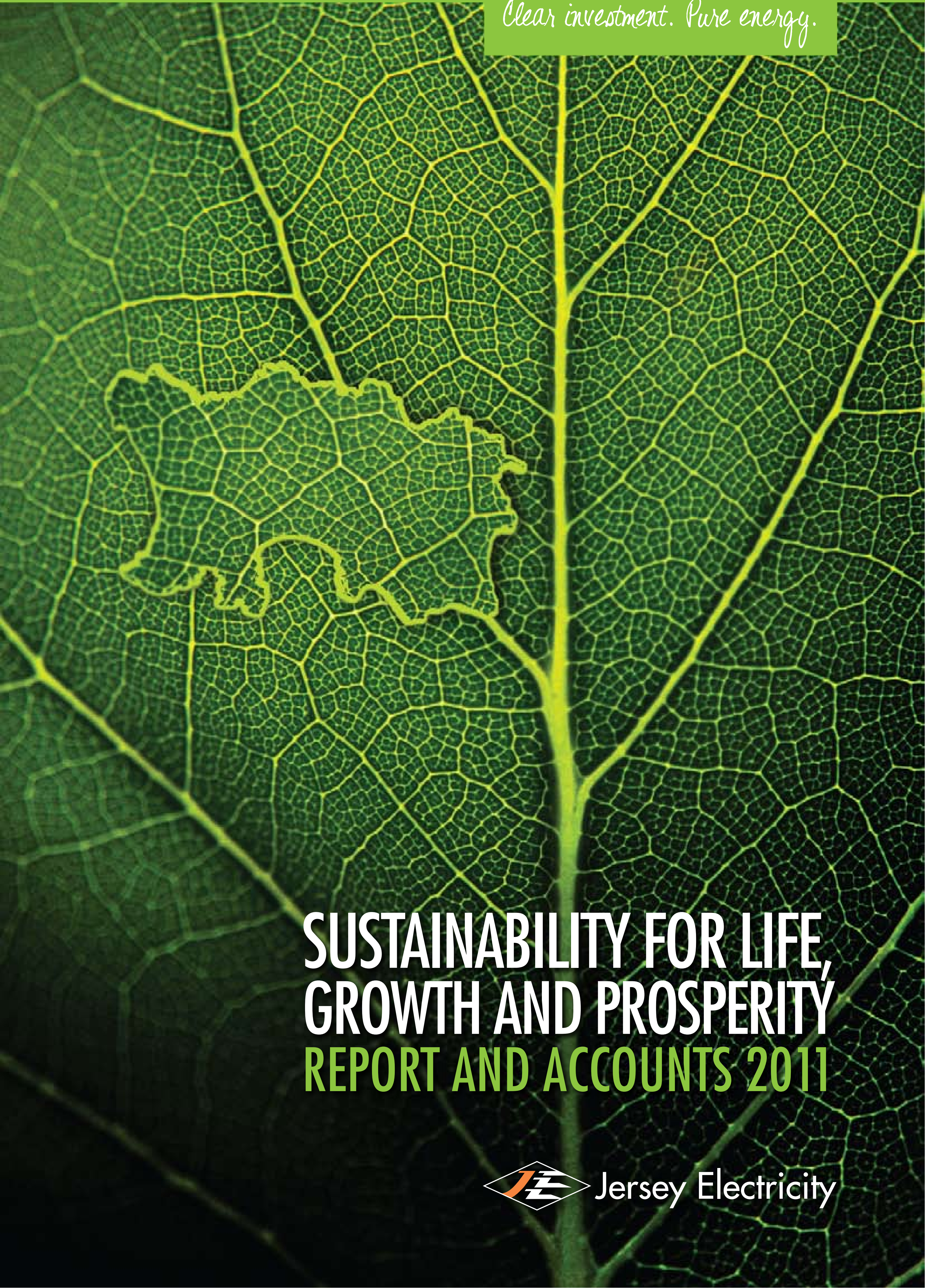
Clear investment. Pure energy.



SUSTAINABILITY FOR LIFE, GROWTH AND PROSPERITY

REPORT AND ACCOUNTS 2011

Jersey Electricity

OUR YEAR

KEY ACHIEVEMENTS

RECORD DEMAND

Record afternoon demand of 148MW. Year peak of 154MW just short of all-time record load of 158MW in January 2010.

154MW

RECORD TURNOVER

Broke £100m revenue for the first time in our history and generated the profit and cash needed to support our on-going investment.

£100m

AFFORDABILITY

Three consecutive winters without a price increase; standard tariffs lower than EU average.

ENERGY GROWTH CONTINUES

Won almost 90% of heating load for new developments, helping to push unit sales for year to 650 million.

SIGNED NEW €1BILLION SUPPLY CONTRACT

Delivered new €1billion, 10-year supply agreement with EDF, guaranteeing Jersey access to low carbon nuclear and hydro power to 2023.

POWER FROM WASTE BECOMES A REALITY

Successful integration of States of Jersey Energy from Waste (EfW) plant into La Collette Power Station services and receipt of around 8MW of power on continuous basis.

£9M SOUTH HILL PROJECT COMPLETED ON TIME AND BUDGET

State-of-the-art switching station forms strategically critical hub of transmission network and will be connection point for third undersea cable Normandie 3.

RELIABILITY – KEEPING THE LIGHTS ON

Successful restoration following French grid failure; network still twice as secure as the UK electricity grid.

PROGRESS ON RENEWABLES STRATEGY

Delivered wind study on the Channel Islands as part of on-going research into viability of large scale renewables in local waters.

<56gCO_2/kWh

SUSTAINABILITY – LESS CARBON, BETTER FUTURE

Carbon intensity of Jersey's electricity 'A' rated; less than half carbon intensity of local fossil fuels and less than a quarter of UK's electricity supply.

CLOSE WATCH ON TIDAL TURBINE TEST

Monitored installation of the first of EDF's .5MW tidal turbines off the Brittany coast at Paimpol - a precursor to first open water tidal farm in France.

FAREWELL TO OLD MIRRLEES

Completed strategic review of on-Island generation, decommissioned and dismantled the two remaining 230-tonne 5MW Mirrlees diesel engines in readiness for installation of two, more efficient, used 11MW Sulzer, diesel engines.

90,000-VOLT TRANSMISSION RING

Integral to South Hill was laying of final stages of cable that completed a 10-year project to lay a 90kV transmission ring around the Island.

SMART METERS GET GO-AHEAD

Following a successful pilot, the Board approved next stage of major medium term project to roll-out Smart Meters.

AT THE FOREFRONT OF THE ELECTRIC CAR REVOLUTION

Launched next generation of the Mercedes smart fortwo ed as part of four-year trial, added all-electric Peugeot iON and Nissan LEAF to fleet, helped promote American Tesla Roadster.

FUEL SWITCH SUCCESS

Completed a further 500 fuel switches from gas or oil to electric heating systems in States tenanted homes.

RETAIL OPERATIONS BEAT THE CHILL

Successful defence of Retail trading in difficult economic climate, consolidated brown goods and Beyond showrooms.

day2dayshop.com imagination beyond

CONTENTS

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

NON-EXECUTIVE DIRECTORS

Geoffrey Grime FCA (Chairman)
Clive Chaplin BA
Michael Liston OBE FREng, BSc, CEng, FIEE, CIMgt
John Stares BSc, FCA
Aaron Le Cornu BSc, ACA

EXECUTIVE DIRECTORS

Christopher Ambler BA, MEng, CDipAF, CEng, MIMechE, MBA (Chief Executive)
Martin Magee CA (Finance)
David Padfield BSc, CEng, FIEE, MCMI, CDir, MIOD (Operations)
Richard Plaster FCIPD, CDir, MIOD (Commercial and Human Resources)

SECRETARY

Peter Routier BSc, FCIS

REGISTERED OFFICE

Queens Road, St. Helier, Jersey

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

BROKERS

Collins Stewart (CI) Limited, 38-39 Esplanade,
St. Helier, Jersey

REGISTRAR

Computershare Investor Services (Jersey) Limited,
Queensway House, Hilgrove Street, St Helier, Jersey

CHAIRMAN'S STATEMENT

2010/11 has been an exceptionally busy year for Jersey Electricity. Despite this and the continued economic challenges, the Group has performed very well. We delivered a strong operational and financial result, and have made substantial progress on several key strategic projects.

The Group generated a record turnover, breaking through £100m for the first time in its history. Underlying performance has remained strong across the businesses, with profit in the Core Energy business at a similar level to last year, and cash generated at a level needed to support our essential ongoing investment programme. Group pre-tax profit fell to £11m because last year's profits were bolstered by several favourable non-recurring events in our non-Energy businesses.

We continued our programme of customer surveying. These surveys have confirmed our beliefs that affordability, security and sustainability are of key importance in energy supply, but our customers place a particular emphasis on price competitiveness and price stability. Customers are very demanding on supply security, but having become accustomed to high levels, supply security is now largely assumed. However, our customers are becoming increasingly interested in the environmental performance of our supplies and our business activities.

Despite continued volatility in energy markets, we continue to deliver competitively priced power compared with peer groups. In addition, in response to clear requests from customers for stronger price stability, we have done everything we can to smooth price movements and cushion customers from uncertainties of the competitive wholesale power and foreign exchange markets. Excluding a 2% increase in Goods and Services Tax (GST) applied in June, this winter 2011/12 is our third consecutive winter with no price increase. We are proud of our pricing performance when the scale, nature and complexity of our business should, if anything, drive higher costs and prices than those businesses operating in larger economies.

We have made particularly good progress on several strategic projects. Most critically, we secured a new long-term supply agreement that will govern imported power from the French market. As Channel Islands Electricity Grid (CIEG), our partnership with Guernsey Electricity, we agreed a new €1bn, 10-year agreement with EDF and are already hedging power for 2013 and beyond using this new framework. We successfully commissioned the £9m South Hill Switching Station project on time and to budget and have established shared service infrastructure and a contract to underpin the purchase of power from the States of Jersey Energy from Waste plant. We have developed a new generation strategy for La Collette Power Station which will see the replacement of two smaller diesel generators. This additional capacity will complement our plan to install a third submarine cable to France, with which we are also making progress.

We see renewables as a major long-term opportunity and have completed a major desktop study on wind resource across the Channel Islands.

As a business, we seek to engage fairly with all stakeholders. We believe this is the best way to a sustainable, secure long-term future. For shareholders, this means delivering year-on-year growth in dividend in real terms which we have achieved in recent history. This year is no different. The Board of Directors proposes a final dividend of 6.5p to be paid on 30 March 2012, being a 5% increase on last year.

Following the retirement last year of non-executive director Jeremy Arnold, we appointed Aaron Le Cornu as a replacement. Aaron is Finance Director of law firm Ogier and will provide a key role on the Audit Committee, driving further improvements in governance and financial diligence.

As well as delivering a sound day-to-day service, the convergence of a number of strategic projects has put pressure on staffing and resources. I am immensely impressed by everyone, from junior staff to executive and non-executive Board members and thank each for their hard work and dedication.

Geoffrey Grime
Chairman
14 December 2011

CHIEF EXECUTIVE'S REVIEW

I am delighted to report a solid set of results in 2010/11, which come against a challenging backdrop of severe recession coupled with continuing uncertainty in energy and foreign exchange markets. Jersey Electricity broke through £100m turnover for the first time in its history and achieved record £74.5m Energy revenue. Group profit of £11.1m demonstrates a resilient underlying performance across our key businesses which belie the tough economic conditions.

Maintaining a base level of underlying profit and cash flow is crucial for essential investment in the Island's energy infrastructure. Although Group profit is 24% lower than last year, this is largely explained by the material, non-recurring one-off profit upsides the Group enjoyed last year, including £2.4m revaluation of investment properties and £1m received from an asset sale in an associate business.

The three key trading units of Core Energy, Retail and Building Services this year comprised 95% of Group revenue or £95.7m, an increase of £2.5m on last year. Importantly, the enhanced revenues allowed us to maintain absolute operating profit levels across these three business units, reflecting the more competitive local trading environment and more challenging margins. Our Property Division, a significant generator of non-Energy revenue, recorded a profit of £1.7m, down on last year primarily due to a back-dated rent review settlement which enhanced the 2010 figure.

CORE ENERGY

2010/11 has been immensely busy for our Core Energy business which made great strides in a number of important strategic projects, as well as delivering a strong financial result and good operational performance.

Of utmost importance was the completion of the tendering process and selection of EDF as supplier for the new €1bn, 10-year French supply contract from 2013. Along with French grid operator RTE, we made progress in the technical design and configuration of the £60m third cable link from Jersey to France, Normandie 3. Spend on this project so far stands at £3million. A strategic review of our on-Island generation assets resulted in a new project to install two used 11MW diesels at La Collette during the coming financial year. We also completed the build and commissioning of the strategically critical £9m switching hub at South Hill which both strengthens the on-Island grid and readies the network for our third submarine cable due for commissioning in 2015.

Despite all this activity the business delivered a profit of £7.7m, on a par with last year. We achieved a return on assets of 8% around the level needed to maintain our substantial on-going investment programme.

Our pricing and environmental performance remained very strong. We committed to freezing prices until at least the end of winter 2011/12 and we performed well against benchmarks and exceeded our self-imposed environmental targets. Although an unexpected failure of the grid in France prevented us from achieving our supply reliability target, our restoration and business continuity processes were proven robust and even after this event, our network remains around twice as reliable as the UK.

GROUP PURPOSE

Energy is of critical importance to our Island community. Fundamentally, we have an 'enabling' role. Energy sustains modern living, fulfilling the needs of heating, cooling, lighting, entertainment and transportation. Our challenge is to fulfil these needs better than ever before. Our purpose is to provide energy affordably, securely and sustainably ... "to enable life, growth and prosperity".

'Sustainability' defines how we achieve our aims: We are a long-term, capital intensive business committed to the local community. Our planning horizons stretch to 40 years. Our role is to meet the energy demands of today *and* the future. That means delivering the right service now while investing for the future. Making the right trade-offs between the short and long term is key.

We must understand our customers and deliver the service they need in the optimum way. Implicit in this is a need to manage the trade-off between affordability and security, risk and cost.
We take responsibility for our actions and, within the constraints of being a publicly traded company and intensive competition between fuels, we do this in an open and transparent way. Our listed company status, with the incumbent timely disclosures and standards of governance, helps us demonstrate this.

We look after the environment and take care of the community. We also believe that, although the Island is a small community, it is a relatively wealthy one, and we have a duty to 'do our bit' for the global environment.

Our Vision

In our Energy businesses, our vision remains to be 'the leading provider of sustainable energy and related services'. We believe that this is the best way of achieving the triple goal of:

- Providing affordable and fairly priced energy
- Ensuring security and reliability of supply
- Protecting the environment and conserving resources

Our non-Energy businesses, indirectly or directly, support our Energy business and in this our vision is to be 'the leading player in every market or category in which we choose to participate'.

Our Key Imperatives

- Deliver capital projects on time, to budget, to specification
- Grow energy and related sales
- Manage risk on import costs (FX, power)
- Deliver Smart Metering
- Grow non-Energy business
- Continuously improve across all activities
- 'Enable' offshore wind and marine renewables

Unlike most UK energy suppliers, we are truly integrated across all activities in the energy delivery chain. Being an island, we face higher labour and service costs. We are also isolated and vulnerable to supply disruptions. Smaller scale, higher investment and higher operating costs mean we need to give extra attention to efficiency, flexibility and customer needs, and these are key areas of increasing focus.

REGENERATION:

Though the main role of La Collette today is that of control centre for the Channel Islands Electricity Grid, the Power Station remains an important stand-by generation facility capable of meeting the full Island's demand if called upon.

To ensure we can do that most cost effectively, this year saw the dismantling and removal of two out-of-commission 5MW, 230-tonne Mirrlees diesel engines in readiness for the arrival of two 11MW 'fast start' Sulzers we are purchasing second hand.

JEBS Electrical Engineer Derek Moon completes another fuel switch.

ENERGY GROWTH

Although unit sales continued to grow, we have observed a slower growth rate than that experienced historically. This is driven by a combination of weaker economic growth, lower population growth, milder weather and the increasing focus by consumers and businesses on energy conservation.

The total number of customers on supply at year end was 47,990 an increase of around 1% on last year. This reflects good progress in fuel switching and our success at winning electric heating in almost 90% of new build.

After a particularly cold snap in November and December 2010, when demand peaked at 154MW, a relatively mild winter and remainder of financial year followed. Unit sales for the year were 650 million around 1% higher than the previous year. We expect continued pressure on unit sales going forward as we continue to observe reductions in average electricity consumption per customer.

Fuel of choice for developers

Electric heating remains the fuel of choice for developers. It is easy to install, clean, low carbon and relatively safe, with no flue or fuel storage requirements, making electric heating installation relatively low cost. Of significance to the householder, electricity remains very competitively and stably priced in Jersey compared with other jurisdictions and competing fuels.

Fuel of choice for the States of Jersey

Last year, I reported on our successful campaign to fuel switch a third of the 1,800 States of Jersey homes to electricity, homes which have this year had a full heating season impact on sales. I am pleased to report continuing progress this year, with a further 500 homes converted from fossil fuel heating to electricity and a further 250 now in progress. We have also completed several infrastructure reinforcement projects to support this new load.

GROWING BUSINESS:

A reduction in average unit sales per customer is being offset by an increasing number of households switching from fossil fuels to electric heating systems run on our discounted off-peak tariffs.

This is evident in the States of Jersey Housing sector where our own Building Services division have won and continue to win contracts for fuel switching States of Jersey tenanted homes.

This programme is already delivering significant savings to households of on average of around 30% as well as reduced maintenance costs to the States of Jersey. The States no longer need to recover heating costs via rent, instead transferring responsibility for consumption to the householder and the credit risk to Jersey Electricity, an activity which we have a track record in managing.

As the price of fossil fuels continues to rise, we are constructing attractive propositions for private householders and businesses, generally built around cost savings coupled with environmental benefits of low carbon electric power. Our discounted tariffs such as Comfort Heat, Economy 7 and Economy 20 continue to be popular. Customers on these off-peak tariffs increased to 14,372, an 8% rise.

+1% customers

Customers on supply at year end increased to 47,990

+1% unit sales

Despite a mild winter, energy sales inreased to 650.5 million units, an increase of 1%

+750 switch to electric

A further 500 States of Jersey homes have been converted from fossil fuels with a further 250 in progress

+8% discount tariffs

Comfort Heat, Economy 7 and Economy 20 tariffs continue to be popular with a customer increase to 14,372

MAINTAINING AFFORDABLE ELECTRICITY AND PRICE STABILITY

Our research confirms that our customers consider price and price stability more important than any other attribute of their service. Given that more than two thirds of our Energy Division costs are attributable to imported energy from France, cost and risk management around imported supplies consume a significant portion of management attention.

Of utmost importance this year has been a key strategic project to re-tender for a new supplier and contract for the provision of power from France over the 10-year period to 2023. Such an agreement does not guarantee power prices going forward, but provides the essential mechanism by which power is bought forward indexed to the EEX market and the process by which risks are managed. We are therefore delighted to have signed up EDF after a competitive tendering process.

Energy market update

Despite our contract with a French supplier, we are far from immune to the vagaries of the global energy market. This financial year we have seen Brent Crude increase from around $80/ bbl to over $110/ bbl at year end, driven by civil unrest in the Middle East and the Fukushima nuclear plant disaster in Japan. In addition, flow of oil has been hampered by continuing aftermath of the BP Deepwater Horizon catastrophe in 2010.

Put these factors together, and we have observed a tightening of power prices in the French market by around 10%. Uncertainty remains on the demand side given the European debt crisis and expectations of a double dip recession but to protect ourselves and our customers we continue to adopt a policy of buying forward a little and often, around one to two years in advance, to secure volume and price certainty.

Higher than normal crude prices relative to electricity prices have meant that "optimisation" has been used less actively this year as there have been few occasions when it has been cheaper to generate locally instead of importing. Overall, we imported 96% of our annual energy requirement from France.

Foreign exchange market update

Additional risk arises from the procurement of euro to meet our imported power costs. The average sterling-euro rate for the year has been €1.15 with a high of €1.20 and low of €1.10. With the present uncertainties in European economies, we have been strict in our discipline to adopt a tight hedging procedure. We monitor the markets closely and use various hedging tools given the volatility of the euro. Such products are designed to help us to achieve our tariff goals, while protecting against any downside and also permitting an upside in the event there is a sterling recovery.

Impact on retail prices

Providing affordable electricity means not just competitive pricing but stable pricing. Risk management and hedging continue to be an essential activity and this year we have also refined our tariff setting process to allow for mid-year tariff changes and smoothing. We have held prices frozen over the 2011/12 winter, our third consecutive winter with no increase (excluding 2% GST increase applied by the States of Jersey mid-year).

Given increases in the underlying cost base of imported power, we expect to apply a small price increase in 2012 after the winter period, but this will be much smaller than the recent fossil fuel increases in Jersey and the double-digit rises that UK residents have experienced.

We are delighted that the power prices most of our customers enjoy compare very favourably with other island and EU benchmarks. We continue to meet our target of being within 10% of the European median price.

UK ENERGY PRICE RISES IN THE LAST YEAR

Supplier	Electricity % rise	Gas % rise
ScottishPower	19.8	21.4
Scottish & Southern	11.0	29.1
British Gas	24.1	26.3
Npower	12.6	21.5
Eon	21.4	21.6
EDF	12.3	22.9
Average	**16.9**	**23.8**

“We will be able to meet all Jersey’s demand for electricity with certified low carbon supplies up to 2023”

New €1billion, 10-year contract with EDF

Sign of the times: Guernsey Electricity MD Alan Bates, EDF Group Vice-President Pierre Lederer and myself, signing the new supply contract in Paris.

The 15 June 2011 was a hugely significant date for Jersey Electricity and our partners in the Channel Islands Electricity Grid (CIEG), Guernsey Electricity. After a competitive and European-wide tendering process, we were able to sign a new 10-year supply contract with our current suppliers EDF.

Completion of the final contract represented the culmination of over a year’s work for several senior staff and, given the impending expiry of our existing agreement at the end of 2012, was one of our highest priorities of the year. Putting this contract in place has enabled Jersey Electricity to start hedging power forward for delivery from 1 January 2013 in order to mitigate the risk to our future cost base.

Worth in the region of €1billion, this second long-term supply agreement, which was signed in Paris, between EDF and the CIEG, is of immense importance in helping us achieve our primary objective of maintaining reliable and affordable supplies of low carbon electricity for our customers well into the future.

The agreement is also pivotal to our long-term commitment to sustainable energy by guaranteeing that we will be able to meet all Jersey’s demand for electricity with certified low carbon supplies up to 2023. Crucially, it also enables us to access a mix of nuclear and hydro-electric sources of energy within EDF’s fleet of generation plant.

With our ability to forward purchase power secure, we expect to be able to introduce new tariff options to give our customers greater choice without compromising value for money or our green credentials.

The agreement once again demonstrates how Jersey Electricity and Guernsey Electricity have successfully worked together as CIEG partners for the benefit of both islands.

EDF Energy

EDF is the world's leading nuclear energy company and at the forefront of renewable energy and efficiency development with a global turnover of €65billion and a worldwide workforce of 160,000.

The company supplies energy and services to more than 38 million customers around the world, including 5.5 million in the UK and more than 28 million in France where 95% of the electricity output produces no CO_2 emissions.

In a typical year, EDF's nuclear stations avoid the emission of more than 30 million tonnes of CO_2. The amount emitted during the entire lifecycle of a typical nuclear station is around 5g/kWh. This is comparable to onshore wind turbines and about 180 times less than a typical coal-fired station.

'New Nuclear' has a key role to play in the future as EDF meets the challenges of providing clean, secure and affordable energy. As the world's most experienced nuclear operator, safely running 58 reactors in France and 15 in the UK, EDF will play a leading role in new nuclear technology and renewables.

EDF Energy has formed a joint venture with EDF Energies Nouvelles called EDF Energy Renewables, for the operation, purchase and development of wind generation assets in the UK.

Jersey Electricity has a long and established relationship with EDF with its first cable supplying up to 55MW of power to the Island being installed in 1984 and the second carrying up to 90MW commissioned in 2000. Plans to install a third submarine cable, Normandie 3, are well underway.

SEABED SURVEY HELPS REVEAL JERSEY'S PREHISTORIC PAST:

Finding the best route for Normandie 3 along the seabed to minimise disruption to fishermen and other marine operators involved the drilling of over 50 cores of six metres and more deep into the seabed.

As well as providing us with the geophysical data necessary for our Environmental Impact Assessments, the cores are revealing the secrets of Jersey's pre-historic past. Jersey Electricity was delighted to hand the cores to historians and scientists of the Société Jeriaise who are now studying the microscopic fossils contained in more than 185 metres of sediment. This is providing fascinating insight on the type of animals and plants in and around Jersey before the last Ice Age.

ENSURING SECURITY AND RELIABILITY OF SUPPLY

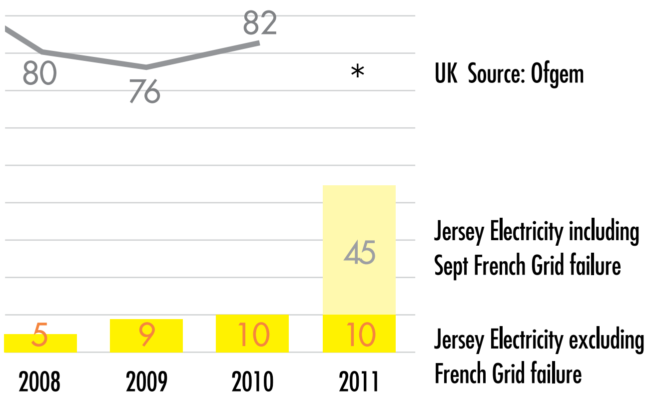
As the supplier of around a third of the Island's primary energy, it is essential that infrastructure is securely designed and reliable. Significant Group resources are directed towards maintaining electricity supplies over the long term; designing, building and maintaining our generation infrastructure and the network – and preparing for occasions when these fail. We also seek to provide special priority restoration for customers such as the emergency services, hospital and airport, water treatment plant and the finance sector.

Our network is designed broadly in accordance with UK Engineering Standards, to be able to continue to supply power in a scenario when the largest capacity component is lost (a so called N-1 standard). Given our dependence on imported power, Jersey Electricity also seeks to maintain local fast-start generation plant capable of meeting at least 75% of peak winter demand over a continuous 48-hour period, to cater for a complete loss of French power.

Our supply reliability has been good this year despite the higher risk of fault due to increased commissioning activity. Average Customer Minutes Lost, the total length of time supplies were interrupted during the year for the average customer, was 45 minutes, around twice as reliable as the UK network. Excluding the French grid failures in September, our supply reliability would have been just 10 minutes, consistent with last year.

SECURITY OF SUPPLY PERFORMANCE

AVERAGE CUSTOMER MINUTES LOST



*2011 figure not available at time of writing

"Excluding the French grid failures in September, our supply reliability would have been just 10 minutes, consistent with last year."

Power cut

Two years ago we revised our business continuity arrangements to complement our emergency operational procedures and this year we used them. In September, while on full importation and with no warning, the French grid failed, severing supplies to our main importation busbar at La Haye du Puits in France. The result was immediate loss of supply to both Jersey and Guernsey. This was the first Island-wide power cut for five years.

We were delighted with our staff response and restoration procedures which worked well. The last customer was restored after 45 minutes. In the second cut, we maintained supplies for most of the Island, losing around 8,000 customers for 13 minutes. We are constantly looking to learn from such events. We have reviewed our procedures and are examining ways to improve our response and that of our partners at Guernsey Electricity further.

Green hub: the South Hill site presented challenges, while pulling the cables from La Collette to the new switching station through an old German tunnel saved the costs of trenching around Mount Bingham.

Transmission

South Hill

Our largest capital investment project of the year saw the completion of our 10-year strategic plan to install a 90kV ring around the island, initiated when the Channel Islands Electricity Grid (CIEG) was formed in 2000. We commissioned the South Hill Switching Station in July on time, in accordance with the £9m budget. A state-of-the-art facility, it is arguably the most important substation in the Island and is the hub that resiliently connects our two existing submarine cables, La Collette Power Station and the network.

South Hill and the nine circuits it connects totally integrate Jersey Electricity's existing transmission network, including the switching station at Archirondel, where the two present undersea cables from France come ashore, and four 90kV primary substations at Rue des Pres, La Collette, Western Primary and Queens Road.

The successful delivery of this project reflects the skill and dedication of a large multidisciplinary team that worked long hours. The project involved complex cable routing and duct laying through sensitive areas of St Helier with few complaints.

Fitting the facility into the site presented challenges but the location was selected to be remote from the blast envelope of the fuel farm and La Collette Power Station, as well as raised above sea level to avoid flooding risk. I am delighted to report that our engineers achieved this with no disruption to supplies during what was a complicated build and commissioning process.

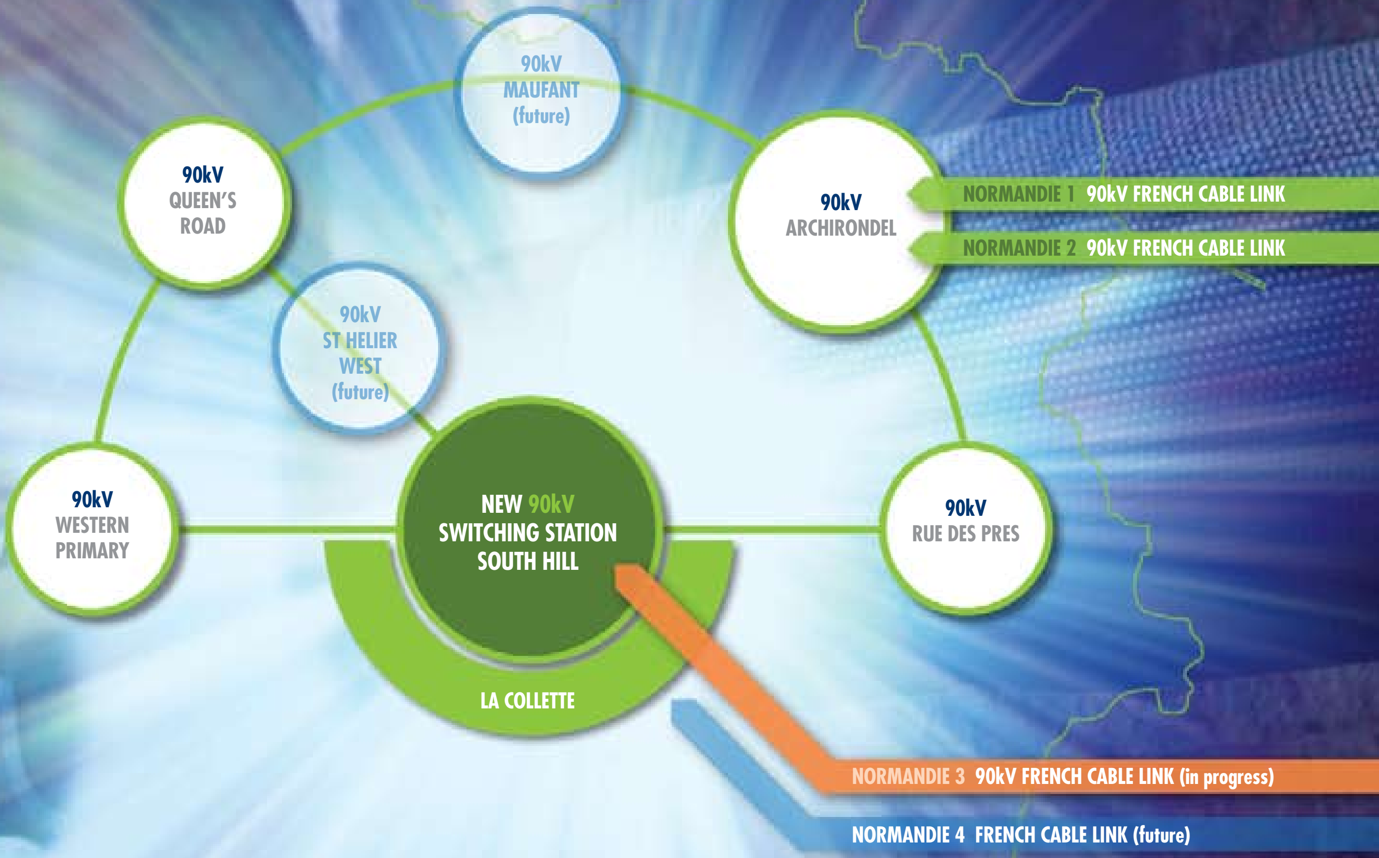
Normandie 3

South Hill has been designed to accommodate future expansion, including Normandie 3. Progress on this, our third undersea cable, has been somewhat challenging this year.

Our engineers have worked hard with RTE, the French grid operator, to resolve technical issues regarding the operation of the third cable alongside the two existing links. We aim to achieve planning permission by the end of 2012, with final installation and commissioning in 2015, depending on cable manufacturing capacity.

Normandie 3 will connect into a different, underground section of the French network to that which was affected by September's failure, giving us more resilience and enabling us to meet the Island's full peak winter demand with cleaner, imported power.

Joint venture: A team of experts from Indonesia was brought in to carry out the jointing of the 6km 90kV cable laid in the project.



The South Hill site was chosen for this strategically critical network hub to distance it from La Collette hazards and possible sea-front flooding. The build work took just five months to complete.

Development Timeline

Nov 2009: Planning permission granted

Jan 2010: Contracts awarded

Feb 2010: Site clearance (spade in ground)

Apr 2010: Construction work starts

Sept 2010: External build completed

Oct 2010: Duct installation works starts

Mar 2011: Cable installation and jointing starts

June 2011: Internal fit out complete

July 2011: Commissioning begins

Aug 2011: Final commissioning

Apr 2012: External works expected complete

Key Facts

- £9m total cost
- Three major contracts with INEO, Nexans and Alstom
- 3,800 cubic metres soil and rock removed from site excavations
- Dimensions: 39m long x 20m wide x 8m high
- 3km of trench excavated between South Hill and Victoria Avenue
- 6km of 90kV cable installed
- 24 individual 90kV cable joints
- 36km of duct installed, including provision for future11kV circuits
- 400sq m of dressed granite walling (80m x 5m high)
- 150 shrubs and trees planted
- Road access widened
- Two new driving instructors' reversing bays

"We are delighted to have completed the project on time, on budget and to specification"

Connecting South Hill to the existing network involved trenching, duct installation and the laying of 6km of 90kV cable before the final fit out and commissioning. This was successfully carried out by a dedicated team, including (main picture L to R): Senior Project Engineer Jeremy Willis, Trainee Data Communications Engineer Dominic Warren-Gash and Senior Maintenance Engineer Mark Wille, without any disruption to customer supplies.

"During the year the network delivered 650 million units of power to 48,000 customers."

Distribution

This year our peak load was 154MW in November down from the prior year's 158MW. Unit sales on the peak day were 2.7 million. During the year the network delivered 650 million units of power to 48,000 customers.

Workload in Distribution remained high, driven by new development, fuel switching States of Jersey housing, reinforcement and asset replacement. Switching activity increased by around 50%, reflecting the extensive commissioning activity relating to South Hill.

Overall we installed 18.50MVA of new transformer capacity, 33km of new cable, 26 new substations, 11 refurbished substations and 843 new services. We maintained 179 substations and patrolled 11.4km of line. Substations under Jersey Electricity's control now number 732.

SmartSwitch

Having installed around 4,500 Smart Meters as a pilot, the Board agreed to progress the Smart Metering project, SmartSwitch. Smart Meters, a precursor to a Smart Grid, have the potential to bring about a huge revolution in the power sector.

Accurate and more frequent remote meter reading provides the most immediate benefits, effectively eliminating manual and estimated reads. Smart Metering enables remote configuration of tariffs, connection and disconnection, as well as better control over our load curve, leading to more efficient capital utilisation and price signalling for customers. The technology promises to combine various existing metering systems into one as well as providing enhanced information, services and enhancing our relationship with customers.

We are working with suppliers to develop meters for our twin element, multi-rate tariff and are already advancing the installation of the data collection system. Our engineers have installed data collectors in around 500 of our 732 substations. We have also completed a successful trial with Jersey Water to share a common metering infrastructure to gather readings.

Metering Technician Neil Schofield tests one of the new substation data collectors.

"The technology promises to enhance our relationship with customers"

ELECTRICITY SOURCES 2010-2011

656,233MWh
Imported from EDF

17,467MWh
Generated by EfW plant

12,887MWh
JE locally generated

ELECTRICITY SOURCES IN %

+1.7% +3.2%

Year	JE	EfW	Import
2008-09	6.6%	0.9%	92.5%
2009-10	5.9%	0.6%	93.5%
2010-11	1.8%	2.6%	95.6%

-4.8%

ORIGINS OF IMPORTED ELECTRICITY FROM EDF

Nuclear 81%
Hydro 7.9%
Coal 3.4%
Gas 3.0%
Renewables 2.8%
Fuel oil 1.6%
Other 0.3%

Generation

La Collette Power Station is equipped with a diverse range of generation equipment that includes a mix of diesel engines, boilers, steam and gas turbines. It is capable of meeting the Island's full demand if called upon. Local generation has been lower this year given high oil prices relative to the cost of European electricity and limited outages on our cable links.

La Collette provides an important insurance policy for the Island, as was demonstrated during the French power cuts in September. Local generation was used during network maintenance, commissioning of South Hill, the French grid outages and for a few occasions in support of the French and Guernsey grid.

Diesel project

Earlier this year, we completed a full strategic review of the role of La Collette and its implications on future generation. To continue to meet our declared security standards most cost efficiently, the Board approved a project to install two used 11MW Sulzer diesels to replace two 5MW Mirrlees units which were no longer operational. The Sulzers are a similar specification to two existing units; 'fast start', flexible and relatively low cost to install and operate.

The team has worked hard to secure the contracts needed for both the supply of the replacement engines as well as the dismantling and removal of the Mirrlees units. This has been difficult and hazardous, requiring close management of contractors and rigorous application of our safety standards. We expect to complete this project in 2012.

Energy from Waste Project

In 2008 we agreed a mutual cooperation with the States of Jersey to procure power from the EfW plant while in return supplying cooling water, demineralised water, gas oil and access to our chimney flues. We successfully completed and commissioned the interfaces over 2010/11 winter and the first units from waste were supplied to customers on 9 March. Although the plant will meet only around 7% of Island demand at full capacity, it represents useful diversification from our other energy sources and is presently consistently generating around 8MW.

PROTECTING THE ENVIRONMENT AND CONSERVING RESOURCES

Environment

As Jersey's leading energy supplier, our responsibility to reduce our impact on the drivers of climate change is two-fold. We must act to reduce our carbon emissions and those of our customers. And we must act to help reduce the Island's consumption of energy resources.

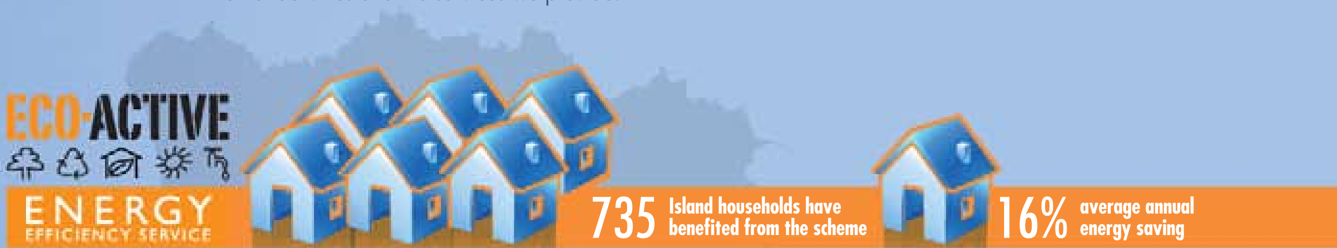
We are proud of the action we have taken over the last 20 years. We have been instrumental in reducing the Island's carbon emissions by replacing on-Island, oil-fired electricity generation with cleaner, low carbon, imported electricity from mainly nuclear and hydro sources in France. The result is a reduction in carbon emissions by a third since 1992 despite a 40% increase in demand during that same period.

Electricity generation now comprises just 4% of Island carbon emissions and our average emission level last year, the international measure of carbon content of supplied energy, was just 56g CO_2/kWh or 98g on a five-year rolling average basis, both less than our self-imposed target of 100g CO_2/kWh. Our goal is to reduce this further while continuing to explore other ways of reducing the environmental impact of our internal activities and the services we provide.

We aim to achieve Eco-Active Level 3 Certification and have committed to implementing an Environmental Management System. We have made good progress in establishing an initial baseline of Environmental Key Performance Indicators, including those measuring air and water based emissions, waste and recycling, water use and energy consumption. Next year we plan to conduct a full environmental impact audit and gap analysis.

We continue to lead the Network of Small Island Systems (NESIS), a sub-committee of Eurelectric, the EU electricity authority and have been particularly focused on the Industrial Emissions Directive (IED). We have made progress in representations via Eurelectric to European bodies to ensure that any emerging legislation is practical for small island communities.

Jersey has one of the cleanest forms of electricity in any island community and a huge opportunity exists to promote and develop a 'sustainable and low carbon' economy. To achieve this, the industry needs clarity on the government's Energy Policy and carbon reduction ambitions.



Energy Policy

After four years of effort on the part of States of Jersey officers, we were hopeful that the Energy Policy would finally be debated by politicians this year but further changes to the Policy document appear to have frustrated progress.

The Policy needs clear energy and carbon reduction goals, and it needs to consider all aspects of secure supply and investment needs, not just a myopic view on short-term costs. It also needs to set out clear and practical action plans for how these goals are to be achieved.

There is considerable passion in the Island for renewable energy – to proceed, we need a clear consenting and subsidy framework that provides the necessary incentives to catalyse the market. We believe there is an opportunity to work with our EU neighbours but this requires close co-operation across all the Channel Islands as an essential precursor to progress.

Energy Efficiency

Many ask why Jersey Electricity does so much to promote energy efficiency that will result in reduced energy sales. The answer is threefold. First, we are passionate about protecting the environment and conserving resources. Second, we have a duty to ensure that islanders get the best utility from their electricity supply. Finally, more efficient use of our core product means customers are likely to use it in other applications, such as electric transportation and heating.

We are delighted with the progress of the States of Jersey Energy Efficiency Service, a public private partnership seeded with £0.5m of Jersey Electricity funding, designed to help the vulnerable reduce their energy bills.

The Scheme has this year been extended by broadening the measures funded, expansion of the target vulnerable group and application to community buildings.

In addition, through our Building Services team and our independent mechanical and electrical services consultant Jersey Energy, we are increasingly helping large organisations to improve their energy efficiency.

HOW JERSEY ELECTRICITY HAS HELPED REDUCE THE ISLAND'S OVERALL CARBON EMISSIONS

JERSEY'S CARBON EMISSIONS BY SOURCE: (THOUSANDS OF TONNES)

- DOMESTIC & COMMERCIAL
- TOTAL ROAD TRANSPORT
- ENERGY FROM WASTE PLANT
- ELECTRICITY GENERATION

Source: States of Jersey Statistics Unit, Jersey Energy Trends 2008

RENEWABLE ENERGY

Our major investment in a new £60m submarine cable to France will help reduce the Island's carbon emissions further from 2015 by enabling Jersey Electricity to source the full Island's winter demand from cleaner, certified nuclear and hydro-electric power. The Island therefore already has access to low carbon power. The Island's major driver for renewables is therefore to enhance security of supply by reducing our long-term dependence on imported energy.

Last year we conducted a strategic review of utility scale renewables, exploring large scale offshore wind and tidal power. We believe we are well placed as an enabler, project partner or equity participant in the industry – and we are preparing for this future, but we also acknowledge that these technologies are not presently economically viable without subsidy support and, unlike EU countries, Jersey does not offer this.

Such projects are often highly risky, of long duration and highly capital intensive. We have progressed several actions during the year, including the completion of a Channel Islands offshore wind study to assess the resource potential and economic viability. We have also strengthened inter and intra-island relationships with the Jersey Renewable Energy Commission and are ready to assist.

Our French supply partners EDF are currently trialling two tidal turbines at Paimpol on the nearby Brittany coast as a precursor to building the first tidal turbine farm in France. At 850 tons and with a total height of 22 metres, each turbine has the capacity to generate over .5MW of power. We are closely monitoring the progress of this trial while continuing to study tidal and wind power ourselves, so that when these become economically viable, Jersey Electricity will be ready to take advantage and ensure the people of Jersey benefit from Jersey's natural resources.

TURBINE TESTING:

A delegation from Jersey Electricity, including myself and Chief Engineer John Duquemin (above), were guests of EDF as their first tidal turbine was transported by barge into its test bed off the Brittany coast at Paimpol. The 16m diameter turbine will generate .5MW of electricity.

PUTTING TESLA TO THE TEST:

Electric cars are not always 'city runarounds'. Earlier this year we worked with US manufacturer Tesla to promote their electric supercar the Tesla Roadster here. The Tesla has a 211-mile range and acceleration of 0-60 in 3.7 seconds.

ELECTRIC TRANSPORTATION

According to the most recent States of Jersey Energy Trends Report of 2008, around a quarter of all energy consumption and a third of all energy related carbon emissions are attributable to road transportation. With the electric car revolution upon us, the opportunity exists to clean up our air, quieten our roads and reduce customers' motoring costs. However, with fewer than a dozen electric vehicles in Jersey, this market is presently unpenetrated.

We have again been at the forefront of promoting this technology by introducing to the Island five of the second generation, zero-emission, all-electric Mercedes smart fortwo ed 451s as the second stage of a four-year worldwide trial.

As well as reducing the Company's emissions by using the cars for meter reading and other staff journeys, we have also allowed a wide range of individuals, including the general public, to try electric driving and have received encouraging feedback.

But the barrier to take up of electric vehicles is currently twofold; up-front vehicle cost remains high and there is, for the moment, limited customer choice. However, electric car technology is progressing at a staggering pace, with all major manufacturers now involved in the race to design and produce practical and affordable electric vehicles or hybrids for the mass market.

Peugeot have won the race to get the first all-electric car on the forecourt in Jersey with their four-door, four-seater iON which has a range of 93 miles. We are already leading by example, having taken delivery of the first iOn in the Island for use as a pool car and further promote electric driving.

Furthermore, we have added the Nissan LEAF to our electric fleet. The four-door family saloon has a top speed of 100mph and a range on a full charge of 109 miles at 30-40mph. Its 80kW electric motor is equivalent to 107bhp and it will accelerate from 0-60mph in 11.9 seconds. The 2011 European Car of the Year is to become the first all-electric car to be licensed for taxi use in Jersey and we have committed to installing the necessary charging infrastructure for the company involved.

With range and performance no longer an issue, we believe the electric car revolution will make its mark in Jersey. We and many car manufacturers view the Island as an ideal place for it to flourish. We see electric transportation as an important future growth area for the business.

UNDER THE BONNET: SMART ED FACTS

Zero emissions at tailpipe

Range up to 84 miles

1.5p a mile on Economy 7

Top speed 62mph

0-30mph in 5.8 secs

Charging: standard 13Amp, three-pin plug socket

Customer Care Advisers Donna Hughes (main picture), Christine Fletcher (top) and Pat Bayley.

CUSTOMER SERVICE SURVEY RESULTS:

Our customer surveys and performance measurement further endorse our total commitment to the customer.

Over the last three years we have materially enhanced the quality and quantity of our customer research. This has enabled us to better understand which attributes of our service are important to customers and how we perform against these attributes compared with competing fuels.

Our research has provided much insight on customer needs and our performance in both the provision of heating solutions and the provision of energy for general power, lighting and entertainment.

We surveyed 100 businesses and 750 private customers. We were pleased with the overall performance levels and in particular our progress in both customer service and value for money at an overall business level.

7.2 OVERALL CUSTOMER SERVICE 2010/11
7.1 IN 2009/10

5.9 OVERALL VALUE FOR MONEY 2010/11
5.4 IN 2009/10

CUSTOMER SERVICE AND STANDARDS

STANDARDS OF SERVICE PERFORMANCE

In accordance with regulated power utilities in the UK, we also monitor performance against generally recognised measures. The 99% average compliance with 10 'core business' processes not only matches last year's performance, but is a key indicator of success for all those involved in delivering these services. It also serves as a reminder of the attention to detail needed in the provision of our services. Going forward, we will work to improve our customer survey measures and standards of performance next year as part of our focus on 'continuous improvement'.

Meanwhile, a well proven set of systems designed to listen to and learn from customers ensures that quality issues are quickly addressed wherever they are identified, customers fairly treated and root causes fixed.

We have further developed our free energy efficiency advisory service, which focuses particularly on customers moving to electric heating for the first time and those who are taking advantage of our off-peak tariffs.

We are also extending our on-line 'self help' options, to ease connection to an increasing variety of services and give customers the convenience of 24/7 access.

Also this year, we have enhanced our direct customer communications, including issuing biannual customer newsletters. These are an important opportunity to let customers know how we are progressing and serve to improve their understanding of the sometimes forgotten challenges we face in getting power into homes in the Island.

1	We will replace a main fuse within three hours of a customer's call.	100%
2	We will give at least two days' notice of any planned supply interruption.	100%
3	We will restore lost power supplies within 18 hours.	100%
4	We will quote for the provision of new electricity supplies within 15 working days, or 25 days, for major infrastructure schemes.	99.95%
5	We will investigate any supply voltage complaints within five working days.	100%
6	We will respond to an enquiry about an electricity bill, and, (where necessary), check the reading and test the meter, within five working days.	100%
7	We will, wherever practicable, avoid disconnection for debt in domestic premises by free installation of a pay-as-you-go meter, without surcharge on the customer's normal tariff.	100%
8	We will respond within five working days to a request for change of account payment method.	100%
9	We will provide free advice on energy efficiency and agree an appointment to visit within seven working days.	99.99%
10	We will agree attendance on a specific morning or afternoon to provide any of our services.	99.93%

NON-CORE BUSINESS

Development of our non-Energy business enables the Group to reduce its dependence on the self-regulated Energy business, capturing value from competitive markets. Our vision is to selectively participate in markets in which we can truly win and build strong, sustainable businesses. This is a challenging goal given the economic pressures on and off Island. With revenues of £26m, non-Energy has increased its share of the Group revenues from 25% last year to 26% this year.

Retail and day2dayshop

The Retail business comprises our electrical store, Beyond Computers and Imagination, our toy and hobby shop, together with our online trading business day2dayshop.com. At £16.5m revenue, Retail is almost twice as large as our other non-Energy businesses combined. With an overall increase in revenue of 14% and operating profit of 2% compared with last year, Retail has had a good year considering the current economic climate.

Consistent with trends in future home entertainment, we have consolidated our TV and audio business into Beyond, leveraging the strength of this brand in the marketplace and enhancing layout and customer shopping experience.

Beyond's exceptional performance is a credit to staff. Beyond is now a clear market leader in Jersey, offering a wide range of products and services, while delivering the highest levels of customer service. This business continues to evolve though we expect margins to thin in this difficult economy.

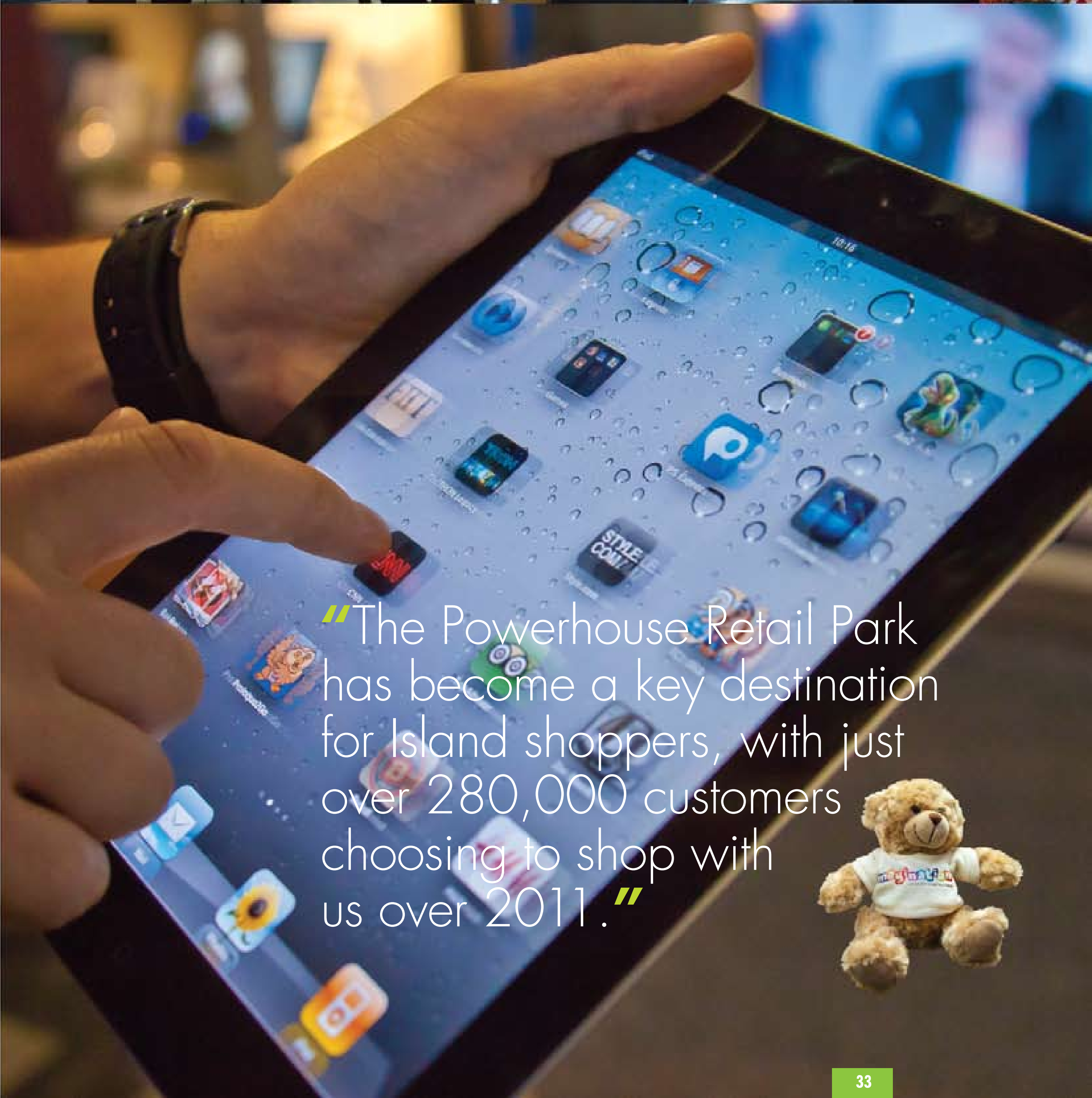
Day2dayshop, our ecommerce venture retailing home consumables, also had a very good year achieving 126% revenue growth to around £3.6m and breaking into profit for the first time. With the recent UK Treasury decision to remove Low Value Consignment Relief, which allowed goods under £15 to be shipped into the UK free of VAT, we expect trading next year to be especially difficult. To mitigate the effects of this, the business has started trading into Germany and has plans for diversification into Europe.

Our toy store Imagination has had a more difficult year than Beyond and day2dayshop. However, it remains profitable and provides a valuable role in the portfolio by attracting footfall which has supported cross-sell.

The Powerhouse Retail Park has become a key destination for Island shoppers, with just over 280,000 customers choosing to shop with us over 2011. However, retailing in the Island continues to be very difficult, with tough economic conditions and continuing pressure from internet stores and UK retailers entering the market.

24 HOUR TRADE:

Our day2dayshop offers high levels of customer service from a team that includes Michael Robinson and Patrick Cooney (top) led by Business Manager Stuart Murphy. Opposite page, top left: Managers Alan Teeling and Gavin Murphy in Beyond and (right) Imagination Sales Assistants Billy Richome and Liam Barry keep the shelves stocked with Team Leader Gordon Le Marrec.



"The Powerhouse Retail Park has become a key destination for Island shoppers, with just over 280,000 customers choosing to shop with us over 2011."


VERSALIFT
SWL 200 Kg
SWL 120 Kg
SWL 200Kg
Jersey Electricity
J51900

Public Lighting Electricians Trevor Laffoley and Daniel Marriott enjoy a bird's eye view of the south coast.

Building Services (JEBS)

Building Services is our commercial contracting business serving mechanical and electrical maintenance clients, small works, air conditioning and public lighting.

With an increase in annual revenue to £4.7m, activity has been strong this year boosted by continuing works installing electric heating systems into States of Jersey homes. Overall small works, air conditioning and public lighting have traded well but revenues and margins have declined in maintenance as a result of the loss of several States of Jersey contracts. Many of these have been lost via competitive tender focused solely on price. We continue to work with the States of Jersey to improve our performance in this area.

Profit is down 8% on last year but, overall, given the extremely price focused market and a collapse in maintenance work in the commercial sector, the business has held up well.

We expect next year to be more difficult as the economic recession bites harder. We have a broad skills mix and are hopeful that this strength, backed by the Jersey Electricity brand, will offer some resilience.

Property

The property business comprises commercial sites and legacy residential homes originally built to accommodate staff. With profit of £1.7m it is our largest contributor to non-Energy profit. We continue to invest in our property portfolio in order to optimise yield and value over the long term. We expect development of the Medical Centre to be completed next year and are considering further enhancements at The Powerhouse.

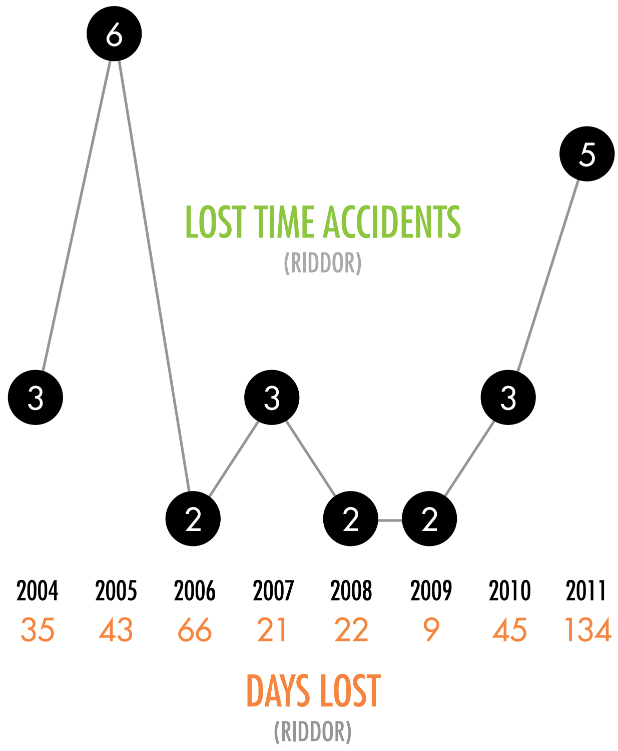
jendev

Jendev is a software consultancy firm with six staff specialising in the configuration of Microsoft accredited enterprise system Navision.The application is designed for small utilities and Jendev serves both Jersey Electricity and external clients in the water, post, telecommunications and power sectors. While revenue and profit is slightly down on last year, Jendev has performed very well in circumstances where clients are deferring capital spend on new systems and enhancements.

JERSEY energy

Jersey Energy is a pan-Channel Island building services consultancy with five staff, specialising in the design of low energy, environmental solutions within the built environment. The business has a strictly fuel neutral brief, providing clients with the optimum solutions whatever the most appropriate energy source. Having opened a new office in Guernsey to extend its client base across the Channel Islands, it has had an excellent year with good growth in revenue and profit.

1.STOP
THINK
CALL
WORKING ON YOUR HOUSE THIS SPRING?
1.STOP
2.THINK
3.CALL
These three steps could help to save your life.
Call today 505460
Jersey Electricity
HOME IMPROVEMENTS CAN BE BAD FOR YOUR HEALTH. THEY CAN EVEN PROVE FATAL.
BEFORE you start work, contact Jersey Electricity on 505460.
Jersey Electricity will give FREE advice on how to work safely around:
• Overhead lines
• Underground cables
• Metering equipment



HEALTH AND SAFETY

The health and safety of everyone involved in or impacted by our operations is a top priority. We understand that our activities potentially give rise to risk if not properly managed – and could have severe consequences for employees, contractors and members of the general public. Under our staff contracts, we all have a duty to protect ourselves – and others. By being clear about roles and responsibilities, proper processes, risk assessments and training, we can mitigate risks and eradicate injuries.

To further improve performance, last year I invited the British Safety Council (BSC) to conduct a review of our activities and I was pleased we achieved a four-star rating out of five. This year we further analysed the gaps and have progressed work to close these. We will have our next BSC review in 2012.

Despite a generally high standard and strong culture, I am disappointed to report an increase in the number of Lost Time Accidents and number of days lost from these. However, none of these accidents was serious and one individual comprised the majority of the days lost. We should also recognise a reduction in the number of 'other accidents' and road traffic collisions year-on-year. We have been extremely busy across all areas of the business but despite this, we want to see improvement. Jersey Electricity has a reputation for high standards and an intrinsic desire to be not just good but world class.

Third party contractors damaging our services and putting their own safety at risk continues to be a concern. We have had several meetings with the Health and Safety Inspectorate and implemented a major programme of awareness raising. Last year's spring health and safety campaign targeted third party contractors and smaller developers to alert them to the dangers of working near customers' electrical installations. Following the success of that campaign our Health and Safety Team, in consultation with the Health and Safety Inspectorate, this year focused attention on domestic DIY.

The STOP, THINK, CALL campaign carried a very impactful message into the home of every customer, informing them what they should do before they start work on their home or garden. The leaflet campaign was backed by radio broadcasts and special pocket-sized cards distributed at appropriate retail outlets and States of Jersey offices.

In-house, we focused on Distribution Safety Rules with all Distribution first-line managers completing Refresher Managing Safely. Key training was also completed on Asbestos Awareness, Risk Assessment, Induction and First Aid among many others.

Although disappointed with our results this year, it is certainly not through lack of effort from the Safety Representatives. Their commitment to site inspections, reporting deficiencies and communicating awareness among our frontline staff is exceptionally important. I meet these staff members directly twice yearly to discuss issues and improvements, and I am immensely grateful to them for their central contribution in helping Jersey Electricity create a positive health and safety culture at all levels.

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

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

SUPPORTING THE COMMUNITY

Jersey Electricity is not just a 'neighbour' to the community, we are part of it. Our customers are our family, friends, acquaintances, members of the general public as well as the many businesses in which they work. We focus on sustainability in the community and support areas that are close to our values; typically on-Island charities of an environmental, healthcare and educational nature. We like to see our customers benefit from our support which may be in the form of resources and expertise as well as funding.

We started what we hope will be a fruitful relationship with the National Trust for Jersey in this its 75th anniversary year and in its year-long Green House Project. We were pleased to present the Trust with one of the most eco-friendly 4x4 pickup trucks to help rangers manage the natural environment. We have also supported the Trust with low energy lighting throughout its properties and installed several energy efficient heating systems in some properties at reduced cost.

We have given major support to Jersey Hospice Care and we continue to help Family Nursing and Home Care to buy vital equipment with money we save by not sending Christmas cards. We also donated the use of one of our new electric Smart cars to Macmillan Cancer Trust for six months.

As part of our drive to switch to more environmentally acceptable electronic statements and email communication, we have created a fund in the name of Jersey Trees for Life which has accumulated contributions for each customer who has switched from paper statements and we plan to present the funds raised to JTL next year.

Our continued sponsorship of the Jersey Enterprise Environmental Award and the Jersey Construction Council Sustainability Award recognises and rewards the fantastic progress that organisations of all shapes and sizes have made to help preserve and conserve our remarkable Island. Both awards attracted inspiring and innovative entries evidencing best practice in sustainable and environmentally friendly business and helped to reinforce Jersey Electricity's alignment with sustainability and clean energy.

We support schools with environmental and energy efficiency projects and we have introduced a special schools' category for the 2011 Environmental Award.

As a significant corporate employer within the community, we support Project Trident, IOD Work Shadow, Undergraduate Work Experience and Advance to Work training as well as running our own apprenticeship scheme.

I am frequently asked by our staff for corporate sponsorship for their own charities which, in many cases, are a central focus in their non-work life. I am always impressed by the meaningful impact that our staff have made in helping external charities and in these cases, Jersey Electricity is delighted to have matched their funding.


CIEG
12430
Jersey Electricity
Powerhouse Business Reception
FREEPHONE
Jersey Electricity
J100849

OUR PEOPLE

EMPLOYEE FACTFILE:

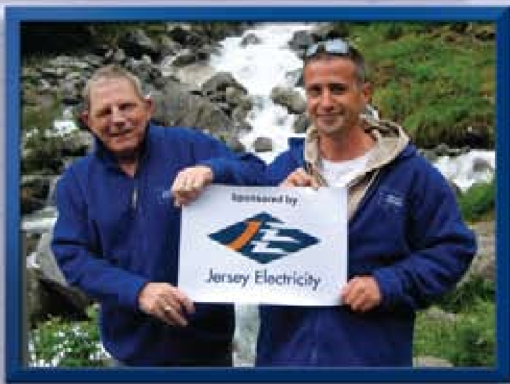
Although we are a capital intensive business, people are at the core of our success – it is our staff that 'analyse, plan, do and communicate' the work to help the organisation achieve its goals.

At the end of the year, we employed 337 people across the Group of which 301 were full time and 36 part time. With pressure on finances, we tightly control numbers and all new appointments are approved by the Chief Executive. We focus on quality and development not just quantity. We are deploying more rigour in our recruitment decisions – not just covering skills and capabilities but also behaviours and attitude – attributes which are hard to 'train'. We also focus increasingly on how we create the conditions where staff can simultaneously be successful in their roles as well as fulfilled in their work.

Staff turnover levels remain at 4% and we also enjoy a low sickness rate of 3%. Average length of service is 15 years and average age is 43. As we say farewell to retiring colleagues, we also, of course, lose the benefit of much experience. This presents an opportunity to reshape our staff skill set for a more technologically-driven world, but it presents a threat of thinning experience in our ranks. We must, and do, continue to invest in staff in the form of apprenticeships, trainee graduate engineers and other professionals – as well as commit to training and development. As a business, we have a long planning horizon – we must ensure we are fully equipped for the future in both the breadth and nature of skills.

In a small power utility located offshore, we are highly dependent on the flexible skills, diverse capabilities and above all, the commitment of our staff. Nowhere was this more strongly illustrated than in the response staff showed to the failure of the French power grid in September, which I experienced first hand for the first time in my role. Such was this commitment to Jersey Electricity that no fewer than 38 off-duty individuals arrived at work unprompted within minutes of the outage ready for action. Staff were represented by several areas of the business including Customer Care, IT, Generation and Distribution, among others and we were able to present a seamless team response that restored power within the hour.

I am immensely proud of the dedication, commitment, loyalty and professionalism of all our staff. My sincere thanks go to them.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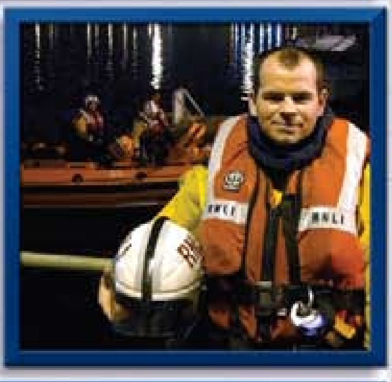
Jersey Electricity



OUTLOOK

Jersey Electricity is well invested today, and has made continued progress this year in preparing for the future. We are a very long-term business. Of course, we need to deliver value and contain costs today, but it can't be at the expense of the future.

Our investment horizon is up to 40 years but it is pleasing that advancing our longer-term strategic projects has not come at the expense of a solid operational performance. This has led to power distributed in Jersey today being very competitively priced, extremely reliable, and significantly cleaner than alternatives.

We are confident that our strategy to focus on energy and related services, while strengthening our position in Building Services, Retail and our other non-Energy markets, is a sound one. This will give us a low-risk platform for growth and diversification without straying too far from our heritage and our capabilities.

Challenges remain in both our Core Energy business and in our non-Energy businesses. We are living in a troubled economy with weak growth, high inflation, high unemployment and ever more intensive competition. We are committed to driving improvements across all our businesses and delivering our programme of essential investment. In addition, we continue to work with the States of Jersey and other external authorities in demonstrating our commitment to efficiency, flexibility and service that is so important to our Island's future.

We are hopeful that the States of Jersey will finally make progress with its Energy Policy and provide the policy guidance that all the energy market participants seek. In the absence of this, we declare in this report what we think is in the best possible interests of our customers, shareholders, businesses and the community at large – and seek to deliver this.

We hold a privileged position in the Jersey energy market which puts us at the forefront of an exciting future – a future that promises our customers, employees and shareholders that we will do our bit for a sustainable island and that will underpin economic prosperity for many years to come.

Chris Ambler
Chief Executive
14 December 2011


2011

FINANCIAL REVIEW

Group Financial Results

Key Financial Information	2011	2010	% movement
Turnover	**£100.49m**	£98.89m	2%
Profit before tax	**£11.07m**	£14.56m	(24)%
Profit in Energy business	**£7.68m**	£7.74m	(1)%
Earnings per share	**28.05p**	40.20p*	(30)%
Dividend paid per share	**10.45p**	9.95p*	5%
Special dividend paid per share	**3.25p***	-	-

*Earnings and dividends per share have been re-stated to reflect the 20 for 1 share split approved at the 2011 AGM

Group turnover for the year to 30 September 2011 at £100.5m was 2% higher than in the year ended 30 September 2010. Unit sales volumes were 1% higher than last year but revenues in our Energy business remained at the same level as 2010, at £74.5m, as a result of the 5% decrease in prices to our customers from January 2010. The turnover in our Retail business increased by 14% to £16.5m. Lower sales in our traditional white/brown goods offering were more than compensated by gains in our computer retailing, toy/hobbies and e-retailing internet businesses within the Retail portfolio. Turnover in the Property business, excluding internal revenues, fell from £2.6m to £2.2m as the 2010 figures included back-dated profit from the resolution of an outstanding rent review. Turnover in Building Services rose 10% from levels experienced in 2010 to £4.7m. Turnover in our Other Businesses fell from £3.1m to £2.6m with the difference being attributable to largely non-recurring revenues received in the prior year from our ex-associate Newtel.

Cost of sales rose £0.9m to £70.0m mainly associated with the rise in revenues in our non-Energy business units. **Operating expenses**, at £19.6m, were £1.6m higher than in 2010 being a mix of increased maintenance and repair costs, depreciation, salaries, advertising and bad debt provisioning.

Profit before tax for the year to 30 September 2011 fell to £11.1m from £14.6m but £2.5m of the movement from 2010 was attributable to the revaluation of our investment property portfolio and £0.8m from the distribution of proceeds by our ex-associate Newtel from the sale of assets. Profits in our Energy business remained at £7.7m being at the same level as last year. Tariffs to our customers were reduced by 5% in January 2010 and remained frozen throughout this full financial year. We have publicly indicated that tariffs will remain at current levels until at least April 2012 and have hedged around 90% and 60% of both power and foreign exchange for 2012 and 2013 respectively. We again imported most of our power requirements from France (96% against 93% in the previous year). Profits in our Property division, excluding the impact of investment property revaluation, fell to £1.7m from £1.9m last year primarily as a result of a back-dated rent review settlement that crystallised in the last financial year. Our investment property portfolio was revalued downwards marginally by £0.1m to £14.9m this year due mainly to movements in stamp duty in Jersey being reflected in the external assessment. Despite the tough trading conditions currently prevailing in markets the Retailing business saw profits remain at £0.5m with turnover up 14% to £16.5m. The Building Services business produced a £0.2m profit, being on a par with last year, even though pressure on margins continued to exist in a very competitive marketplace. In addition our other business units - Jersey Energy, Jendev and Jersey Deep Freeze all had a profitable year. We also received £0.2m in proceeds from the sale of our remaining shares/loans in our ex-associate Newtel. Foreshore, our data centre joint venture, had a turnover of £4.9m being £0.1m less than in 2010 with profitability moving from a small profit last year to a £0.1m loss in 2011.

Interest received on deposits in 2011 was £0.3m being at the same level as in the previous year.

The taxation charge at £2.4m was higher than in 2010 because although profits last year were higher, much of the year-on-year difference was due to non-taxable items such as upside from revaluation of investment properties.

Group earnings per share fell 30% to 28.05p compared to 40.20p in 2010 (re-stated to reflect the 20 for 1 share split approved at the 2011 AGM) due to lower profits associated with a sizeable element of the profits in the previous year being due to non-recurring 'windfall' revenues and a material upside from the revaluation of the investment property portfolio.

Ordinary Dividends per share

		2011	2010
Dividend paid	- final for previous year	**6.20p**	5.90p
	- interim for current year	**4.25p**	4.05p
	- special dividend	**3.25p**	-
Dividend proposed	- final for current year	**6.50p**	6.20p
	- special dividend	**-**	3.25p

*dividends have been re-stated due to the 20 for 1 share split in March 2011

Dividends paid, net of tax, rose by 38%, from 9.95p in 2010 to 13.70p in 2011. However the underlying increase was 5% as a special dividend of 3.25p per share which was proposed last year was paid in the year. Dividends declared last year have been re-stated due to the aforementioned share split. The proposed final dividend for this year is 6.50p, being a 5% rise on the previous year. Dividend cover fell from 4.0 times in 2010 to 2.1 times due primarily to a lower level of profits and the payment of the special dividend noted above.

FINANCIAL REVIEW

Cash Flows

Summary cash flow data	2011	2010
Net cash inflow from operating activities	£ 20.8m	£ 17.2m
Capital expenditure and financial investment	£ (15.0)m	£ (8.7)m
Repayment of long-term loan	£ 0.3m	£ 0.4m
Dividends	£ (4.3)m	£ (3.1)m
Increase in cash and short-term investments during year	£ 1.8m	£ 5.8m

Net cash inflow from operating activities at £20.8m was £3.6m higher than 2010. **Capital expenditure**, at £15.0m rose from £8.7m last year with the completion of the £9.3m South Hill switching station capital project, including associated cabling works, to reinforce the electricity network in Jersey being the primary reason. Cash at bank, including short-term investments, at the year end was £24.5m being £1.8m higher than last year.

Treasury Policy

Operating within policies approved by the Board and overseen by the Group Finance Director, the treasury function manages liquidity, funding, investment and risk from volatility in foreign exchange and counterparty credit risk. As a substantial proportion of the cost base is the importation of power from Europe, which is contractually denominated in the Euro, the Company enters into forward currency contracts to eliminate a large percentage of currency exposure as a tool to aid tariff planning.

The average Euro/Sterling rate underpinning our power purchases during the financial year, as a result of the hedging program, was 1.15 €/£. The average applicable spot rate during the last financial year was also 1.15 €/£.

The Company does not manage interest rate exposure as it has maintained cash in bank in the full period since the last year end. The average rate of interest received in the financial year was 1.4%.

The Group may be exposed to credit-related loss in the event of non-performance by counterparties in respect of cash and cash equivalents and derivative financial instruments. However such non-performance is not anticipated given the high credit ratings (investment grade and above) of the established financial institutions with which we transact.

Power purchasing policy

The Company imports over 90% of the electricity requirements of Jersey from Europe. It jointly purchases this power, with Guernsey Electricity, from EDF in France based on a market related mechanism linked to the EEX European Futures Exchange. This allows power prices to be fixed in advance of decisions being made on customer tariffs.

A Risk Management Committee exists, consisting of members from Jersey Electricity, Guernsey Electricity and an independent energy market adviser and follows guidelines approved by the Board. The aim of Jersey Electricity is to hedge future purchases for one to two years ahead on a rolling basis to provide our customers with a market based price but with a degree of certainty in a very volatile energy marketplace.

Defined benefit pension scheme arrangements

As at 30 September 2011 the scheme deficit, under IAS 19 Employee Benefits rules, was £3.5m, net of deferred tax compared with a surplus of £1.4m at 30 September 2010. This movement was due mainly to an actuarial loss of £6.6m associated largely with a decrease in scheme assets. Scheme assets fell 5% from £80.2m to £76.5m since the last year end and liabilities increased 3% from £78.4m to £80.9m. The discount rate, which heavily influences the scheme liabilities rose from 5.0% in 2010 to 5.1% in 2011 to reflect sentiments in financial markets.

Our defined benefits pension scheme is an area of risk that continues to require careful monitoring as it is driven largely by movements in financial markets and materially impacted by relatively small movements in the underlying actuarial assumptions. If, for example, the discount rate applied to the liabilities had been 4.6% rather than the 5.1% advised by our actuaries under IAS 19 for 2011, the net deficit of £3.5m would rise to a net deficit of £8.7m.

The triennial actuarial valuation was carried out as at 31 December 2009 and resulted in a surplus of £6.5m. The contribution rate by Jersey Electricity was reduced to 14.2% of pensionable salaries from January 2010 (down from the previous level of 19.2%). Employees continue to contribute an additional 6% to the pension scheme. Unlike the UK, the Jersey Electricity pension scheme is not funded to pay mandatory annual rises in pensions. However an ex-gratia award was made to pensioners this year in light of the scheme being in surplus in early 2011 at a capital cost of £0.7m which is paid by the pension scheme but generated a £0.7m charge against the income statement of the Company. The next triennial actuarial valuation of the defined benefit scheme is at 31 December 2012.

Accounting policy confirmation - customer contributions

When Jersey Electricity provide a new electrical connection to customers a charge is made based on a defined methodology. The costs of these new connections are capitalised within the Energy Division asset base and the customer contributions are treated as deferred income. The assets are depreciated over their expected useful life (as an annual cost against profit) and the deferred income is released over the same period. This is consistent with the practice employed by UK electricity utilities.

The International Financial Reporting Interpretations Committee (IFRIC) review the application of International Financial Reporting Standards (IFRSs) and were concerned that inconsistent practices existed across the EU and that uniformity should be a goal. ***IFRIC 18 – Transfers of Assets from Customer***s, was endorsed by the EU on 1 December 2009 and is applicable for all customer contributions received post 1 July 2009 but for accounting periods beginning on or after 1 November 2009. At the last year end it was felt that our policy might require to be revised but following advice and monitoring the actions of other UK utilities we are comfortable that our existing policy is retained.

Returns to shareholders

62% of the ordinary share capital of the Company is owned by the States of Jersey with the remaining 38% held by around 300 shareholders via a full listing on the London Stock Exchange. Of the holders of listed shares there is one large institution, Utilico Ltd, which owns 16% of the total ordinary share capital.

During the year the ordinary dividend paid was increased by 38% from 9.95p net of tax to 13.70p. The core dividend increase was 5% but the total included a special dividend of 3.25p declared in the last financial year. The proposed final dividend for 2011 at 6.50p is a 5% increase on last year and consistent with the underlying dividend growth pattern in recent years.

The share price at 30 September 2011, at £3.45, was marginally above the level of £3.38 at the 2010 year end (re-stated to reflect the 20 for 1 share issue). This gives a market capitalisation of £106m as at 30 September 2011. However the illiquidity of our shares, due mainly to having two large shareholders combined with an overall small number in circulation, limits the management team from having the ability to influence the share price. At the last Annual General Meeting an all-employee share scheme, to more closely align the interests of both employees and shareholders was approved and such shares are likely to be issued in the coming financial year. In addition, a 20 for 1 share split to increase the number of ordinary shares in circulation and reduce the high market value attributable to each listed ordinary share was approved. Such initiatives seek to improve our longer-term liquidity.

Our largest shareholder, the States of Jersey also owns holdings in other utilities in Jersey. It owns 100% of JT Group and Jersey Post, as well as around 75% of Jersey Water. The total direct cash return to the States of Jersey from Jersey Electricity in the last year was £8.1m (2010: £6.8m).

	2011	2010
Ordinary dividend	**£ 2.0m**	£ 1.9m
Special dividend	**£ 0.6m**	-
Goods and Services Tax (GST)	**£ 2.6m**	£ 2.6m
Corporation tax	**£ 2.1m**	£ 1.6m
Social Security - employers contribution	**£ 0.8m**	£ 0.7m
	£ 8.1m	£ 6.8m

The total return to States of Jersey rose 19% this year due primarily to an increase in tax paid on profits and the special dividend declared in 2010 but paid in 2011.

GOVERNANCE

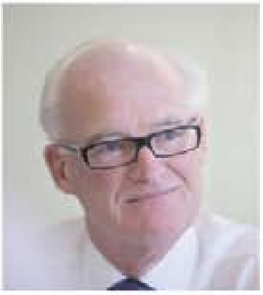
Board of Directors

Geoffrey Grime
Chairman
(64) R/N

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

Chris Ambler
Chief Executive
(42) N

Chris was appointed to the Board as Chief Executive on 1st October 2008. He previously held a number of senior international positions in the global utility, chemicals and industrial sectors for major corporations including Centrica/British Gas, The BOC Group and ICI/Zeneca as well as corporate finance and strategic consulting roles. He is Chairman of Foreshore Limited and Chairman of Channel Islands Electricity Grid Limited. Chris is a Chartered Engineer with the Institution of Mechanical Engineers and has a First Class Honours Degree from Queens' College, Cambridge and a MBA from INSEAD.



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

Having previously held a number of senior posts in the United Kingdom's Electricity Supply Industry, Mike joined Jersey Electricity in 1986 as Chief Engineer and was Chief Executive for 15 years before retiring in 2008 to focus on his non-executive directorships. He is Chairman of AIM listed, Renewable Energy Generation Limited, and Chairman of the postal utility, Jersey Post. He also sits on the boards of private equity and venture capital companies in the international solar energy sector. Mike is a Fellow of the Royal Academy of Engineering and a Fellow of the Institution of Engineering and Technology where he has served on its Council, Audit and Disciplinary Committees. He is a Companion of the Chartered Management Institute and past Chairman of its Jersey Branch. He was until 2010, Chairman of the Jersey Appointments Commission, which was established by government to ensure probity in public sector appointments. He is Chairman of the Nominations Committee. Mike was awarded an OBE in 2007.

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

Clive joined the board in 2003. He trained as a solicitor in London qualifying in 1977 and moved to Jersey in 1979. He was admitted as a solicitor of the Royal Court, Jersey, in 1985 and since 1994 has been a partner of Ogier. He retires as a partner in the firm with effect from 31st January 2012 but he will remain a consultant to the Ogier Group and Chairman of its Fiduciary Holding Company. He is a director of a number of other companies operating in the financial services sector and is also Chairman of the Jersey Law Commission. He is Chairman of the Remuneration Committee.

Martin Magee
Finance Director
(51)

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

David Padfield
Operations Director
(57)

David joined Jersey Electricity in 1987 as Senior Planning & Construction Engineer after 14 years with South Western Electricity Board and was appointed as Operations Director in 2004, following several years as Energy Division Manager. He is responsible for the management of the Company's Energy businesses of electricity transmission, distribution, generation and supply, which also incorporates corporate health and safety. He is also a director of the Channel Islands Electricity Grid Limited. He graduated from Bath University in 1976 with an Honours Degree in Electrical and Electronic Engineering. He is a Chartered Engineer, a Fellow of the Institution of Engineering and Technology, a Chartered Director, a Member of the Institute of Directors and also past Chairman of the Small Islands System group at Eurelectric in Brussels.

Richard Plaster
Commercial and Human Resources Director (50) N

Richard joined the HR function in Jersey Electricity in 1987 following a retail management career with Woolworths and joined the Board in 2004. He is now responsible for Human Resources, Customer Care, Procurement, Marketing and the Retail businesses. He chairs the management board of the Building Services business and was appointed as a director of Jersey Deep Freeze Limited in October 2004. Externally, he is former Chairman of the Employment Forum in Jersey and the current Chair of the Skills Jersey Board He is a Chartered Fellow of the Chartered Institute of Personnel and Development, and a Chartered Director.

John Stares
Non-Executive Director
(60) A/R

John joined the Board in 2009. He is the Managing Director of Guernsey Enterprise Agency and a non-Executive Director/Advisor to three other Channel Island headquartered groups of companies. He is a Fellow of the Institute of Chartered Accountants of England and Wales, and a Member of the Worshipful Company of Management Consultants. Prior to 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 held a variety of leadership roles in Accenture's Canadian, European & Global consulting businesses.

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

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

Directors

All non-executive directors are viewed as being independent with the exception of Mike Liston who was formerly the Company's Chief Executive. Clive Chaplin is still regarded as independent even though he is now in his 9th year as director.

Key to membership of committees

A Audit Committee
N Nominations Committee
R Remuneration Committee

Director's Report

for the year ended 30 September 2011

Principal activities

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

Dividends

The directors have declared and now recommend the following dividends in respect of the year ended 30 September 2011:

	2011 £	2010 £
Preference dividends		
5% Cumulative Participating Preference Shares at 6.5%	5,200	5,200
3.5% Cumulative Non-Participating Preference Shares at 3.5%	3,773	3,773
Ordinary dividends		
Ordinary and 'A' Ordinary Shares		
Interim paid at 4.25p net of tax for the year ended 30 September 2011 (2010 - 4.05p net of tax)	1,302,200	1,240,920
Final proposed at 6.50p net of tax for the year ended 30 September 2011 (2010 - 6.20p net of tax)	1,991,600	1,899,680
Special proposed dividend of nil (2010 - 3.25p net of tax)	-	995,800
	3,302,773	4,145,373

Re-election of directors

In accordance with Article 127 of the memorandum of the Company, Geoffrey Grime and John Stares retire by rotation and, being eligible, offer themselves for re-election.

Directors' and officers' insurance

During the year the Company maintained liability insurance for its directors and officers.

Policy on payment of creditors

It is Group policy, in respect of all of its suppliers, to settle the terms of payment when agreeing each transaction, to ensure that suppliers are made aware of the terms of payment and to abide by those terms. The number of creditor days in relation to trade creditors outstanding at the year end was 16 days (2010 - 19 days).

Director's Report

for the year ended 30 September 2011

Substantial shareholdings

As at 14 December 2011 the Company has been notified of the following holdings of voting rights of 4% or more in its issued share capital:

Equity

Ordinary Shares

The States of Jersey hold all of the Ordinary shares which represents 86.4% of the total voting rights.

'A' Ordinary Shares

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

Utilico Limited hold 5,000,000 'A' Ordinary shares which represent 4.5% of the total voting rights.

Auditor

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

BY ORDER OF THE BOARD
P. ROUTIER
Secretary
14 December 2011

GOVERNANCE

Corporate Governance

Corporate Governance

The directors are committed to maintaining a high standard of Corporate Governance in accordance with The UK Corporate Governance Code "the code" as incorporated within The Listing Rules issued by the Financial Services Authority. The Board is of the opinion that it has complied with the Provisions of the Code throughout the year except for non-compliance detailed in performance evaluation below.

The Board

The Board currently comprises five non-executive and four executive directors. The Chairman is appointed by the directors from amongst their number. Clive Chaplin is the Senior Independent Director.

During the last year Aaron Le Cornu was appointed as a non-executive director following a recent recruitment process for the appointment of another non-executive director. Although the post was not externally advertised his application was considered alongside candidates in a recent non-executive directors search process.

The executive directors are not subject to retirement by rotation but they are subject to the same periods of notice of termination of employment as are other members of the Company's senior management.

The Board is responsible to the Company's shareholders for the proper management of the Company. It meets regularly, approximately five times a year, setting and monitoring strategy, reviewing trading performance and risk management, examining business plans and capital and revenue budgets, formulating policy on key issues and reporting to shareholders. Board papers are circulated prior to each meeting in order to facilitate informed discussion of the matters at hand.

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

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

	Board	Audit	Remuneration	Nominations
No of meetings	**8**	**4**	**4**	**1**
G.J. Grime	8	-	4	1
A.J. Arnold**	2	2	2	1
C.A. Chaplin	7	4	4	1
A.D. Le Cornu#	6	3	2	-
M.J. Liston	8	-	4	1
J.B. Stares	7	4	4	-
C.J. Ambler	8	1*	3*	1
M.P. Magee	8	4*	-	-
D.B. Padfield	8	-	-	-
R.A. Plaster	8	-	-	1

* attendees by invitation
** retired 31st December 2010
# appointed 1st January 2011

Performance Evaluation

The effectiveness of the Board is vital to the success of the Company. Due to the stability and size of the Company a self assessment review was not undertaken to assess the performance of the Board and its committees, but it is anticipated that such a review will be performed in the coming year. Included in such a review will be consideration of the training and development of non-executive directors.

Nominations Committee

The Nominations Committee is chaired by Mike Liston, who is not viewed as being an independent director as he previously held a position as an executive director. It has a remit to:

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

Audit Committee

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

The Audit Committee is responsible for reviewing the annual and interim management statements and accompanying reports before their submission to the Board for approval. It meets at least three times a year and is also responsible for monitoring the controls which are in force, (including financial, operational and compliance controls and risk management procedures) to ensure the integrity of the financial information reported to the shareholders. It also considers reports from the internal and external auditor and from management. It reports and makes recommendations to the Board. The Audit Committee also advises the Board on the appointment of an external auditor and on their remuneration, including monitoring any issues that could impact auditor independence. In addition, the Audit Committee regularly reviews the scope and results of the work undertaken by both the internal and external auditors. The Terms of Reference for the Audit Committee are available on request.

Internal Control

The Board is responsible for establishing and maintaining the Company's system of internal control and for the management of risk. Internal control systems are designed to meet the particular needs of the business and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. This process has been in place throughout the year ended 30 September 2011 and is in accordance with The UK Corporate Governance Code.

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

Board Reports

Key strategic decisions are taken at Board Meetings following due debate and with the benefit of Board papers circulated beforehand. The risks associated with such decisions are a primary consideration in the information presented and discussed by the Board. Prior to significant investment decisions being taken, due diligence investigations include the review of business plans by the Board.

Management Structure

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

- Strategy and Management including:
  Approval of the Company's long-term objectives and commercial strategy.
  Approval of the annual operating and capital expenditure budgets and any material changes to them.
- Changes in structure and capital of the Company
- Financial reporting and controls including:
  Approval of the annual report and accounts.
  Declaration of the interim dividend and recommendation of the final dividend.
- Internal controls
  Monitoring the effectiveness of the Company's risk management and control processes.

GOVERNANCE

Corporate Governance

- Contracts approval of
  Major capital projects.
  Major contracts.
  Major investments.
- Board membership and other appointments
  Approval of changes to the structure, size and composition of the Board and key committees, following recommendations from the Nominations Committee.
- Remuneration
  Determining the remuneration policy for the directors and other senior management, following recommendations from the Remuneration Committee.
- Corporate governance matters
  Undertaking a formal and rigorous review annually of its own performance, that of its committees and individual directors.
  Review of the Company's overall corporate governance arrangements.
- Approval of key Company policies

Internal Audit/Risk Management
There is a permanent team of internal audit staff involved in a continuous structured review of all the Company's systems and processes both financial and non-financial. Internal Audit manage the process of strategic and operational risk reviews and facilitate risk review workshops with departmental managers. The team routinely reports directly to the Company Secretary and attends Audit Committee meetings, at which its plans are discussed and approved.

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

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

Audit Committee
The Audit Committee reviews the effectiveness of the internal control process as outlined above.

The Board has overall responsibility for reviewing the effectiveness of the established system. Its effectiveness is kept under review on a continual basis throughout the year through the work of the Audit Committee on the Board's behalf. The system of internal control is designed to manage rather than eliminate risk. In pursuing these objectives, internal control can only provide reasonable and not absolute assurance against material misstatement or loss.

Statement of Directors' Responsibilities

Directors' Responsibilities for the Accounts

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

Company law requires the directors to prepare financial statements for each financial year. The directors are required by the IAS Regulation to prepare the group financial statements under IFRS as adopted by the European Union and have also elected to prepare the parent company's financial statements in accordance with IFRS as adopted by the European Union. The financial statements are also required by law to be properly prepared in accordance with the Companies (Jersey) Law 1991.

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

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

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

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

Responsibility Statement

We confirm that to the best of our knowledge:

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

By order of the Board

C. AMBLER
Chief Executive Officer
14 December 2011

M. MAGEE
Finance Director
14 December 2011

Remuneration Report

Remuneration Committee

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

Remuneration Policy

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

The salary and benefits of the executive team are reviewed by the Committee annually and any adjustments take effect on 1st April. The Committee make use of a locally focussed benchmarking report as well as assessing the remuneration of the executive team by reference to comparable companies within the United Kingdom. The Committee seeks to ensure that, excluding any share based remuneration (of which there is none), the overall value of the remuneration package of the executive team members including bonus and other benefits matches, in broadest terms, relevant comparative benchmarks for executive director remuneration. The bonus payable to the executive directors is performance related taking account of their individual responsibilities within the Company and is dependent on the results of the Group against expectations but is deliberately not profit related.

The remuneration of individual directors for the year ended 30 September 2011 was as follows:

	Basic salary/fees £	Bonuses £	Benefits in kind £	**Total 2011 £**	Total 2010 £
EXECUTIVE DIRECTORS					
C. Ambler	187,408	35,360	11,733	**234,501**	222,424
M. Magee	157,148	29,443	10,661	**197,252**	187,186
D. Padfield	156,148	29,443	10,885	**196,476**	184,523
R. Plaster	148,850	27,943	10,809	**187,602**	178,048
NON-EXECUTIVE DIRECTORS					
G. Grime	30,000	-	1,025	**31,025**	31,000
J. Arnold*1 (retired 31 December 2010)	5,000	-	-	**5,000**	22,400
C. Evans (retired 5 March 2010)	-	-	-	**-**	7,700
M. Liston*2	17,000	-	1,025	**18,025**	18,000
C. Chaplin*3	19,000	-	1,010	**20,010**	20,000
J. Stares*4	18,492	-	1,025	**19,517**	16,650
A. Le Cornu*5 (appointed 1 January 2011)	12,417	-	760	**13,177**	-
Total	751,463	122,189	48,933	**922,585**	887,931

*1 Includes fees as Chairman of the Audit Committee - £1,250.

*2 Includes fees as Chairman of the Nominations Committee - £2,000.

*3 Includes fees as Member of the Audit Committee - £2,000 and as Chairman of the Remuneration Committee - £2,000.

*4 Includes fees as Chairman and Member of the Audit Committee - £3,542.

*5 Includes fees as Member of the Audit Committee - £1,167.

The total fees for C. Chaplin were paid directly to his firm.

Service Contracts

The executive directors' service contracts provide for a notice period of six months.

Pension Benefits

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

	Increase in accrued pension during the year[1]	Accrued pension at 30.9.2011[2]	Transfer value at 30.9.2011[3]	Transfer value at 30.9.2010[3]	Directors' contributions plus transfers-in during the year	Increase in transfer value[4]
C. Ambler	£5,911	£13,192	£138,972	£65,926	-	£73,046
M. Magee[5]	£4,392	£55,754	£782,677	£639,192	£9,363	£134,122
D. Padfield	£6,552	£97,168	£1,552,746	£1,303,653	£9,363	£239,730
R. Plaster	£4,517	£63,185	£819,635	£669,681	£8,886	£141,068

Notes

1. The increase in accrued pension during the year represents the additional accrued pension entitlement at the year end compared with the previous year end.
2. The pension entitlement shown is that which would be paid annually on retirement at age 65, based on service at the year end. A director who leaves early with a deferred pension entitlement has the right to receive his pension from age 60. In transfer value calculations it is assumed that the deferred pension commences at age 60.
3. The transfer values have been calculated using the basis and method appropriate at each accounting date.
4. The increase in transfer value over the year is after deduction of contributions made by the director during the year.
5. In common with all other Scheme members, directors have the option to pay Additional Voluntary Contributions (AVCs) to the Scheme to purchase additional final salary benefits. The AVCs paid by the director as indicated and the resulting benefits are included in the above table.

Share Option Scheme / Long-Term Incentive Plan

There are no share option schemes, other share-based schemes nor a long-term incentive plan operated by the Company.

External Appointments

The Company encourages executive directors to diversify their experience by accepting non-executive or other external appointments to companies or other organisations unconnected with the Group. Such appointments are subject to the approval by the Board, which also determines the extent to which any fees may be retained by the director. At the balance sheet date unconnected appointments held by executive directors were as follows:-

M. Magee

Newton Offshore Strategy Fund Limited : Non-Executive Director Fees £3,708 (£2,967 retained)

R. Plaster

Jersey Skills Board : Non-Executive Chairman Fees £15,000 (£12,000 retained)

GOVERNANCE

Remuneration Report

Non-Executive Directors' Remuneration

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

Directors' Loans

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

	Balance at 30.9.2011 £	Balance at 30.9.2010 £
C. Ambler	500,000	500,000
M. Magee	485,821	527,821
D. Padfield	65,000	65,000

During the 2010 financial year the Company also provided a bridging loan to the value of £300,000, bearing interest at base rate, to C. Ambler following his relocation to Jersey from the UK, pending the sale of his UK property. The balance on this loan was as follows:

	Balance at 30.9.2011 £	Balance at 30.9.2010 £
C. Ambler	170,112	298,400

Directors' Share Interests

The directors' beneficial interests in the shares of the Company at 30 September 2011, are shown below:

	'A' Ordinary Shares		5% and 3.5% Preference Shares	
	2011	**2010***	**2011**	**2010**
G. Grime	**7,000**	7,000	-	-
M. Liston	**2,000**	2,000	-	-
M. Magee	-	-	**960**	960
C. Chaplin	**6,000**	6,000	-	-
D. Padfield	-	-	**260**	260
R. Plaster	-	-	**700**	700
	15,000	15,000	**1,920**	1,920

*re-stated to reflect the 20 for 1 share split approved at the 2011 AGM.

There have been no other changes in the interests set out above between 30 September 2011 and 14 December 2011.

On behalf of the Board
C. CHAPLIN
Chairman
14 December 2011

Independent Auditor's Report

to the Shareholders of Jersey Electricity plc

We have audited the Group financial statements (the "financial statements") of Jersey Electricity plc for the year ended 30 September 2011 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Individual Balance Sheets, the Consolidated and Individual Cash Flow Statements, the Consolidated Statement of Changes in Equity and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 auditors

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 (APB'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. 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 and the parent company's affairs as at 30 September 2011 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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:

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

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

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of The UK Corporate Governance Code specified for our review.

GREGORY BRANCH, BSc, FCA
for and on behalf of
Deloitte LLP
Chartered Accountants and Recognized Auditor
Jersey, Channel Islands
14 December 2011

FINANCIAL STATEMENTS

Consolidated Income Statement

for the year ended 30 September 2011

	Notes	2011 £000	2010 £000
Revenue	3	100,494	98,889
Cost of sales		(69,989)	(69,071)
Gross profit		30,505	29,818
(Loss)/gain on revaluation of investment properties	11	(115)	2,391
Operating expenses	4	(19,553)	(18,000)
Group operating profit before joint venture	6	10,837	14,209
Share of (loss)/profit of joint venture	12	(86)	26
Group operating profit	3	10,751	14,235
Interest receivable		327	338
Finance costs		(11)	(13)
Profit from operations before taxation		11,067	14,560
Taxation	7	(2,423)	(2,185)
Profit from operations after taxation		8,644	12,375
Attributable to:			
Owners of the Company		8,593	12,315
Non-controlling interests	18	51	60
		8,644	12,375
Earnings per share			
- basic and diluted	9	28.05p	40.20*p

**Earnings per share have been re-stated to reflect the 20 for 1 share split approved at the 2011 Annual General Meeting*

Statement of Comprehensive Income

for the year ended 30 September 2011

	2011 £000	2010 £000
Profit for the year	8,644	12,375
Other comprehensive income		
Actuarial (loss)/gain on defined benefit scheme	(6,640)	5,158
Fair value gain/(loss) on cash flow hedges	100	(1,212)
Tax related components relating to other comprehensive income	1,308	(860)
Total comprehensive income for the year	3,412	15,461
Attributable to:		
Owners of the Company	3,361	15,401
Non-controlling interests	51	60
	3,412	15,461

All results in the year have been derived from continuing operations.
The notes on pages 64 to 84 form an integral part of these accounts. The independent auditors' report is on page 59.

Balance Sheets

30 September 2011

	Notes	Group		Company	
		2011 £000	2010 £000	2011 £000	2010 £000
Non-current assets					
Intangible assets	10	60	29	60	29
Property, plant and equipment	11	128,330	120,944	128,327	120,944
Investment properties	11	14,813	14,928	14,813	14,928
Other investments	12	1,557	1,677	2,291	3,115
Long-term loans		-	-	400	450
Retirement benefit surplus	16	-	1,795	-	1,795
Total non-current assets		144,760	139,373	145,891	141,261
Current assets					
Inventories	13	6,451	7,573	6,384	7,507
Trade and other receivables	14	15,361	15,958	15,162	15,763
Derivative financial instruments	21	486	387	486	387
Short-term investments - cash deposits		17,745	17,920	17,745	17,920
Cash and cash equivalents		6,787	4,756	6,701	4,612
Total current assets		46,830	46,594	46,478	46,189
Total assets		191,590	185,967	192,369	187,450
Current liabilities					
Trade and other payables	15	15,878	14,116	15,811	14,040
Current tax payable		1,820	2,066	1,820	2,066
Total current liabilities		17,698	16,182	17,631	16,106
Net current assets		29,132	30,412	28,847	30,083
Non-current liabilities					
Trade and other payables	15	17,152	15,907	17,152	15,907
Retirement benefit deficit	16	4,420	-	4,420	-
Financial liabilities - preference shares	17	235	235	235	235
Deferred tax liabilities	7	11,226	11,932	11,226	11,932
Total non-current liabilities		33,033	28,074	33,033	28,074
Total liabilities		50,731	44,256	50,664	44,180
Net assets		140,859	141,711	141,705	143,270
Equity					
Share capital	17	1,532	1,532	1,532	1,532
Other reserves		836	756	836	756
Retained earnings		138,477	139,396	139,337	140,982
Equity attributable to the owners of the company		140,845	141,684	141,705	143,270
Non-controlling interests	18	14	27	-	-
Total equity		140,859	141,711	141,705	143,270

Approved by the Board on 14 December 2011

G.J. GRIME
Director

M.P. MAGEE
Director

All results in the year have been derived from continuing operations.
The notes on pages 64 to 84 form an integral part of these accounts. The independent auditors' report is on page 59.

FINANCIAL STATEMENTS

Cash Flow Statements

for the year ended 30 September 2011

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Cash flows from operating activities				
Operating profit	10,837	14,209	10,799	14,127
Adjustment for disposal of shares in associate	(59)	-	(59)	-
Adjustment for repayment of long-term loan by associate	(136)	(280)	(136)	(280)
Depreciation and amortisation charges	8,212	7,997	8,212	7,997
Loss/(gain) on revaluation of investment properties	115	(2,391)	115	(2,391)
Pension contributions paid less expenses in Income Statement	(438)	(348)	(438)	(348)
Profit on sale of fixed assets	6	-	6	-
Operating cash flows before movement in working capital	18,537	19,187	18,499	19,105
Decrease/(increase) in inventories	1,122	(1,502)	1,123	(1,506)
(Increase)/decrease in trade and other receivables	617	(1,065)	632	(1,076)
Increase in trade and other payables	2,326	1,809	2,334	1,776
Interest received	309	312	309	312
Preference dividends paid	(9)	(9)	(9)	(9)
Income taxes paid	(2,067)	(1,572)	(2,067)	(1,572)
Net cash flows generated from operating activities	20,835	17,160	20,821	17,030
Cash flows from investing activities				
Purchase of property, plant and equipment	(14,940)	(8,669)	(14,940)	(8,669)
Investment in intangible assets	(31)	-	(31)	-
Net proceeds from disposal of fixed assets	17	21	17	21
Repayment of long term loans by joint-venture and associate	186	430	186	430
Disposal of shares in associate	59	-	59	-
Short-term investments	175	(9,720)	175	(9,720)
Net cash flows used in investing activities	(14,534)	(17,938)	(14,534)	(17,938)
Cash flows from financing activities				
Equity dividends paid	(4,270)	(3,102)	(4,198)	(3,049)
Net cash flows used in financing activities	(4,270)	(3,102)	(4,198)	(3,049)
Net increase/(decrease) in cash and cash equivalents	2,031	(3,880)	2,089	(3,957)
Cash and cash equivalents at 1 October 2010	4,756	8,636	4,612	8,569
Cash and cash equivalents at 30 September 2011	6,787	4,756	6,701	4,612

The notes on pages 64 to 84 form an integral part of these accounts. The independent auditors' report is on page 59.

Consolidated Statement of Changes in Equity

for the year ended 30 September 2011

The Group	Share capital £000	Other reserves* £000	Retained earnings £000	Total £000
At 1 October 2010	1,532	756	139,396	141,684
Total recognised income and expenses for the year	-	-	8,593	8,593
Unrealised gain on hedges (net of tax)	-	80	-	80
Actuarial loss on defined benefit scheme (net of tax)	-	-	(5,314)	(5,314)
Equity dividends	-	-	(4,198)	(4,198)
At 30 September 2011	**1,532**	**836**	**138,477**	**140,845**
At 1 October 2009	1,532	1,726	126,074	129,332
Total recognised income and expenses for the year	-	-	12,315	12,315
Unrealised losses on hedges (net of tax)	-	(970)	-	(970)
Actuarial gain on defined benefit scheme (net of tax)	-	-	4,056	4,056
Equity dividends	-	-	(3,049)	(3,049)
At 30 September 2010	**1,532**	**756**	**139,396**	**141,684**

The Company	Share capital £000	Other reserves* £000	Retained earnings £000	Total £000
At 1 October 2010	1,532	756	140,982	143,270
Total recognised income and expenses for the year	-	-	7,867	7,867
Unrealised gain on hedges (net of tax)	-	80	-	80
Actuarial loss on defined benefit scheme (net of tax)	-	-	(5,314)	(5,314)
Equity dividends	-	-	(4,198)	(4,198)
At 30 September 2011	**1,532**	**836**	**139,337**	**141,705**
At 1 October 2009	1,532	1,726	127,988	131,246
Total recognised income and expenses for the year	-	-	11,987	11,987
Unrealised losses on hedges (net of tax)	-	(970)	-	(970)
Actuarial gain on defined benefit scheme (net of tax)	-	-	4,056	4,056
Equity dividends	-	-	(3,049)	(3,049)
At 30 September 2010	**1,532**	**756**	**140,982**	**143,270**

The profit for the Company for the year ended 30 September 2011 was £8,691,000 (2010: £12,267,000). The revenue for the Company was £99,387,000 (2010: £97,772,000), with finance costs of £10,000 (2010: £13,000) and tax expense of £2,423,000 (2010: £2,185,000).

No separate Company only income statement has been presented as it is not fundamental to the overall consideration of the Group and the key results of the Company have been detailed above.

*The other reserve comprises the foreign currency hedging reserve of £388,000 (2010: £308,000) and the revaluation reserve of £448,000 (2010: £448,000).

Notes to the Financial Statements

for the year ended 30 September 2011

1 Accounting policies

Basis of preparation

The Group's accounting policies as applied for the year ended 30 September 2011 are based on all International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and which have been adopted by the EU, including International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The principal accounting policies which have been applied consistently are:

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

Basis of accounting

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

Basis of consolidation

The Group's consolidated financial information for the year ended 30 September 2011 comprises the Company and its subsidiaries, associate and joint venture.
Subsidiaries are those entities over which the Group has the power to govern the financial and operating policies, accompanying a shareholding that confers more than half of the voting rights.

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

The consolidated financial information includes the Group's share of the post-tax results and net assets under IFRS of the associate and jointly controlled entities using the equity method of accounting since the Company exerts significant influence over its associate and joint venture. Equity accounting is a method of accounting by which an equity investment is initially recorded at cost and subsequently adjusted to reflect the investor's share of the net profit or loss of the investee. Associates are all entities over which the Group has significant influence, but not control, generally accompanying a shareholding that confers between 20% and 50% of the voting rights. Jointly controlled entities are those entities over which the Group has joint control with one or more other parties and over which there has to be unanimous consent by all parties to the strategic, financial and operating decisions.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement (see pages 4 to 5). The financial position of the Group, its cash flow and its liquidity position are described in the Financial Review (see pages 45 to 47). In addition, note 21 to the financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk. The Group has considerable financial resources together with a large number of customers both corporate and individual. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Foreign currencies

The functional and presentation currency of the Group is Sterling. Transactions in currencies other than Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Gains and losses arising on translation are included in net profit or loss for the year.

Notes to the Financial Statements

for the year ended 30 September 2011

Revenue

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

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

Energy supply

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

Indefeasible rights of use (IRU) sales

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

Taxation

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

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

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

Intangible assets

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

Property, plant and equipment

Property, plant and equipment excludes investment property and are stated at cost and are depreciated on the straight-line method to their expected residual values over their estimated useful lives. Property, plant and equipment include capitalised employee, interest and other costs that are directly attributable to construction of these assets.

Depreciation is charged as follows:

Buildings	up to 50 years
Interlinks	up to 25 years
Plant, mains cables and services	up to 40 years
Fixtures and fittings	up to 10 years
Computer equipment	up to 4 years
Vehicles	up to 10 years

Notes to the Financial Statements

for the year ended 30 September 2011

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

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

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews its tangible and intangible assets to determine whether there is any indication that those assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any applicable impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Investment properties

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

Other investments

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

Operating leases

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

Inventories

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

Financial instruments

Cash and cash equivalents

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

Short-term investments

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

Trade and other receivables

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

Trade payables

Trade payables are not interest bearing and are stated at their fair value. Fair value is considered by the directors to be equivalent to invoiced value.

Derivative financial instruments

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

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

Notes to the Financial Statements

for the year ended 30 September 2011

Financial instruments continued

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

Dividends

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

Provisions

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

Retirement benefits

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

Accounting developments

In preparing these Accounts, the Group has applied all relevant IFRS, IAS and Interpretations issued by the IFRIC which have been adopted by the EU as of the date of approval of these Accounts. The Group does not expect that the adoption, in the future, by the EU of other IAS, IFRS and interpretations of the IFRIC, issued by the IASB, will have a material effect on the Group's results and financial position.

The following new accounting standards, amendments to existing accounting standards and/or interpretations of existing accounting standards are mandatory for the current period and have been adopted by the Group. All other new standards, amendments to existing standards and new interpretations that are mandatory for the current year have no bearing on the operating activities and disclosure's of the Group and consequently have not been listed. The Company has not adopted any new standards or interpretations that are not mandatory.

IFRIC 18 *'Transfers of assets from customers'* was adopted during the period. IFRIC 18 is effective for transfer of assets received on or after 1 July 2009. This standard clarifies the requirements for agreements in which an entity receives cash to construct an item of property, plant or equipment (or receives such assets from a customer) that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). Jersey Electricity plc has an ongoing obligation to maintain and replace such assets within our network and therefore its current accounting policy to treat customer contributions for new connections as deferred revenues, which are released to the income statement over the estimated operational lives of the related assets, has been retained. Therefore the adoption of IFRIC 18 has not had an impact on prior year figures or the period covered in these annual financial statements.

Notes to the Financial Statements

for the year ended 30 September 2011

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

IFRS 9 *Financial Instruments* (new Standard), which is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

IAS 24 *Related Party Disclosures* (revised Standard), which is effective for annual periods beginning on or after 1 January 2011. Earlier application is permitted, either of the whole Standard or of the partial exemption in paragraphs 25-27 for government-related entities.

Amendments to IAS 1 (June 2011) *Presentation of Items of Other Comprehensive Income*, which is effective for annual periods beginning on or after 1 July 2012

IAS 19 (revised June 2011) *Employee Benefits*, which is effective for annual periods beginning on or after 1 January 2013 (with earlier application permitted)

IFRS 13 *Fair Value Measurement*, which is effective for annual periods beginning on or after 1 January 2013 (with earlier application permitted)

IFRS 12 *Disclosure of Interests in Other Entities*, which is effective for annual periods beginning on or after 1 January 2013 (with earlier application permitted*)

IFRS 11 *Joint Arrangements*, which is effective for annual periods beginning on or after 1 January 2013 (with earlier application permitted*)

IFRS 10 *Consolidated Financial Statements*, which is effective for annual periods beginning on or after 1 January 2013 (with earlier application permitted*)

IAS 28 (revised May 2011) *Investments in Associates and Joint Ventures*, which is effective for annual periods beginning on or after 1 January 2013 (with earlier application permitted*)

IAS 27 (revised May 2011) *Separate Financial Statements*, which is effective for annual periods beginning on or after 1 January 2013 (with earlier application permitted*)

Amendments to IAS 12 (Dec 2010) *Deferred Tax: Recovery of Underlying Assets*, which is effective for annual periods beginning on or after 1 January 2013 (with earlier application permitted)

Amendments to IFRIC 14 (Nov. 2009) *Prepayments of a Minimum Funding Requirement*, which is effective for annual periods beginning on or after 1 January 2013 (with earlier application permitted)

Improvements to IFRSs issued in May 2010 which includes amendments to a number of Standards and Interpretations. Except for the amendments in connection with IFRS 3 and IAS 27, the effective date of all the amendments is for annual periods beginning on or after 1 January 2011. The amendments in connection with IFRS 3 and IAS 27 became effective for annual periods beginning on or after 1 July 2010.

*IFRS 12, IFRS 11, IFRS 10, IAS 28 (revised May 2011) and IAS 27 (revised May 2011) if early adopted must be adopted as a package. An exception to this rule is however provided in IFRS 12.C2, which states: *"An entity is encouraged to provide information required by this IFRS earlier than annual periods beginning on or after 1 January 2013. Providing some of the disclosures required by this IFRS does not compel the entity to comply with all the requirements of this IFRS or to apply IFRS 10, IFRS 11, IAS 27 (as amended in 2011) and IAS 28 (as amended in 2011) early."*

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group except for IFRS 13 which will introduce fair value hierarchy disclosure for non-financial assets and liabilities recognised at fair value.

Notes to the Financial Statements

for the year ended 30 September 2011

2 Critical Accounting Judgements

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

i Revenue

The assessment of energy sales to customers is based on meter readings, which are carried out on a systematic basis throughout the year. At the end of each accounting period, amounts of energy delivered to customers since the last billing date are estimated taking into account energy acquired and estimating system losses and the corresponding unbilled revenue is estimated and recorded as sales. Unbilled revenues included within trade and other receivables in the balance sheets relating to such customers at 30 September 2011 amounted to £5.4m (2010: £5.2m).

ii Impairment of property, plant, equipment and investments

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

iii Retirement benefit obligations

The Group provides pensions through a defined benefits scheme for its employees which is accounted for in accordance with IAS 19 'Employee Benefits'. The expense and balance sheet items relating to the Group's accounting for pension schemes under IAS 19 are based on actuarial valuations. Inherent in these valuations are key assumptions, including discount rates, earnings' increases, mortality rates and inflation. These actuarial assumptions are reviewed annually in line with the requirements of IAS 19 and are based on prior experience, market conditions and the advice of the scheme actuaries. The Group chooses a discount rate which reflects yields on high quality, fixed-income investments. The discount rate used in 2011 was 5.1% and in 2010 was 5.0%. If, for example, the discount rate applied to the liabilities had been 4.6%, rather than the 5.1% advised by our actuaries under IAS 19 for 2011, the IAS 19 net deficit of £3.5m would have been a net deficit of £8.7m.

Notes to the Financial Statements

for the year ended 30 September 2011

3 Business segments

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

	2011 External £000	2011 Internal £000	2011 Total £000	2010 External £000	2010 Internal £000	2010 Total £000
Revenue						
Energy	74,486	326	74,812	74,475	281	74,756
Building Services	4,716	232	4,948	4,283	237	4,520
Retail	16,499	67	16,566	14,410	50	14,460
Property	2,216	688	2,904	2,619	696	3,315
Other	2,577	654	3,231	3,102	655	3,757
	100,494	1,967	102,461	98,889	1,919	100,808
Intergroup elimination			(1,967)			(1,919)
Revenue			100,494			98,889
Operating profit						
Energy			7,678			7,742
Building Services			220			240
Retail			476			465
Property			1,652			1,858
Other			840			1,539
Operating profit before property revaluation			10,866			11,844
(Loss)/gain on revaluation of investment properties			(115)			2,391
Operating profit			10,751			14,235
Other gains and losses						
Interest receivable			327			338
Finance costs			(11)			(13)
Profit from operations before taxation			11,067			14,560
Taxation			(2,423)			(2,185)
Profit from operations after taxation			8,644			12,375
Attributable to:						
Owners of the Company			8,593			12,315
Non-controlling interests			51			60
			8,644			12,375

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

Notes to the Financial Statements
for the year ended 30 September 2011

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

	2011 Assets £000	2011 Liabilities £000	2010 Assets £000	2010 Liabilities £000	2011 Net capital additions £000	2011 Depreciation/ amortisation £000	2010 Net capital additions £000	2010 Depreciation/ amortisation £000
Energy	125,742	(29,434)	119,274	(26,179)	15,354	7,441	8,186	7,102
Building Services	927	(248)	959	(406)	48	44	40	40
Retail	4,537	(768)	4,715	(435)	103	123	91	111
Property	32,891	(431)	33,555	(425)	-	594	2,399	731
Other	547	(1,399)	663	(1,598)	18	10	33	13
Unallocated	26,946	(18,451)	26,801	(15,213)	-	-	-	-
	191,590	(50,731)	185,967	(44,256)	15,523	8,212	10,749	7,997

Unallocated assets includes cash deposits, investments and the retirement benefit obligation surplus. Unallocated liabilities includes deferred taxation, current taxation and the retirement benefit obligation deficit. Capital additions for the 'Property' segment includes £(115,000) (2010: £2,391,000) for revaluation of investment properties.

4 Operating expenses

	2011 £000	2010 £000
Distribution costs	10,522	10,059
Administration expenses	9,031	7,941
	19,553	18,000

5 Directors and employees

Detailed information in respect of directors' shareholdings and emoluments, pensions and benefits is given in the Remuneration Report on pages 56 to 58. The number of persons employed by the Group (including non-executive directors) at 30 September was as follows:

	2011 Number	2010 Number
Energy	191	192
Other businesses	136	136
Trainees	10	5
	337	333

The aggregate payroll costs of these persons were as follows:

	2011 £000	2010 £000
Wages and salaries	14,167	13,748
Social security costs	759	722
Pension	1,000	1,100
	15,926	15,570
Capitalised manpower costs	(1,856)	(1,486)
	14,070	14,084

Notes to the Financial Statements

for the year ended 30 September 2011

6 Group operating profit before joint ventures

Operating profit is after charging:

	2011 £000	2010 £000
Fees payable to Group auditors		
Auditors' remuneration for audit services	70	67
Auditors' remuneration for non-audit services	6	10
Operating lease charges	56	106
Depreciation of property, plant and equipment	8,198	7,966
Amortisation of intangible assets	14	31

7 Tax on profit from operations

	2011 £000	2010 £000
Current tax		
Jersey Income Tax operations for the year	1,821	2,066
adjustments in respect of prior periods	-	(126)
Total current tax	1,821	1,940
Deferred tax		
Adjustments in respect of prior periods	-	(243)
Current year	602	488
Total tax on profit on ordinary activities	2,423	2,185

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

	2011 £000	2010 £000
Profit from operations before tax	11,067	14,560
Tax on profit from operations at standard income tax rate of 20% (2010: 20%)	2,213	2,912
Effects of:		
Adjustments in respect of prior periods	-	(369)
Expenses not deductible	53	23
Income not taxable	(123)	(612)
Non-qualifying depreciation	268	236
Losses of Group undertakings not available for tax relief	12	(5)
Group total tax charge for year	2,423	2,185

Notes to the Financial Statements

for the year ended 30 September 2011

Deferred Tax

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

	2011 £000	2010 £000
Group and Company		
Accelerated capital allowances	12,013	11,496
Derivative financial instruments	97	77
Pensions	(884)	359
Provisions for deferred tax	11,226	11,932

Deferred tax movements in the year

	2011 £000	2010 £000
Group and Company		
At 1 October 2010	11,932	10,827
Charged to income statement	602	245
Charged to statement of comprehensive income	(1,308)	860
At 30 September 2011	11,226	11,932

8 Dividends paid and proposed

Equity:

		Per Share		In Total	
		2011 pence	2010 pence	2011 £000	2010 £000
Ordinary and 'A' Ordinary:					
Dividend paid	final for previous year	6.20	5.90	1,899	1,808
	interim for current year	4.25	4.05	1,303	1,241
		10.45	9.95	3,202	3,049
	special	3.25	-	996	-
		13.70	9.95	4,198	3,049
Dividend proposed	final for current year	6.50	6.20	1,992	1,899
	special	-	3.25	-	996

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

Earnings and dividends per share have been restated to reflect the 20 for 1 share split approved at the 2011 AGM.

Notes to the Financial Statements

for the year ended 30 September 2011

9 Earnings per Ordinary share

Earnings per Ordinary and 'A' Ordinary share (basic and diluted) of 28.05p (2010 - 40.20*p) are calculated on the Group profit, after taxation, attributable to owners of the Company of £8,593,000 (2010 - £12,315,000), and on the 30,640,000 (2010 - 30,640,000) Ordinary and 'A' Ordinary shares in issue during the financial year. There are no share options in issue and therefore there is no difference between basic and diluted earnings per share.

*Earnings per share have been re-stated to reflect the 20 for 1 share split approved at the 2011 Annual General Meeting

10 Intangible assets (Group and Company)

	Computer Software £000
Cost as at 1 October 2010	372
Additions	45
Disposals	(124)
At 30 September 2011	293
Amortisation	
At 1 October 2010	343
Charge for year	14
Disposals	(124)
At 30 September 2011	233
Net book value	
At 30 September 2011	60
Cost as at 1 October 2009	401
Reclassification	-
Additions	(29)
At 30 September 2010	372
Amortisation	
At 1 October 2009	341
Reclassification	31
Charge for year	(29)
At 30 September 2010	343
Net book value	
At 30 September 2010	29

The above charges are included within operating expenses.

Notes to the Financial Statements

for the year ended 30 September 2011

11 Property, plant, equipment and investment properties

The Group & Company	Freehold land and buildings £000	Leasehold buildings £000	Plant £000	Main cables and services £000	Fixtures fittings vehicles etc £000	Interlinks £000	Total £000	Investment properties* £000
Cost or valuation								
At 1 October 2010	26,514	12,737	109,587	61,963	14,225	41,552	266,578	14,928
Expenditure	334	4,874	1,419	7,144	1,628	194	15,593	-
Reclassification	140	-	582	(722)	-	-	-	-
Revaluation	-	-	-	-	-	-	-	(115)
Disposals	-	-	(1,119)	(473)	(915)	-	(2,523)	-
At 30 September 2011	26,988	17,611	110,469	67,912	14,938	41,746	279,664	14,813
Depreciation								
At 1 October 2010	5,830	4,298	82,517	19,014	9,916	24,059	145,634	-
Charge for the year	591	246	3,161	1,858	1,347	995	8,198	-
Reclassification	47	-	569	(616)	-	-	-	-
Disposals	-	-	(1,119)	(472)	(907)	-	(2,498)	-
At 30 September 2011	6,468	4,544	85,128	19,784	10,356	25,054	151,334	-
Net book value at								
30 September 2011	20,520	13,067	25,341	48,128	4,582	16,692	128,330	14,813

The Group & Company	Freehold land and buildings £000	Leasehold buildings £000	Plant £000	Main cables and services £000	Fixtures fittings vehicles etc £000	Interlinks £000	Total £000	Investment properties* £000
Cost or valuation								
At 1 October 2009	26,428	8,980	110,469	58,097	13,924	41,395	259,293	12,529
Expenditure	87	1,079	1,919	4,071	1,037	157	8,350	8
Reclassification	-	2,679	(2,679)	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	2,391
Disposals	-	-	(124)	(205)	(736)	-	(1,065)	-
At 30 September 2010	26,514	12,737	109,587	61,963	14,225	41,552	266,578	14,928
Depreciation								
At 1 October 2009	5,233	4,009	79,417	17,464	9,647	22,942	138,712	-
Charge for the year	597	193	3,318	1,755	986	1,117	7,966	-
Reclassifications	-	96	(96)	-	-	-	-	-
Disposals	-	-	(122)	(205)	(717)	-	(1,044)	-
At 30 September 2010	5,830	4,298	82,517	19,014	9,916	24,059	145,634	-
Net book value at								
30 September 2010	20,685	8,440	27,068	42,949	4,309	17,493	120,944	14,928

a No depreciation is charged on freehold land.

b Investment properties, which are all freehold, were valued on an open market existing use basis at 30 September 2011 by qualified independent valuers Sarre and Company FRICS. Such properties are not depreciated. The rental income arising from the properties during the year was £1,056,000, (2010: £1,556,000).

c The Group and Company figures are tabled together with fixtures, fittings and vehicles for our subsidiary of £51k (2010: £31k) at cost and a depreciated value of £3k (2010: nil).

d The gross carrying amount of assets at net book value of zero at 30 September 2011 was £30.1m (2010: £30.1m).

*Investment Properties

The B&Q lease is a fully-repairing lease with a 48-year term and a tenant-only break option on the 23rd anniversary.

The medical centre lease is an internal repairing lease with a 30-year term and break options at 15, 20 and 25 year anniversaries.

The residential properties comprise 5 houses and two bedsits which are let out on licences or leases with terms no greater than one year.

The minimum lease payments are detailed on note 20.

Notes to the Financial Statements

for the year ended 30 September 2011

12 Other investments

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Subsidiary undertaking (a)	-	-	477	477
Joint venture (b)	1,552	1,672	1,809	2,633
Other investments (c)	5	5	5	5
	1,557	1,677	2,291	3,115

Principal group investments

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

	Country of incorporation or principal business address	Principal activity	Shareholdings	% Holding	Financial year end
Subsidiary undertaking:					
Jersey Deep Freeze Limited	Jersey	Sale and maintenance of refrigeration equipment	60 Ordinary	60	31 January
Joint venture:					
Foreshore Holdings Limited	Jersey	Data internet hosting	100 Ordinary	50	31 December
Other investments:					
Channel Islands Electricity Grid Limited	Jersey	Association with Guernsey Electricity Limited	5,000 Ordinary	50	30 November

Jersey Deep Freeze Limited

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

Newtel Holdings Limited

During the year all remaining shareholdings of 34% and loans in Newtel Holdings Limited were disposed of for £195,000.

Notes to the Financial Statements

for the year ended 30 September 2011

Foreshore Holdings Limited

The partners in the Joint Venture are the Company (50%), Raymora Limited (37.5%) and Omicron (Computer Systems) Limited (12.5%). Foreshore Holdings Limited operates managed computer hosting facilities in the Powerhouse building on the Queens Road site occupied by Jersey Electricity plc. To date, the Company has invested £4,613,000 in the project, in the form of unsecured loans, and the trading results accounted for under joint venture accounting are £86,000 loss (2010: £26,000 profit). The investment was impaired at a Company level by £824,000 (2010: £280,000) due to the revision of future business plans which are examined annually and used as the basis by management for the impairment review of the value of investments. Decreasing the assumed growth in cash flows in the period following management's five year forecast would result in an additional impairment of £65,000. If the discount rate used of 10% in the discounted cash flow analysis was increased by 1.5% then an additional impairment of £485,000 would be required. The Company has acted as guarantor for Foreshore Holdings Limited for an overdraft to the value of £175,000.

Channel Islands Electricity Grid Limited (CIEG)

The joint arrangement between the Company and Guernsey Electricity Limited for the installation of a second interconnector system between France, Jersey and Guernsey required a control point through which the interconnector project manager could communicate and also, to be the customer which Électricité de France would invoice for their energy sales. CIEG, a company jointly owned and managed on a 50/50 basis by the Company and Guernsey Electricity Limited, was established in July 1998 to deal with these aspects and also to manage the way in which the second interconnector would be operated. The Company's interest in CIEG is accounted for as a joint venture under International Accounting Standard 31 'Interests in Joint Ventures'.

a Subsidiary undertaking

Cost	£000
At 1 October 2010 and 30 September 2011	477

b Joint venture

	Company Joint Venture £000
Cost less impairment at 1 October 2010	2,633
Amounts provided	(824)
Cost less impairment at 30 September 2011	1,809

The following information is given in respect of the Group's share of its joint venture.

	Joint Venture	
	2011 £000	2010 £000
Turnover	**2,440**	2,511
Fixed assets	**231**	256
Current assets	**376**	388
Liabilities due within one year	**818**	770
Liabilities due after one year or more	**3,245**	3,244
(Loss)/profit in the year	**(86)**	26

c Other investments

Cost	Group and Company Other investments £000
At 1 October 2010 and 30 September 2011	5

Notes to the Financial Statements
for the year ended 30 September 2011

13 Inventories
The amounts attributed to the different categories are as follows:

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Fuel oil	3,137	4,303	3,137	4,303
Commercial stocks and work in progress	2,499	2,550	2,432	2,484
Generation, distribution spares and sundry	815	720	815	720
	6,451	7,573	6,384	7,507

14 Trade and other receivables

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Amounts receivable within one year				
Trade receivables	7,807	8,771	7,608	8,576
Prepayments and accrued income	1,791	1,608	1,791	1,608
Other receivables	4,469	4,092	4,469	4,092
	14,067	14,471	13,868	14,276
Secured loan accounts	1,294	1,487	1,294	1,487
Total trade and other receivables	15,361	15,958	15,162	15,763

Included within secured loan accounts are loans to employees and directors which are received on a repayable basis of less than and more than one year. See the Remuneration Report in the Report of the Directors for disclosure of the Directors' loans.

Trade receivables is shown net of bad debt provisions of £279k (2010: £123k).

Included in trade receivables within one year is £54,000 (2010: £67,000) due from Foreshore Limited and £241,000 (2010: £446,000) outside the Jersey Electricity '30 day' terms but are not impaired. The fair value of trade receivables is considered by the directors to be equivalent to their carrying value.

15 Trade and other payables

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Amounts falling due within one year:				
Trade payables	1,462	1,489	1,462	1,489
Other payables including taxation and social security	5,672	4,296	5,605	4,220
Accruals and deferred income	8,744	8,331	8,744	8,331
	15,878	14,116	15,811	14,040
Amounts falling due after more than one year:				
Accruals	362	429	362	429
Deferred income - includes capital contributions from customers	16,790	15,478	16,790	15,478
	17,152	15,907	17,152	15,907

The fair value of trade payable is considered by the directors to be equivalent to invoiced value.

Notes to the Financial Statements

for the year ended 30 September 2011

16 Pensions

The Company operates a defined benefit pension scheme known as the Jersey Electricity Pension Scheme, which provides benefits based on final pensionable pay. The assets of the Scheme are held separately from those of the Company, in an independently administered trust fund. The latest actuarial valuation of the scheme was carried out as at 31 December 2009. The results of this actuarial valuation showed that the market value of the scheme's assets was £73.3m and there was a surplus relative to the funding target of £6.5m. This corresponds to a funding target ratio of 110%. The long-term contribution rates of the Company and the employees are 14.2% and 6% of pensionable salaries respectively. The contribution rate is determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The disclosures below have been prepared in relation to benefits payable from the Jersey Electricity Pension Scheme.

Regular employer contributions to the Scheme in 2011 were £1,438,000 (2010: £1,448,000). Additional employer contributions may be required if there are any augmentations during the year but none were applicable in this financial year.

The valuation used for IAS 19 disclosures has been based on a full assessment of the liabilities of the Scheme as at 31 December 2009 updated by an independent qualified actuary to assess the liabilities of the scheme as at 30 September 2011. The present values of the defined benefit obligation, the related current service cost and any past service costs were measured using the projected unit credit method.

Actuarial gains and losses have been recognised in the period in which they occur, but outside the income statement, through the statement of comprehensive income.

The principal assumptions used by the independent qualified actuaries to calculate the liabilities under IAS19 are set out below:

Key financial assumptions:	**2011 % pa**	2010 % pa	2009 % pa
Discount rate	**5.1**	5.0	5.5
Rate of increase in salaries	**4.5**	4.5	4.5
Price inflation	**3.5**	3.5	3.5
Pension increases	**-**	-	-

The mortality assumptions are based on standard mortality tables which allow for expected future mortality improvements. The assumptions are that a member currently aged 60 will live on average for a further 28.0 years if they are male and for a further 30.0 years if they are female. The corresponding figures used for disclosures at 30 September 2010 were 27.8 years if they are male and 29.9 years if they are female.

For a member who retires in 2031 at age 60 the assumptions are that they will live on average for a further 30.6 years after retirement if they are male and for a further 32.5 years after retirement if they are female. The corresponding figures used for disclosures at 30 September 2010 were 30.5 years for current active males and 32.4 years for current active females.

Expected rates of return on assets:	**Long-term rate of return expected at 30 September 2011 pa***	**Value at 30 September 2011 £000**	Long-term rate of return expected at 30 September 2010 pa*	Value at 30 September 2010 £000	Long-term rate of return expected at 30 September 2009 pa*	Value at 30 September 2009 £000
Equities	**7.3%**	**47,504**	7.8%	54,754	7.9%	50,300
Fixed interest gilts	**3.3%**	**16,249**	3.8%	12,053	4.0%	8,078
Corporate bonds	**4.6%**	**25,820**	4.2%	19,311	5.3%	15,169
Property	**6.8%**	**2,822**	7.3%	2,090	6.9%	1,795
Other	**1.6%**	**(15,898)*** **	1.4%	(8,002)***	0.5%	(6,232)
Combined	**6.7%****	**76,497**	7.0%**	80,206	7.5%**	69,110

*The expected return on assets by asset category is not a required IAS 19 disclosure item (only the total rate needs to be disclosed).

**The overall expected rate of return on scheme assets is a weighted average of the individual expected rates of return on each asset class.

***Included in the above data are the nominal amounts of £27m (2010: £17m) derivative contracts entered into the scheme as at 30 September which have been reflected as a liability within the 'Other' asset category with the related assets within the Equities, Fixed interest gilts and Corporate Bonds categories. The 1.6% long-term rate of return expected is derived on the 'other' assets netted off within this amount.

Notes to the Financial Statements

for the year ended 30 September 2011

Jersey Electricity plc employs a building block approach in determining the long-term rate of return on Scheme assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed long-term rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Scheme as at 30 September 2011.

Reconciliation of funded status to balance sheet:	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Fair value of Scheme assets	76,497	80,206	69,110	63,828	73,776
Present value of Scheme liabilities	(80,917)	(78,411)	(72,818)	(57,126)	(62,092)
(Deficit)/surplus in Scheme	(4,420)	1,795	(3,708)	6,702	11,684
Related deferred tax liability	884	(359)	742	(1,340)	(2,337)
Net pension asset/(liability)	(3,536)	1,436	(2,966)	5,362	9,347

The analysis of the income statement charge for 2011:	2011 £000	2010 £000
Current service cost	1,650	1,390
Past service cost	843	709
Interest cost	3,915	3,995
Expected return on Scheme assets	(5,408)	(4,994)
Expense recognised in the income statement	1,000	1,100

The movement in changes to the present value of the Scheme liabilities during the year were:	2011 £000	2010 £000
Opening defined benefit obligation	78,411	72,818
Current service cost	1,650	1,390
Interest cost	3,915	3,995
Contributions by Scheme participants	563	584
Actuarial (gains)/losses on Scheme liabilities*	(1,431)	1,751
Net benefits paid out	(3,034)	(2,836)
Past service cost	843	709
Closing defined benefit obligation	80,917	78,411

*Includes changes to the actuarial assumptions.

History of asset values, defined benefits obligations, surplus/deficit in Scheme and experience gains and losses	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Fair value of Scheme assets	76,497	80,206	69,110	63,828	73,776
Defined benefits obligation	(80,917)	(78,411)	(72,818)	(57,126)	(62,092)
(Deficit)/surplus in Scheme	(4,420)	1,795	(3,708)	6,702	11,684

History of experience gains and losses	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Experience (losses)/gains on Scheme assets	(8,072)	6,906	1,952	(14,973)	3,371
Experience gains/(losses) on Scheme liabilities†	214	4,386	(244)	(596)	(3,616)

†This item consists of gains/(losses) in respect of liability experience only - and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

Notes to the Financial Statements
for the year ended 30 September 2011

Changes to the fair value of Scheme assets during the year	2011 £000	2010 £000
Opening fair value of Scheme assets	80,206	69,110
Expected return on Scheme assets	5,408	4,994
Actuarial (losses)/gains on Scheme assets	(8,072)	6,906
Contributions by the employer	1,426	1,448
Contributions by Scheme participants	563	584
Net benefits paid out	(3,034)	(2,836)
Closing fair value of Scheme assets	76,497	80,206

Actual return on Scheme assets	2011 £000	2010 £000
Expected return on Scheme assets	5,408	4,994
Actuarial (losses)/gains on Scheme assets	(8,072)	6,906
Actual return on Scheme assets	(2,664)	11,900

Analysis of amounts recognised in other comprehensive income (SoCI)	2011 £000	2010 £000
Total actuarial (losses)/gains in other comprehensive income	(6,640)	5,158
Cumulative amount of (losses)/gains recognised in other comprehensive income	(6,345)	295

17 Called up share capital

	Authorised 2011 £000	Issued and fully paid 2011 £000	Authorised 2010 £000	Issued and fully paid 2010 £000
'A' Ordinary shares 5p each (2010: £1 each)*	1,250	582	1,250	582
Ordinary shares 5p each (2010: £1 each)*	1,500	950	1,500	950
	2,750	1,532	2,750	1,532
5% Cumulative participating preference shares £1 each	100	100	100	100
3.5% Cumulative non-participating preference shares £1 each	150	135	150	135
	250	235	250	235

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

Preference shares
Preference shares are classified as financial liabilities under IFRS. Dividends paid to preference shareholders in the year were £9,000 (2010: £9,000) and is recorded in finance costs in the income statement.

*Earnings per share have been re-stated to reflect the 20 for 1 share split approved at the 2011 Annual General Meeting.

18 Non-controlling interests

Equity	2011 £000	2010 £000
At 1 October 2010	27	15
Share of profit on ordinary activities after taxation	51	60
Dividends paid	(64)	(48)
At 30 September 2011	14	27

Notes to the Financial Statements

for the year ended 30 September 2011

19 Financial commitments

	2011 £000	2010 £000
a Capital expenditure:		
Approved by the directors but not yet contracted for	23,384	14,854
b Current rental commitments under operating leases are as follows:		
Payable within one year	29	76
After one year but within five years	28	19
After five years	29	-
	86	95

20 Leasing

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

	2011 £000	2010 £000
Less than one year	125	122
Greater than one year and less than five years	18	24
More than five years	1,022	1,178
	1,165	1,324

21 Derivatives and financial instruments and their risk management

Group and Company:

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

Foreign exchange risk

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

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

Forward foreign exchange and foreign exchange option contracts	2011 £000	2010 £000
Less than one year	37,866	37,581
Greater than one year and less than five years	18,933	25,054
	56,799	62,635

A three level hierarchy is used to classify financial instruments based on the following.

Level 1: Comprised of financial instruments whose values are determined by quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Comprised of financial instruments whose values are determined by inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) including inputs from markets that are not considered to be active; and

Level 3: Comprised of financial instruments whose values are determined by inputs that are not based on observable market data (unobservable inputs).

The derivative contracts entered into by the Group are classified as Level 2 financial instruments on the basis that fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Notes to the Financial Statements

for the year ended 30 September 2011

At 30 September 2011, the fair value of the Group's currency derivatives is estimated to be approximately £0.5m (2010: £0.4m). These amounts are based on market values of equivalent instruments at the balance sheet date. The fair value of currency derivatives that are designated and effective as cash flow hedges amount to £0.5m (2010: £0.4m) has been deferred in equity. In the current period amounts of £nil (2010: £0.4m) were credited to equity and £0.2m (2010: £0.4m) recycled to the income statement. Gains and losses on the derivatives are recycled through the hedged income statement at the time the purchase of power is recognised in the income statement.

The Group's currency exposure at 30 September 2011, taking into account the effect of forward contracts placed to manage such exposures, was £2.7m (2010: £2.7m) being the translated Euro liability due for imports made in September but payable in October.

Given the limited exposure to foreign exchange rate risk at the year end no sensitivity analysis has been presented.

Credit risk

The Group's principal financial assets are cash and cash equivalents, short-term investments, trade and other receivables. The Group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. Allowances are made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows. The trade debtors at 30 September 2011 outside the 30 day credit terms were £241,000 (2010: £446,000).

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. In addition limits are set as to maximum levels that are allowed to be placed with individual institutions.

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

Liquidity risk

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

Maturity of financial liabilities at 30 September	2011 £000	2010 £000
Less than one year	17,698	16,182
More than one year and less than five years	33,033	28,074
More than five years	-	-
	50,731	44,256

Interest rate risk

The Group has held cash balances throughout the financial year. The goal is to achieve a return that is as close to the prevailing base rate level as possible.This is achieved by checking rates with two banks whilst taking into account the guidelines agreed by the Board where the total amount is between £12m and £20m, the maximum limit will be £5m, with a maximum term of up to one year. The combined cash and cash equivalents and short-term investments total at 30 September 2011 was £24.5m (2010: £22.7m). The weighted average rate of interest was 1.4% (2010: 1.8%). No sensitivity analysis on sterling risk is contained in the accounts as a large percentage is held on short-term deposit, 3 months to 12 months, on competitive rates.

Maturity of financial assets

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

	2011 £000	2010 £000
Less than 3 months: cash and cash equivalents and short-term investments	6,787	4,756
Greater than 3 months: short-term investments	17,745	17,920

Borrowing facilities

The Group had undrawn borrowing facilities at 30 September 2011 of £2.0m (2010: £2.0m) in respect of which all conditions precedent had been met and the facility expires within one year.

Notes to the Financial Statements
for the year ended 30 September 2011

Commodity risk

The Group has power purchase agreements with EDF, in France. As at 30 September 2011, the import prices, but not volumes, have been substantially fixed for 2012. The Group has entered into a 10 year framework agreement with EDF commencing 1 January 2013 which has a commitment to procure around 30% of volume requirements at known prices. The remainder of the requirement will be decided by a market pricing mechanism, but with no volume commitment, to deliver a degree of stability in tariff pricing to our customers.
The Company has the ability to generate power as an alternative to importation if this was viewed to be commercially and environmentally acceptable.

22 Related party transactions

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

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

Counterparty	Value of electricity services supplied by Jersey Electricity		Value of goods & services supplied by Jersey Electricity		Value of goods & services purchased by Jersey Electricity		Amounts due to Jersey Electricity		Amounts due by Jersey Electricity	
	2011 £000	2010 £000	**2011 £000**	2010 £000	**2011 £000**	2010 £000	**2011 £000**	2010 £000	**2011 £000**	2010 £000
The States of Jersey	**7,474**	7,021	**3,045**	2,478	**958**	299	**839**	1,439	**777**	-
JT Group Limited	**1,917**	1,553	**631**	450	**151**	126	**139**	133	**-**	16
Jersey Post International Limited	**107**	115	**-**	-	**51**	79	**8**	-	**-**	6
Jersey New Waterworks Limited	**679**	780	**101**	64	**83**	90	**5**	-	**-**	-
Foreshore Limited	**579**	575	**743**	671	**11**	13	**204**	207	**3**	-

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

At the 30 September 2011 Foreshore Limited had rental arrears, classified as long-term loans, to the value of £400,000 (2010: £450,000) due to Jersey Electricity plc.

b New Energy from Waste Plant

A new Energy from Waste plant was commissioned in Jersey during 2011. Jersey Electricity signed a 25 year agreement in 2008 to take electricity produced at the plant by the States of Jersey and to share existing facilities with the Energy from Waste plant. The value of electricity imported from the facility during the financial year was £0.8M and the value of services provided to the plant was £0.7M.

c Remuneration of key management personnel

The remuneration of key management personnel of the Group (which is defined as the executive directors) is set out below. Further information about the remuneration of individual directors is provided in the Remuneration Report on pages 56 to 58.

	2011 £000	2010 £000
Short-term employee benefits	**816**	772
Post-employment benefits	**179**	128
	995	900

Five Year Group Summary

Financial Statements	2011	2010	2009	2008 (restated)	2007 (restated)
Income Statement (£m)					
Turnover	**100.5**	98.9	93.6	82.2	75.9
Profit before tax	**11.1**	14.6	9.3	10.3	8.7
Profit after tax	**8.6**	12.4	7.2	10.1	7.6
Dividends	**3.2**	3.0	2.9	2.4	1.8
Special dividend	**1.0**	-	-	-	-
Balance Sheets (£m)					
Property, plant and equipment	**128.3**	120.9	120.6	116.0	109.8
Net current assets/(liabilities)	**29.1**	30.4	23.8	24.3	22.3
Non-current liabilities	**(33.0)**	(28.1)	(29.4)	(26.7)	(27.5)
Net assets	**140.9**	141.7	129.3	135.0	130.4
Financial Ratios and Statistics					
Earnings per ordinary share (pence)*	**28.05**	40.20	23.50	32.90	24.70
Gross dividend paid per ordinary share (pence)*	**13.06**	12.44	11.81	9.25	7.31
Net dividend paid per ordinary share (pence)*	**10.45**	9.95	9.45	7.40	5.85
Dividend cover (times)	**2.1**	4.0	2.5	4.4	4.2
Cash at bank/(net debt) (£m)	**24.5**	22.7	16.8	16.1	16.4
Capital expenditure (£m)	**15.6**	8.4	12.8	13.6	8.9
Electricity Statistics					
Units sold (m)	**651**	645	642	639	608
% movement	**0.9%**	0.4%	0.5%	5.1%	(2.6%)
% of units imported	**95.6%**	93.5%	92.3%	96.3%	88.7%
% of units generated locally	**4.4%**	6.5%	7.6%	3.7%	11.3%
Maximum demand (megawatts)	**154**	158	153	156	142
Number of customers	**47,990**	47,494	47,072	46,587	46,357
Customer minutes lost	**45**	10	9	5	59
Average price per kilowatt hour sold	**11.4p**	11.5p	11.2p	9.6p	9.1p
Manpower Statistics					
Energy	**191**	192	187	192	185
Other	**136**	136	124	132	128
Trainees	**10**	5	7	4	4
Total	**337**	333	318	328	317
Units sold per energy employee (000's)	**3,408**	3,359	3,436	3,328	3,286
Number of customers per energy employee	**251**	247	252	243	251

* The figures for 2007 to 2010 have been restated to reflect the 20 for 1 sub-division of its listed 'A' Ordinary Share capital passed by special resolution at the Annual General Meeting on 3 March 2011.

Financial Calendar

3 January 2012	Preference share dividend
End January 2012	Interim Management Statement – quarter to 31 December 2011
24 February 2012	Record date for final dividend
6 March 2012	Annual General Meeting
30 March 2012	Final dividend for year ended 30 September 2011
17 May 2012	Interim Management Statement – six months to 31 March 2012
8 June 2012	Record date for Interim Ordinary dividend
29 June 2012	Interim dividend for year ending 30 September 2012
2 July 2012	Preference share dividend
End July 2012	Interim Management Statement – nine months to 30 June 2012
21 December 2012	Preliminary announcement of full year results

Annual General Meeting

The Annual General Meeting will be held at the Powerhouse, Queens Road, St. Helier, Jersey on Tuesday 6 March 2012 at 2:30pm. Details of the resolutions to be proposed are contained in the Notice convening the Meeting.

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

Jersey Electricity

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