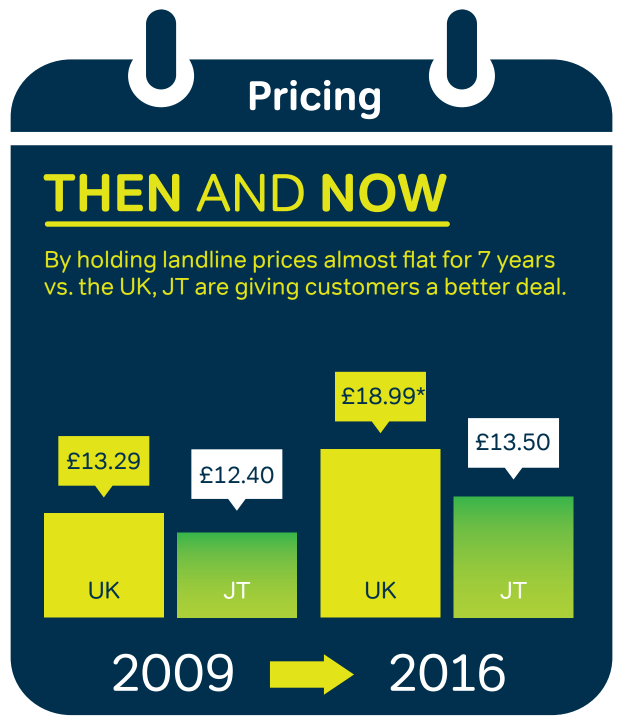
JT's call pricing also compares favourably, offering not only significantly cheaper landline rental than in the UK but also much better value call pricing.

For example, the cost of an average 7 minute daytime call with BT in the UK is 96p* vs only 7p with JT.

Local landline call charges
(based on an average 7 minute call)



JT'S LANDLINE CALL CHARGES HAVE STAYED AT JUST 7P FOR UP TO 30 MINUTES FOR 16 YEARS NOW



Pricing: *BT call and line rental from 3rd July 2016

OUR FAIR PRICING IS MATCHED BY QUALITY OF SERVICES OUR STAFF STRIVE TO DELIVER:

Glenn Leggett
Sales Advisor

Paul Madden
Engineer

"I would like to express my thanks to two of your employees, Glenn Leggett (Sales Advisor) and Paul Madden (Engineer). Only this morning I had planned to switch over to Sure but because of the excellent service of two of your employees I will be staying with JT"

POWERING A DIGITAL ECONOMY

JT's network and island-wide infrastructure plays a vital role in powering local businesses and attracting and supporting new businesses moving to the island.

During 2015 we saw growth both from new businesses moving to the island to take advantage of the Channel Islands superior connectivity, as well as local businesses further exploiting the benefits this infrastructure gives them in delivering leading-edge products and services for their local customers.

Tessa Hartmann of world-leading PR and event management company Hartmann House is an example of a very successful digital entrepreneur, attracted to Jersey from Glasgow to power a video-editing business. She has been delighted and amazed by Jersey's fibre connectivity, in her view superior to anything she could ever get 'back home'.

Tessa Hartmann
MD of Hartmann House

hartmann house

MD of Hartmann House, Tessa Hartmann explains how the connectivity available in Jersey has made it the ideal place to relocate.

She said: "Prior to moving an arm of our operation to Jersey last year, our experience of transferring large files meant doing so overnight and hoping for the best. Now with access to JT's fibre-optic broadband in Jersey that's all changed. Once JT installed fibre to our offices our entire work-flow changed, as the speed and efficiency that superfast internet delivers became apparent.

What would once have taken us a good few hours to share from our London or Glasgow offices now takes a matter of minutes across our Jersey internet connection. Offering almost instantaneous upload speeds, JT's fibre broadband provides the reliability and speed to work smarter and with confidence so that on a daily basis our team can send huge files including video footage, images and anything up to 125 music tracks in one production file.

"Fibre-optic broadband also means we can now take full advantage of new technologies to keep our business moving forward"

Having access to fibre-optic internet has proven to be just one of the many blessings moving to Jersey has provided us, but from a business perspective it is the most important."

TESSA HARTMANN
MD of Hartmann House

Closer to home, Jersey's leading local paper the Jersey Evening Post (JEP) have recently leveraged the Power of Fibre also, through the installation of a first in class new digital press, thanks to the connectivity JT have supplied.

Andrew Sibcy
Editor in Chief at Jersey Evening Post

Jersey Evening Post
SERVING THE ISLAND SINCE 1890

Andrew Sibcy, Editor in Chief of the JEP explained the benefits:

The JEP has been at the heart of Island life since its first edition rolled off a Victorian flatbed press on 30 June 1890.

Since those early days, the company has innovated and adapted by embracing new technology in a constant quest to deliver the very best publications.

Today, as a 21st century multi-platform publisher, we are using the latest digital technology to improve the reader experience for our growing audience, both online and in print, and to provide an excellent service to our advertisers and commercial partners.

In May, the JEP began being printed on state-of-the-art digital presses at the largest digital newspaper printing facility in the world. The new press factory in Rue des Prés has generated global interest and will be used by our partner Kodak to showcase its latest technology.

We now work with publishing and technology pioneers across the globe in a search for the expertise to deliver excellence. And we are working ever more closely with our sister paper, the Guernsey Press.

Today, more than ever, the business relies on a fast, efficient and reliable flow of data. We need to be able to access information for newsgathering 24/7, 365 days a year and have unbroken digital communication via the internet to Guernsey and beyond.

JT's fibre network provides the reliability and resilience which is key to the successful running of our business. They provide our life-line link to Guernsey and our internet connectivity, via a fully resilient MPLS solution.

"By working with JT, the JEP can harness the power and possibility of superfast broadband now available through the Gigabit Jersey project."

ANDREW SIBCY
Editor in Chief at Jersey Evening Post

GLOBAL GROWTH DELIVERING LOCAL INVESTMENT

People are often surprised to learn that more than 60% of JT's revenue now comes from outside of Jersey. Why do we need to build our business so significantly outside of our local markets? The answer is two-fold.

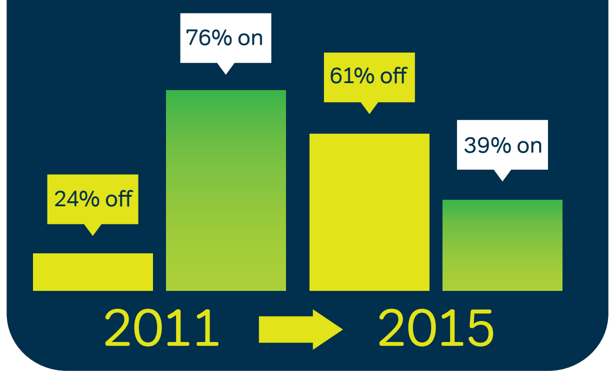
Firstly, we need to generate sufficient funds off-island in order to allow us to invest locally in both jobs, and major infrastructure projects like 4G and Gigabit.

Secondly, as our CEO, Graeme Millar highlighted in global telecoms terms, JT is still a 'niche' operator. However it's actually that small size which is one of our most useful assets, meaning we can offer a more personal service to our clients, as well as being agile and flexible enough to respond quickly to their needs.

Revenues

THEN AND NOW

In 2011 only 24% of JT's total revenues came from outside of Jersey. Fast forward 4 years and off-island revenue accounts for more than 60%.



During 2015 our substantial global customer-base has grown in key areas:

The 'machine-to-machine' business (M2M) involves using JT SIMs to enable machines to communicate with each other, this is a vital link enabling the 'Internet of Things'. JT SIMs now power over a million devices for customers around the world –enabling everything from heart monitoring devices in Canada; to fleet management in vans right here on Jersey; right through to leading-edge sophisticated banking fraud management intelligence software.

Our global partnerships:

Kimberly-Clark

We've also grown through international partnerships and activating our acquisitions. In 2015, we signed a deal to partner BT in providing services to Fortune 100 Company Kimberly Clarke, a global supplier of personal care products. With 43,000 employees in 37 countries, it's just one example of the sort of major contracts JT are now securing.

AVAYA Platinum Partner

In 2015 JT achieved coveted Avaya Platinum Partner Status. Avaya is a leading global supplier of business communications technology and a long-term strategic partner for over 15 years. This placed JT firmly among an elite group of telecommunications companies and is a first in the Channel Islands.

ZTE

Similarly, we partnered with ZTE, one of the world's largest telecoms companies to provide the equipment and installation for our 4G networks.

Finally, the investment we have made in our local facilities is making the Channel Islands a very attractive place for global companies in which to do business. With our data hosting facilities widely recognised as the largest, most accredited and secure in the Channel Islands in 2015 we:

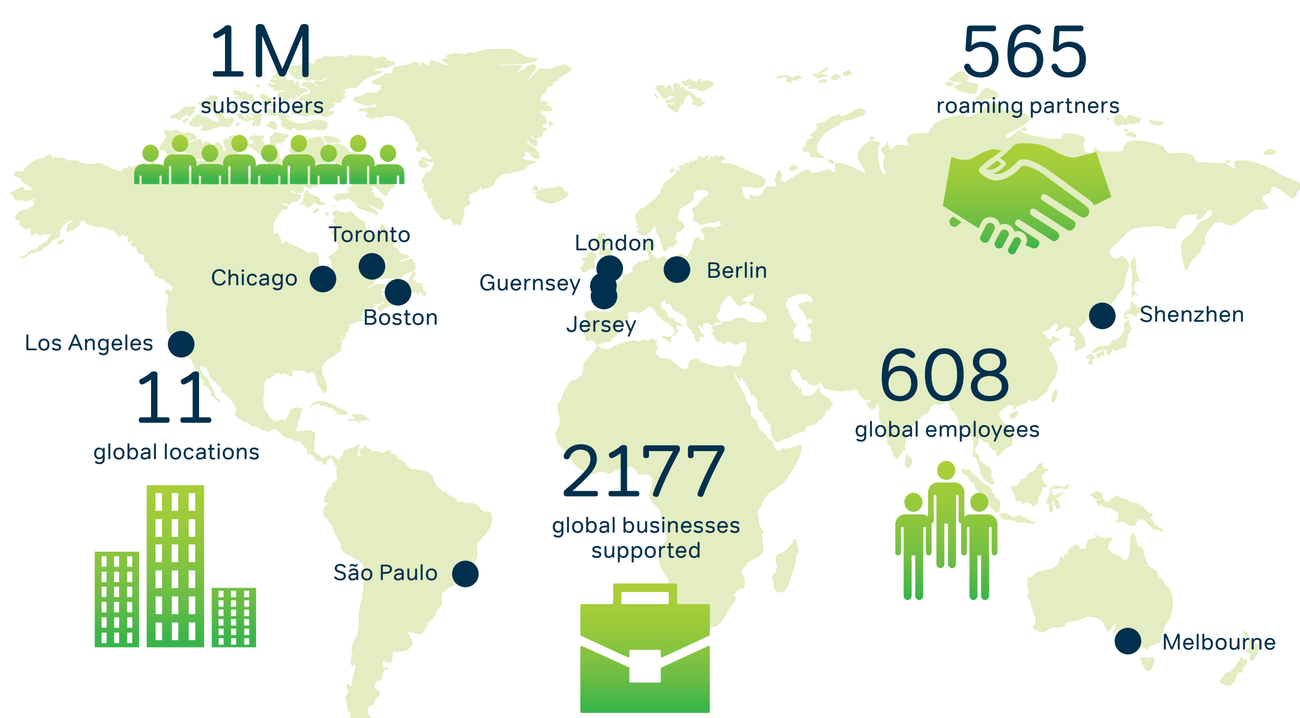
Achieved coveted 'SOC' quality certification through a rigorous, independent process, which inspected the full detail of our controls, processes and procedures in a wide range of business critical areas from HR to security, financial management and operations.

Maintained rigorous European standard ISO27001.

Became independently approved by the Alderney Gambling Control Commission: the FIRST (and in 2015 ONLY) facility to achieve this.

The quality of our data centres is a major reason why we are attracting interest from global e-Gaming companies keen to base their services in a secure, well-regulated and tech-savvy jurisdiction.

JT's Global Presence



BUILDING A DIGITAL LEGACY SUPPORTING OUR COMMUNITY

JT is proud to be part of our local community and is committed to building a digital legacy for future generations, in the ground and in the air.

Over the last 11 years our sponsorship of the Jersey Live festival of music helped give islanders an opportunity to access world class music right here on Jersey, both through providing technology to power the event as well as funding to support the artists who come to play.

In 2015 we also made a significant contribution as Lead Technology Partner for the NatWest Island Games XVI. The event showcased the best of Jersey's local sporting talent and the infrastructure JT provided ensured it was the most connected Games ever. This infrastructure remains in place at key locations all over the island providing Jersey with a digital legacy for future events.

Enabling delivery of connectivity and bandwidth across multiple locations for events like this is key. Utilising the latest communications technology we help event organisers transmit, stream and air live data, giving locals and visitors to Jersey the ability to access our superfast 4G network and benefit from FREE Wi-Fi, thanks to JT's fibre network. The services provide the backbone for these events and support the vision for a 'Digital Jersey'.

JERSEY LIVE JT 2015

95,000+ visitors over

11 YEARS 05 15

30
temporary Wi-Fi points site wide

2,480m
of Fibre and copper wire installed

As Lead Technology Partner for the 2015 Games JT ensured it was the most connected Games ever.

NatWest Island Games XVI
Jersey 2015
a time to shine

82
NEW TEMPORARY ACCESS POINTS ISLAND WIDE

84,228
CONNECTIONS AT THE GAMES

TOTAL DATA DOWNLOADED
2.1TB's

17
VENUES OFFERED FREE JT FIBRE WI-FI

FREE

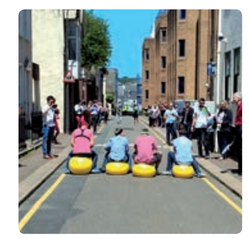
FREE SIMS
FOR ATHLETES

JT's Chosen Charity 2015

2015's Chosen Charity was Cancer Research. The monies raised are matched by JT £ for £ across our world-wide offices and reflect staff's commitment to supporting and raising money for the community in which they live and work.

CANCER RESEARCH UK

Shelley Davies
Cancer Research UK



Charity Leadership Space Hopper Race

Charity Contribution

THEN AND NOW

Over the last 5 years the money JT staff have raised for our Chosen Charities has grown significantly each year demonstrating our active role in raising money for local charities. The figure has grown substantially every year thanks to our staff's commitment.

2010	2016
£8,000	£113,310

Cumulative figures as at June 2016.

"The generosity of supporters like JT means we can lead the world in discovering and developing newer, kinder treatments and to get closer to a cure."

SHELLEY DAVIES
SENIOR LOCAL FUNDRAISING MANAGER, CANCER RESEARCH UK

DEVELOPING OUR PEOPLE: TO DELIGHT OUR CUSTOMERS

We have a track record of investing in our people and their personal growth, helping to support our teams to do great things both at work and within the communities in which we operate. As a result, JT as a business is now firmly in the 'One to Watch' category as rated independently within the 2015 Best Companies report. With an engaged and committed workforce spanning 15 global locations.

JT's young talent schemes include apprentice, graduate and bursary programmes all aiming to develop the business leaders of the future and support JT's strategic vision.

best companies 'one to watch' 2015

385 employees in the Channel Island making us the **LARGEST DIGITAL EMPLOYER**

SUPPORTING NEW TALENT IN 2015

7 apprentices

6 graduates on the programme

8 bursary students

Daniel Moon joined JT on the graduate programme in 2012 and has never looked back.

Patrick Looby
Customer Support Advisor

As well as developing our workforce, 2015 has seen substantial progress in our customer experience. Compliments from customers are received daily and the ratio of compliments: complaints has done a complete turnaround.

"Thank you Patrick for your time and effort, it was well worth it for the technology :) Will let you know if anything should go wrong but I love it - SPEED!"

ANTHONY
ST HELIER

"Patrick is a life saver and arranged for an engineer visit with new handset and a caller display screen. The service I received was second to none."

SHARON
ST LAWRENCE

Daniel Moon completed a degree in Multimedia Computing and has since progressed through a number of roles across the whole business, recently being promoted to IT Portfolio Manager. Below, Daniel talks a little bit about his time at JT and the journey he's undertaken.

Why did you originally apply for the graduate scheme?

The personal development plan on offer caught my eye, as did the opportunity to gain exposure to all aspects of the wider JT business, with the proposed 6 month rotations. The guaranteed full-time job offering on successful completion of the graduate scheme only sweetened the deal.

What made you choose JT?

With Jersey's main industry being Finance, a career in this sector could have been an obvious choice. However, I have always had a very keen interest in technology. JT's fast paced nature and global ambitions made it a really easy and obvious choice for me.

Talk us through your time and roles at JT so far?

The graduate scheme itself was over a duration of two years, where I did roles across Design and Innovation, IT, Gigabit, plus 10 months as a network Engineer for our eKit arm out in Melbourne!

What professional training have you undertaken in your time here?

I've been supported development-wise extremely well at JT, through a number of courses and training packages. I got selected for the JT Aspire Training programme, which helps build the skills you need for early management. I also completed the PRINCE2 Project Management qualification and internal consultancy training, so I've been busy.

What's your next step?

Now I've joined the IT department team, my aim is to settle in and make a positive contribution to our IT goals and objectives. There are an abundance of extremely passionate and talented people in the department, so I am looking forward to being called one of the team!

What advice would you give to future graduates looking for a role in technology?

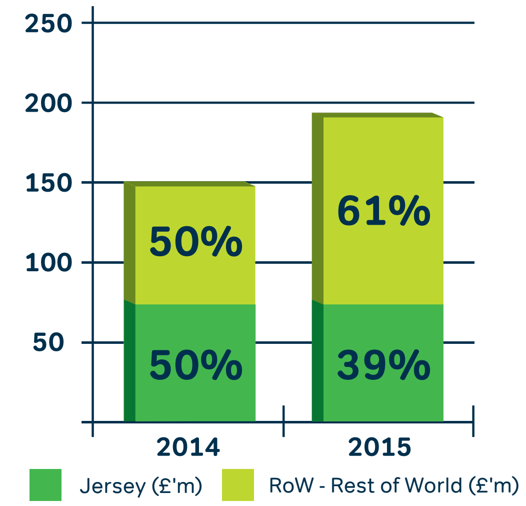
One of the best pieces of advice I can give is to gain knowledge in the sector you are looking to pursue a career in, whether it be technology, finance or care. Choosing an educational path in technology isn't key, however it becomes a great advantage when going through the recruitment process and making yourself 'stand out'. With JT's proven graduate scheme it is an obvious choice for those looking for a career (not just a role) in technology.

PERFORMANCE REVIEW

How are we doing?

Revenue is obtained through providing telecommunication services to consumer, enterprise and wholesale customers: fixed access charges and network usage, mobile airtime usage, messaging and data services, interconnection and roaming revenue, broadband rentals and usage, private circuit rentals, equipment and M2M sales and maintenance and support services.

Revenue increased by 26% to £191.6m driven by continued growth in our wholesale trading business and managed services revenue.



Gross profit rose by 3% to £90.1m, mainly generated from our enterprise managed services and equipment sale business offset by continued decline in margin from fixed and mobile revenues.

Operating profit before exceptional items was £10.2m (2014 £10.9m). This reduction was mainly due to £1.8m additional depreciation charges arising from capital expenditure in Gigabit and 4G.

Profit on ordinary activities after taxation increased by 130% to £12.4m as a result of the pension scheme reorganisation - the change to the arrangements of the Public Employees Contributory Retirement Scheme ("PECRS") whereby the group's pension assets and liabilities were transferred out of the sub-fund to the main scheme, administered by the States of Jersey, with effect from 1 October 2015. From this date the scheme has been accounted for as a defined contribution scheme. The accounting impact of this change was a net increase to profit on ordinary activities before taxation of £10.9m, with associated deferred tax of £2.1m.

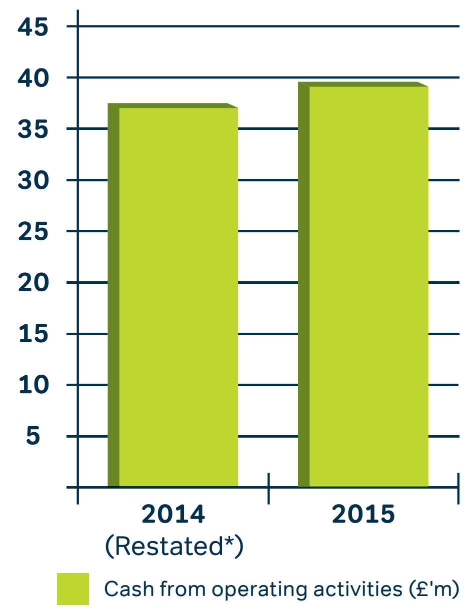
Headline results

JT Group Limited	**2014**	**2015**
	£'m (Restated*)	**£'m**
Revenue	152.4	191.6
Gross Profit	87.1	90.1
Operating profit before an exceptional item	10.9	10.2
Operating profit after an exceptional item	10.9	21.1
Profit on ordinary activities after taxation	5.4	12.4

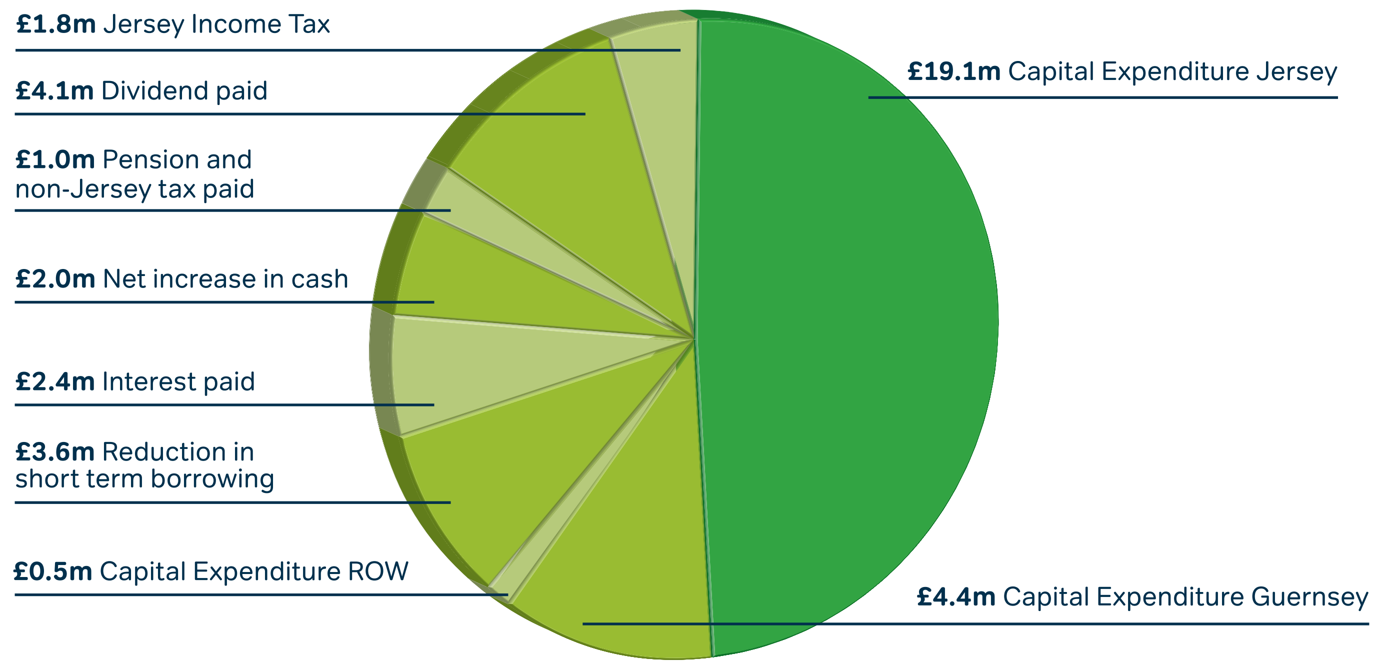
**Restated due to the transition of FRS102, explained in the notes to the financial summary.*

Net cash inflow from operating activities increased by 3.8% to £39.0m:

- £23.9m (2014: £21.9m) was used on capital expenditure, equivalent to 12.5% of revenue
- £6.1m (2014: £3.8 m) was paid to States of Jersey as taxation, preference share interest and dividends. The current year dividend payment of £4.1m (2014: £1.6m) included a special dividend
- £3.6m (2014: £4.6m) was used to repay short term borrowings, leaving £10.8m (2014: £8.7m) in cash at bank at year end.



JT's global success fuels valuable return for the Jersey shareholder



BOARD OF DIRECTORS

JOHN STARES
Chairman

John Stares joined JT in 2007 as a Non-Executive Director. Before moving to Guernsey in 2001 John was with Accenture for 23 years. During that period, he worked as a strategic, financial, change and IT consultant with major clients in most industry sectors and during his 15-year tenure as a partner held a wide variety of leadership roles in Accenture's Canadian, European and Global consulting businesses.

John is also a Non-Executive Director of INPP and the Guernsey entities of Terra Firma. Since moving to Guernsey he has also completed a 10-year term as the Managing Director of Guernsey Enterprise Agency and 5/6-year terms as a Non-Executive Consultant to the Ogier Group and a Non-Executive Director of Jersey Electricity and Aurigny Airlines.

John is Deputy Chairman of Governors of More House School, a Trustee of NPC and the Arts & Islands Foundation and a former President of Rotary Guernesiais. He is a graduate of Imperial College London, a Fellow of the Institute of Chartered Accountants of England & Wales and a Member of the Worshipful Company of Management Consultants.

SEAN COLLINS
Chairman of Audit and Risk Committee

A chartered accountant and a graduate in Classics from Cambridge University, Sean was formerly a senior audit and advisory partner at KPMG, where he had worked since 1972. From 2009 to 2012, Mr Collins was Head of Markets, Asia Pacific, responsible for the firm's business development in the Asia Pacific region. He also led the Global Communications and Media practice for over a decade.

Mr Collins has deep and extensive experience of corporate governance, financial reporting and other corporate disciplines, gained during many years as lead partner for a large number of major international clients. He was the Senior Independent Non-Executive Director and Chairman of the Audit Committee of Millennium & Copthorne Hotels Plc until December 2014.

Other appointments include member of the Conduct Committee and Case Management Committee of the Financial Reporting Council, Council Member of the Royal Society for Asian Affairs, Governor and Chairman of More House School in Surrey, England. Sean is also a Crown Representative at the Cabinet Office, overseeing the provision of telecommunication services by major suppliers to UK Government.

KEVIN KEEN
Chairman of Remuneration Committee

Kevin Keen has held a wide range of senior positions in Jersey businesses in a career spanning over 40 years. Over the last decade he has specialised in advising or leading local organisations where there was a public interest during a period of change.

He is currently acting Chief Executive of Durrell Wildlife Conservation Trust and Non-Executive Chairman (designate) of Visit Jersey. Kevin is a Chartered Director, Fellow of ACCA and CIMA and holds an MBA from the University of Stirling. He is a past president of the Jersey Chamber of Commerce.

COLIN TUCKER
Senior Independent Director

Dr Colin Tucker trained as an Electrical Engineer at UMIST achieving a BSc, MSc and ultimately a PhD. He has spent over 25 years in the telecommunications industry in a number of senior roles. The last two positions were as main board director and COO of Orange plc and Managing Director and Deputy Chairman of 3. Colin has also served as a Non-Executive Director for Sarantel, TTP, Morse, and Monitise and as Chairman of UIQ Technologies.

In addition to his industrial experience Colin has acted as Industrial Professor at Loughborough University and continues to assist in the academic world with management and mentoring of spin-out companies coming from Edinburgh University.

GRAEME MILLAR
Chief Executive Officer

Graeme was appointed JT CEO in January 2010. A Cambridge science graduate with a postgraduate engineering qualification, Graeme has 25 years of telecoms experience. Graeme has worked in countries as diverse as the USA, Russia, Hungary and the Netherlands for companies such as Vodafone and Motorola.

Immediately prior to taking up his role at JT Group, Graeme was the Chief Commercial Officer Russia for MTS, Russia's largest mobile telephone operator. In addition to his role at JT, Graeme is also a Non-Executive Director of Wellington Partners Management Limited and is a Fellow of the Institute of Directors.

PHIL MALE
Chairman of Nomination Committee

After obtaining a computer science degree at Imperial College, Phil Male was a founding director of Computer Newspaper Services and became involved in the start-up of Demon Internet (one of the world's first commercial Internet Service Providers), ultimately becoming the Technical Director with responsibility for all operational and development activity. The company was acquired by Scottish Telecom in 1998 and Phil was one of the three founding directors that floated the combined business on the London Stock Exchange as THUS Plc in 1999.

Phil became Chief Operating Officer in 2002, and when THUS was acquired by Cable & Wireless Worldwide in 2008, Phil became Group Operations Director, then Chief Strategy Officer and served on the Executive Board, leading the demerger and listing of Cable & Wireless Worldwide Plc in 2010. Phil left Cable & Wireless in 2010 and today serves as a Non-Executive Director on a number of boards, actively investing in new technology businesses, and works in an advisory capacity with a number of institutions in the City.

JOHN KENT
Chief Financial Officer

John joined JT as CFO of the JT Group in February 2012. He is a highly commercial CFO who has spent a major part of his career working for two large FTSE companies in the utilities sector, Vodafone and British Gas, in financial and commercial leadership roles.

Prior to joining JT, John was the CFO for Vodafone Ireland, the €1 billion turnover Vodafone operating company based in Dublin.

John has a Mathematics degree from Cambridge.

MERIEL LENFESTEY
Non-Executive Director

Meriel joined JT's Group Board as a Non-Executive Director in 2016. She has experience driving and enabling a shift to customer centricity with forward looking companies across a wide range of business sectors.

In 1997 she founded a London-based User Experience Company and grew it to become the UK market leader and globally highly respected. Her work has included tactical and strategic engagements with clients embracing digital transformation across many sectors including Financial Services, Consumer Electronics & Software, Telecoms, Media, Retail, Transport and Public Sector.

She is also a Non-Executive Director for several companies including Aurigny locally. She holds voluntary roles with the IOD and Startup Guernsey.

CORPORATE GOVERNANCE

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE 2014

The Company has adopted the principles of good corporate governance and best practice set out in the UK Corporate Governance Code 2014 ('the Code'). The Board is of the opinion that, throughout the year under review, the Company has been in compliance with the Main Principles of the Code.

Directors and the Board

The Board

The Board comprises seven Directors, two of whom are Executive and five of whom are Non-Executive Directors, with a further Non-Executive Director having been appointed on 3 March 2016.

The Board has a schedule of regular meetings, normally between six and eight per year, with any additional meetings convened as and when required.

The Board is collectively responsible for the long term success of the Company. This is achieved by setting the overall operating strategy, approving detailed business plans and overseeing delivery of objectives by continually monitoring performance against those plans. The Board establishes the culture, standards and values of the Company. The Board oversees the management of risk, monitors financial performance and reporting and ensures that appropriate and effective succession planning and remuneration policies are in place.

Whilst maintaining oversight at regular meetings of the Board, the day to day operation of the Company has been delegated to the Executive Directors. The Board is supplied with a sufficient level of regular, detailed and timely management information to allow it to discharge its functions efficiently.

Meetings and Committee membership

During the year, the Board met seven times. Details of attendance at Board meetings are as follows:

Number of Board meetings in 2015	7
John Stares	7
Phil Male	7
Colin Tucker	7
Sean Collins	7
Kevin Keen	7
Graeme Millar	7
John Kent	7

Director independence

The Board considers all of the Non-Executive Directors to be independent in character and judgment. In determining independence, the Board considers the specific circumstances of each Director. The Board has concluded that Colin Tucker, Phil Male, Sean Collins and Kevin Keen shall be deemed independent, with Colin Tucker adopting the role of Senior Independent Director.

John Stares, as Chairman of the Company, was considered independent on appointment and, in accordance with the Code, is not subject to the independence test thereafter.

Performance evaluation

In order to ensure that the Board continues to operate effectively, the Board and its Committees carry out a rigorous assessment of performance across key areas. The results of the performance assessments and appraisals are fed back to the Board as a whole (as appropriate) and action taken accordingly.

Other significant commitments

Under the terms of engagement for each Non-Executive Director, an indication of required hours is agreed that should enable the Non-Executive Directors to discharge their duties to the Company. The level of commitment to the Company has not been impinged by other significant commitments for any of the Non-Executive Directors.

Reappointment

The Executive Directors are not subject to retirement by rotation but they are subject to periods of notice related to the termination of employment, as are other members of the company's Senior Management.

The Company has adopted a policy of requiring Non-Executive Directors to seek re-election after having served a three year term. Non-Executive Directors who have served on the Board for nine years or more are required to retire from the Board and seek re-election on an annual basis.

Directors appointed to fill a casual vacancy must seek formal appointment by the shareholders at the next Annual General Meeting.

Relations with the shareholder

While the Company is wholly owned by the States of Jersey, under the terms of Article 32(6) of the Telecommunications (Jersey) Law 2002, the Minister for Treasury & Resources is charged as its representative in matters related to its shareholding in the Company. Limitations on the powers of the Minister, which relate principally to share ownership matters, are set out in that same article.

The Minister for Treasury & Resources has appointed an independent Board of Directors to run the company, with such directors having a legal obligations under the terms of Article 74 of the Companies (Jersey) Law 1991 to act in the best interests of the company. In the context of such legal duties and obligations, a Memorandum of Understanding is in place between the Minister for Treasury & Resources and the Board of Directors.

Internal Controls

The Board is responsible for ensuring that there are effective systems of internal control in place to reduce the risk of misstatement or loss and to ensure that business objectives are met. These systems are designed to manage and mitigate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has developed and adopted corporate and operational risk registers detailing and risk grading the significant risks faced by the Company. Alongside the register is a process through which the significant risks faced by the business are identified and evaluated on a regular basis and the controls operating over those risks are assessed to ensure that they are adequate.

The process of risk assessment and reviewing the effectiveness of the systems of internal control is regularly reviewed by the Audit Committee, accords with Turnbull guidance and has been in place for the whole of the year, up to and including the date on which the financial statements were approved.

Controls adopted by the Board (or its Committees) to ensure the effectiveness of the systems of internal control include the following:

- The review of the corporate and operational risk and control registers maintained and updated by the Company and of the status of any actions arising from their regular review.
- The receipt of confirmation from Senior Management of the proper operation of controls throughout the period of the review.
- The review and approval during the year of the schedule of matters specifically reserved for its attention.
- The review of reports received from the Audit Committee concerning the findings of the external auditors on the financial statements of the Company and the systems of internal control.

Audit Committee

The Audit Committee currently comprises Sean Collins (Chairman), Phil Male and Kevin Keen. The auditors, Deloitte LLP, and the Executive Directors also attend the meetings by invitation.

There were three meetings of the Audit Committee during 2015, with full attendance at each of those meetings.

The terms of reference of the Audit Committee require it to meet at least twice per annum. Additional meetings may be called where deemed necessary. The Committee is charged by the Board with the following main responsibilities:

- To monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance.
- To provide advice, when requested by the Board, on whether the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for the shareholder to assess performance, the business model and strategy.
- Ensure that arrangements are in place for the proportionate and independent investigation of concerns raised confidentially by whistle-blowers about possible improprieties in matters of financial reporting or any other matters.
- To review and monitor the adequacy, operation and effectiveness of the Company's internal financial and other controls and make recommendations for improvement where necessary.
- To oversee the external audit process and manage the relationship with the external auditors.
- To make recommendations to the Board as to the re-election and remuneration of the auditors at the Annual General Meetings based upon its assessment of the performance of the auditors and giving due regard to their continued independence and any other regulatory or professional requirements.

Review of financial statements

To enable the Committee to discharge its responsibilities effectively in respect of the financial statements, a number of processes are in place.

The Committee is briefed by the Chief Financial Officer in advance of the year-end on the significant issues pertaining to the financial statements and how they will be dealt with. These issues are generally focused on the areas of subjectivity in the financial statements (revenue recognition, pension scheme valuation assumptions and asset valuations), changes in accounting or disclosure requirements and the accounting or disclosure implications of one off events occurring in the year. Where necessary, the Committee considers evidence and independent third party advice on the key matters for consideration. At the year end, the Committee reviews the financial statements and related announcements and considers them in the context of the significant issues identified, the suitability of any key assumptions and the extent that they have been disclosed. The whole process is completed in consultation with the auditors whose view is sought by the Committee. The Committee also consider, based on their knowledge of the business and issues arising, whether they can advise the Board that the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, the business model and strategy.

Auditor reappointment and additional services

The performance and effectiveness of the external auditors is monitored continually and formally considered by the Audit Committee before a recommendation is made to the Board regarding their reappointment. Length of service of the incumbent audit firm, effectiveness of the audit process, the independence and objectivity of the team, the depth and breadth of the audit approach, the level of fees and the quality of the service provided are all taken into account.

The Audit Committee considers the impact of the provision of any non-audit services by the external auditor on the objectivity and independence of the audit. The consideration has regard to the nature of the non-audit work, size of the fee relative to any audit, any potential involvement of the audit team in the work and the longer term effect of the non-audit services on the relationship with the audit firm, including an assessment of their continuing objectivity and independence.

Remuneration Committee

The Remuneration Committee currently comprises Kevin Keen (Chairman), Colin Tucker, John Stares, Phil Male and Sean Collins. The Executive Directors, Graeme Millar and John Kent, may also attend the meeting by invitation.

No director is allowed to be party to discussions regarding, or play any role in, the determination of their own remuneration.

There were three meetings of the Remuneration Committee during 2015, with full attendance at each of those meetings.

The terms of reference of the Remuneration Committee allow it to meet as and when necessary to:

- Review and determine the level of remuneration of Executive Directors.
- Review and determine the level of remuneration of the Senior Management Team.
- Review periodically the terms and conditions of employment of the Executive Directors and Senior Management Team.
- Make recommendations to the Board on the Company's overall framework of salaried staff remuneration and costs.
- Review and make recommendations to the Board concerning the remuneration of the Chairman.

Nomination Committee

The Nomination Committee currently comprises Colin Tucker (Chairman), John Stares and Phil Male. The Executive Directors, Graeme Millar and John Kent, may also attend the whole or parts of meeting by invitation.

There was one meeting of the Nomination Committee during 2015, with full attendance at that meeting.

The Committee is primarily responsible for the selection and appointment of the Company's Executive and Non-Executive Directors, as and when required.

The other duties of the Committee include:

- Making recommendations to the Board as to the re-election of Directors under the 'retirement by rotation' provisions in the Company's Articles of Association whilst giving due regard to their performance and ability to continue to contribute to the Board in light of the knowledge, skills and experience required.
- Reviewing and making recommendations to the Board as to the succession planning for Executive and Non-Executive Directors.
- Regularly reviewing the structure, size and composition, including the balance of skills and attributes required of the Board, compared to its current position and making recommendations to the Board with regard to any changes.

Keeping under review the leadership needs of the organisation, both Executive and Non-Executive, including succession plans, with a view to ensuring the continued ability of the organisation to operate effectively.

When selecting candidates for potential appointment as a Non-Executive Director, the Committee evaluates the needs of the Company and identifies the necessary skills and experience required by candidates for consideration.

The Nomination Committee makes recommendations to the Board taking into account the performance of the candidates at interview, their skills and experience and their ability to meet the specific needs of the Company. Consideration is given to the use of external recruitment consultants and open advertising in the recruitment process. However, this is weighed against the cost of doing so and the specialist needs of the Company as a Jersey-based telecom provider.

It is the policy of the Board to populate itself with Directors who have a diverse range of skills, attributes and backgrounds so that collectively, the Board is appropriately resourced to discharge its duties effectively and meet the changing needs of the business. A wide range of factors is considered in determining the appropriate composition of the Board including but not limited to technical expertise, local market knowledge and experience, independence, length of service on the Board and diversity.

DIRECTORS' REPORT

THE DIRECTORS PRESENT THEIR REPORT AND FINANCIAL SUMMARY.

Incorporation

JT Group Limited (the "company" or the "group") was incorporated in Jersey, Channel Islands on 22 October 2002.

Incorporation

The principal activity of the company and its subsidiaries is the supply of telecommunication services and equipment.

The principal place of business is Jersey, Channel Islands.

Results and going concern

The results are set out on pages 34 to 41.

The group made an operating profit before an exceptional item** of £10.2m (2014 restated*: £10.9m). This reduction is mainly due to an increase in depreciation of £1.8m arising from capital expenditure in Gigabit and 4G. Revenue has grown to £191.6m (2014: £152.4m). At the year end the group's total assets exceeded its total liabilities by £90.6m (2014 restated*: £81.7m).

Management have prepared a budget for 2016, projecting cashflows and results for the year based on the strategies being followed by the group. The budget demonstrates the group's ability to continue as a going concern.

The 2014 final and 2015 interim and special dividends of £4.1m were paid during 2015 (2014: £1.6m). Further details are included in the notes to the financial summary (pages 40-41).

The directors have approved the payment of a final dividend for 2015 of £0.96m.

***Transition to FRS 102**

The group transitioned from its previous accounting framework, old UK GAAP, to FRS 102 "The Financial Reporting Standards applicable in the UK and Republic of Ireland" ("FRS 102"), effective from 1 January 2014. This transition from old UK GAAP was mandatory. The group's financial statements have been prepared in accordance with FRS 102 and the comparative results and opening statement of financial position at 1 January 2014 have been restated, where appropriate. The impact of the transition on the profit before tax for the year ended 2014 was a decrease in profits of £3.4m and a reduction to net assets of £2.7m.

Prior period adjustment to restate opening balances

The comparative opening balance of the equity reserve has been restated to correct a prior period error which resulted from a miscalculation of deferred revenue in the financial statements of a subsidiary entity, ekit.com Inc. The impact of the adjustment to 2014 was a reduction of £0.24m to the opening equity reserve balance, a reduction of £0.01m to the translation reserve and a reduction in net assets of £0.25m.

****Pension scheme reorganisation**

During 2015 a change to the arrangements under the Public Employees Contributory Retirement Scheme ("PECRS") was agreed with the States of Jersey. The group's pension assets and liabilities were transferred out of the sub-fund into the main scheme, administered by the States of Jersey, with effect from 1 October 2015. As the group was no longer able to identify its share of the underlying position and performance of the plan with sufficient reliability to measure its share of assets and liabilities of the scheme, the change in the arrangement constituted a "change in accounting estimate". The impact of the change resulted in a write down of the deficit held at the date of change to nil, resulting in a net increase to profit on ordinary activities before taxation of £10.9m. This has been presented as a pension scheme reorganisation within the income statement.

Directors

The Executive and Non-Executive Directors of the group who served during the year and subsequently are:

Non-Executive
John Stares
Phil Male
Colin Tucker
Sean Collins
Kevin Keen
Meriel Lenfestey (appointed 3 March 2016)
Executive
Graeme Millar
John Kent

Directors' interests

The directors of the group had no interests, beneficial or otherwise, in the shares of the group.

Insurance of directors and officers

The group maintains an insurance policy on behalf of all directors and officers of the group against liability arising from neglect, breach of duty and breach of trust in relation to their activities as directors and officers of the group.

Independent auditor

Deloitte LLP has indicated its willingness to continue in office as auditor.

By order of the board

Daragh J McDermott
Company Secretary
18th May 2016

PLEASE NOTE : The financial statements included in this Annual Review represent a summary of the full audited accounts which are available at www.jtglobal.com and as a separate printed document.

FINANCIAL SUMMARY

Financial summary

The financial summary presents the main highlights from the 2015 financial statements of the group, prepared under accounting standards currently applicable in the United Kingdom and in accordance with Jersey company law. A copy of the detailed audited consolidated financial statements may be obtained via **www.jtglobal.com.**

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings as at 31 December each year. The results of subsidiary undertakings acquired or disposed of during the year are consolidated for the periods from or to the date on which control passed.

Consolidated income statement for the year ended 31 December 2015	**2015 £'000**	**2014 £'000 Restated***
Continuing operations		
Revenue	191,647	152,414
Cost of sales	(101,583)	(65,331)
Gross profit	**90,064**	**87,083**
Operating expenses	(79,860)	(76,223)
Operating profit before an exceptional item	**10,204**	**10,860**
Exceptional item - Pension scheme reorganisation	10,937	-
Operating profit after an exceptional item	**21,141**	**10,860**
Finance income and similar income	16	66
Finance costs and similar charges	(3,113)	(2,975)
Profit on ordinary activities before taxation	**18,044**	**7,951**
Tax on profit on ordinary activities	(5,648)	(2,522)
Profit on ordinary activities after taxation	**12,396**	**5,429**

*The restatement in 2014 is due to adoption of FRS 102. See notes to the financial summary. The restatement resulted in a decrease in profit on ordinary activities after taxation of £3.4m.

Consolidated statement of comprehensive income for the year ended 31 December 2015	**2015 £'000**	**2014 £'000 Restated***
Profit for the financial year	12,396	5,429
Currency translation difference	528	83
Remeasurements of net defined benefit obligation	151	420
Total tax on components of other comprehensive income	(30)	(83)
Other comprehensive income for the year, net of tax	**649**	**420**
Total comprehensive income for the year	**13,045**	**5,849**
Profit for the year attributable to		
Owners of the parent	**12,396**	**5,429**
Non-controlling interest	-	-
	12,396	**5,429**
Total comprehensive income attributable to		
Owners of the parent	**13,045**	**5,849**
Non-controlling interest	-	-
	13,045	**5,849**

*The restatement in 2014 is due to adoption of FRS 102. See notes to the financial summary. The restatement resulted in a decrease in total comprehensive income of £2.7m.

FINANCIAL SUMMARY

Consolidated statement of financial position
As at 31 December 2015

	2015 £'000	2014 £'000 Restated*
Fixed assets		
Intangible assets	25,201	29,827
Property, plant and equipment	108,977	107,811
Investments	-	5
Deferred tax asset	1,672	3,122
	135,850	**140,765**
Current assets		
Inventories	8,536	12,473
Receivables due within one year	36,753	39,677
Receivables due after one year	949	1,069
Cash at bank and in hand	10,756	8,741
	56,994	**61,960**
Payables: amounts falling due within one year	**(31,319)**	**(41,255)**
Net current assets	**25,675**	**20,705**
Total assets less current liabilities	**161,525**	**161,470**
Payables: amounts falling due after more than one year	(51,000)	(51,636)
Deferred tax liability	(7,442)	(5,561)
Provision for other liabilities	(1,678)	(2,238)
Post-employment benefits	(773)	(10,305)
2.5% Redeemable preference shares	(10,000)	(10,000)
Total non-current liabilities	**(70,893)**	**(79,740)**
Net assets	**90,632**	**81,730**
Capital and reserves		
Share capital	20,000	20,000
Equity reserve	71,054	62,119
Currency translation reserve	(422)	(389)
Equity attributable to owners of the parent	**90,632**	**81,730**
Non-controlling interest	-	-
Total equity	**90,632**	**81,730**

*The restatement in 2014 is due to adoption of FRS 102 and a prior period adjustment. See notes to the financial summary. The restatement resulted in a decrease in total comprehensive income of £2.7m and £0.2m i.e. for the adoption of FRS 102 and a prior period adjustment respectively.

Consolidated statement of changes in equity
at 31 December 2015

	Called up share capital £'000	Equity Reserve £'000	Currency translation reserve £'000
Balance at 01 January 2014 (restated*)	**20,000**	**58,380**	**(575)**
Prior period adjustment	-	(235)	(11)
	20,000	58,145	(586)
Profit for the year (restated*)	-	5,429	-
Other comprehensive income for the year (restated*)	-	420	-
Total comprehensive income for the year	-	5,849	-
- Transfers	-	(255)	197
- Dividends	-	(1,620)	-
Total transactions with owners recognised directly in equity	-	(3,974)	-
Balance as at 31 December 2014 (restated*)	**20,000**	**62,119**	**(389)**
Balance as at 01 January 2015	20,000	62,119	(389)
Profit for the year	-	12,396	-
Other comprehensive income for the year (restated)	-	649	-
Total comprehensive income for the year	-	13,045	-
- Transfers	-	-	(33)
- Dividends	-	(4,110)	-
Total transactions with owners recognised directly in equity	-	8,935	(33)
Balance as at 31 December 2015	**20,000**	**71,054**	**(422)**

*The restatement in 2014 is due to adoption of FRS 102 and a prior period adjustment. See notes to the financial summary. The restatement resulted in a decrease in total comprehensive income of £2.7m and £0.2m i.e. for the adoption of FRS 102 and a prior period adjustment respectively.

FINANCIAL SUMMARY

Consolidated cash flow statement for the year ended 31 December 2015	**2015** **£'000**	**2014** **£'000** **Restated***
Profit for the financial year	12,396	5,429
Adjustment for:		
Tax on profit on ordinary activities	5,648	2,522
Finance income and similar income	(16)	(66)
Finance costs and similar charges	3,113	2,975
Amortisation of intangible assets	4,858	4,910
Depreciation of property, plant and equipment	18,193	16,442
Loss on disposal of property, plant and equipment	153	183
Provision for bad debts and bad debt write off	1,360	613
Inventory impairment	86	123
Net (utilisation) / charge for provisions	(279)	386
Profit on sale of investments	(57)	-
Gain on pension scheme reorganisation	(10,937)	-
Currency translation difference	631	83
Decrease / (Increase) in inventories	3,851	(4,794)
Decrease in receivables	1,700	18,648
Decrease in payables	(1,705)	(9,893)
Cash flow generated from operating activities	**38,995**	**37,561**
Taxation paid	**(2,129)**	**(2,509)**
Pension contributions	**(633)**	**(851)**
Cash flow from investing activities		
Purchases of intangible assets	(145)	(221)
Purchases of property, plant and equipment	(23,936)	(21,917)
Dividend income	-	3
Sale of investments	62	-
Finance income received	-	4
Net cash used in investing activities	**(24,019)**	**(22,131)**
Cash flow from financing activities		
Dividends paid	(4,110)	(1,620)
Borrowings	(3,642)	(4,615)
Interest paid	(2,214)	(2,384)
Preference dividend paid	(200)	(200)
Net cash used in financing activities	**(10,166)**	**(8,819)**
Net increase in cash and cash equivalents	**2,048**	**3,251**
Cash at bank and in hand at beginning of the year	8,741	5,304
Effect of foreign exchange rate changes	(33)	186
Cash at bank and in hand at end of year	**10,756**	**8,741**

*The restatement in 2014 is due to adoption of FRS 102. See notes to the financial summary.

NOTES TO THE FINANCIAL SUMMARY

The financial statements are prepared under the historical cost convention and in accordance with Jersey company law and accounting standards currently applicable in the United Kingdom.

The ultimate controlling party of JT Group Limited is the States of Jersey.

Transition to FRS 102 and restatement

This is the first year that the group has presented its results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014, effective 1 January 2015.

Jersey taxation

The tax charge included in the financial statements is based on a rate of 20%.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the time of the statement of financial position, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the statement of financial position date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are recognised to the extent that they are regarded as recoverable and that on the basis of available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Property, plant and equipment

Property, plant and equipment ("PPE") are stated at cost net of depreciation and any impairment.

Capital work in progress comprises incomplete capital projects. Accrued and expended project labour and material costs are accounted for as capital work in progress. Internal labour costs that were necessary and arising directly from construction or acquisition of the asset are capitalised as part of the project or asset to which they relate. Once completed, projects are capitalised as separately identifiable assets and depreciated over their estimated useful economic lives.

The cost of network plant and equipment includes all cable, ducting and transmission equipment extending from the main switching systems to the customers' premises.

The costs of PPE, less estimated residual value, are written off over their estimated useful economic lives on a straight-line basis as follows:

Freehold buildings	50 years
Leasehold buildings	the term of the lease
Motor vehicles	7 years
Equipment fixtures and fittings:	
Network infrastructure	3-25 years
Other*	5-10 years

*This includes freehold and leasehold fixtures and fittings.

Inventories

Inventories are valued at the lower of cost and net realisable value, and accounted for on a weighted average cost basis. Inventories of finished goods includes an amount of £4.5m (2014: £8.7m) held to be used in capital work in progress on tangible fixed assets.

Other provisions for liabilities and charges

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events. Asset retirement obligations and dilapidations are recognised as provisions as a result of the legal obligation for decommissioning costs on mobile site and property leases. These provisions are recognised through the statement of financial position.

Pension and other post-employment benefits

The company values its liability in respect of two defined benefit schemes of the Public Employees Contributory Retirement Scheme ("PECRS") and the Telecommunications Board Pension Scheme ("TBPS") in accordance with FRS 102. The amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments.

On 1 October 2015, JT (Jersey) Limited's pension assets and liabilities were moved out of the sub-fund and into the main scheme, administered by States of Jersey. This is considered to be a multi-employer (benefit) plan as defined by FRS 102.

Under the revised Terms of Admission there is insufficient information available to use defined benefit accounting and, with effect from 1 October 2015, JT (Jersey) Limited has accounted for the scheme as if it was a defined contribution scheme.

This change resulted in the release of the defined benefit liability, held by the group on the statement of financial position from its previous accounting basis, down to nil as at 31 December 2015.

The deficit in the defined benefit plan for TBPS, being the difference between the value of the scheme assets and the present value of the scheme liabilities, is recognised in the statement of financial position.

227 employees of the company are members of PECRS. This has been closed to new joiners since 2011. TBPS has 3 members. The company also offers employees the JT Group Limited Pension Plan, which is a defined contribution scheme.

Share capital, dividends and redeemable preference shares

The States of Jersey have been issued with 20m ordinary shares at £1 each, authorised and fully paid up. The shares carry a voting right of one vote for each share held.

Dividends of £4.1m (2014: £1.6m) were paid during 2015 to the States of Jersey.

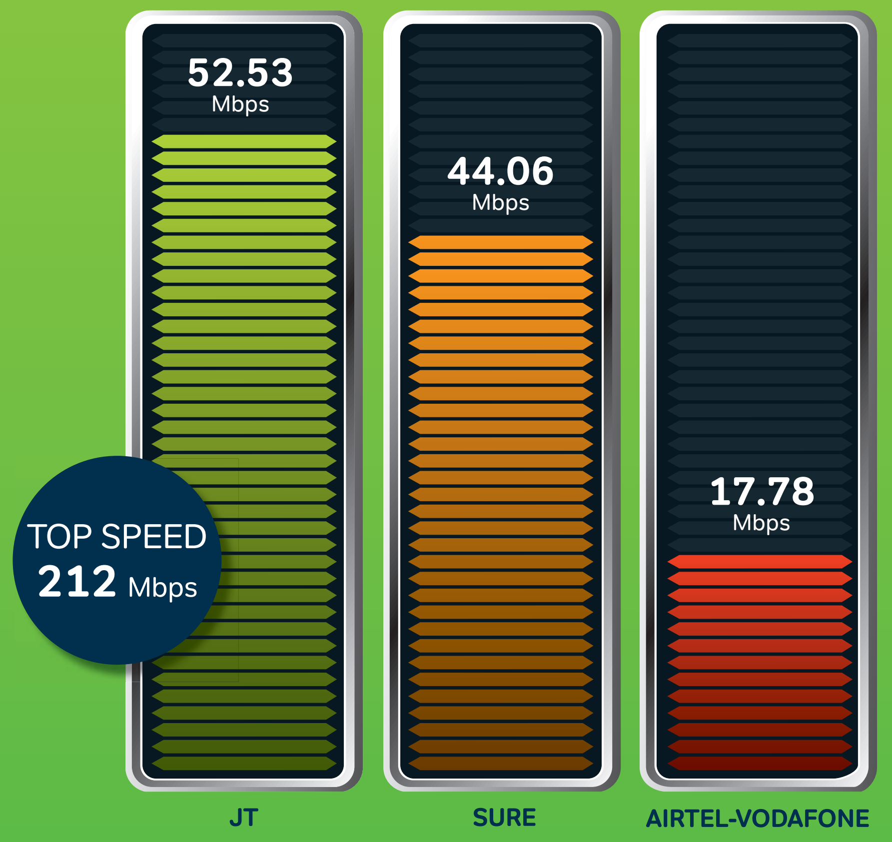
In 2012, JT Group Limited issued 10m 2.5% preference shares at £1 each to the States of Jersey Currency Fund, with interest payable twice yearly.

Prior period adjustment

The comparative opening balance of the equity reserve has been restated to correct a prior period error which resulted from a miscalculation of deferred revenue in the financial statements of a subsidiary entity, ekit.com Inc. The impact of the adjustment to 2014 was a reduction of £0.24m to the opening equity reserve balance, a reduction of £0.01m to the translation reserve and a reduction in net assets of £0.25m, being the net of an increase in deferred income of £0.86m offset by an increase to the deferred tax asset of £0.61m.

Officially Guernsey's FASTEST NETWORK as tested by you

AVERAGE DOWNLOAD SPEEDS:



THERE'S NEVER BEEN A BETTER TIME TO JOIN THE ISLAND'S FASTEST NETWORK

JT JOIN TOGETHER