DRIVING CHANGE FOR A ZERO-CARBON FUTURE

INTERIM REPORT 2021

6 months ended 31 March 2021

Jersey Electricity

CONTENTS

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

NON-EXECUTIVE DIRECTORS

Phil Austin MBE, FCIB, FCMI (Chairman)
Alan Bryce MSc, CEng, FIET
Wendy Dorman BA, ACA
Tony Taylor BSc
Peter Simon MA, MBA (Distinction)
Amanda Astall BA (Hons)

EXECUTIVE DIRECTORS

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

SECRETARY

Lisa Floris LLB (Hons)

REGISTERED OFFICE

Queen's Road, St. Helier, Jersey

PLACE OF INCORPORATION

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

AUDITORS

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

BANKERS

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

BROKERS

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

REGISTRAR

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

DIRECTORS' STATEMENT

Financial Summary

	6 months 2021	6 months 2020
Electricity Sales in kWh	**374.9m**	371.4m
Revenue	**£67.1m**	£64.2m
Profit before tax	**£10.5m**	£10.0m
Earnings per share	**27.00p**	25.95p
Final dividend paid per ordinary share	**9.70p**	9.25p
Proposed interim dividend per ordinary share	**7.20p**	6.80p
Net cash/(debt)	**£5.9m**	£(2.9m)

COVID-19 – impact on trading performance

The pandemic continued throughout the period since the end of our last financial year but did not materially impact our overall trading performance. In our Energy business we saw lower unit sales in the hospitality and retail sectors, due to lockdown measures but this was more than offset by increased domestic consumption associated with a combination of "home-working", and a colder winter period than in the previous year. Our other business units have not been greatly affected by the COVID-19 crisis, and as highlighted in our 2020 Annual Report, our Retail business continues to benefit from customers appearing to have more spending power, due to less travel taking place. We will continue to closely monitor the COVID-19 position as it develops, as we cannot be complacent, but our balance sheet, with no gearing, remains strong.

Brexit – licensing of French fishing vessels

In early May, post the balance sheet date, there was extensive media coverage of a dispute relating to a new licensing system for French fishing vessels in Jersey waters, introduced under the UK-EU Trade and Cooperation Agreement (TCA). During this incident, the French Maritime Minister made reference, within the French Parliament, to implementing retaliatory measures, including the possibility of cutting off electricity supplies transported to Jersey via submarine cables. The Company consider this a political issue to be resolved between the governments. Furthermore, we have strong relationships with our French partners, EDF (as supplier) and RTE (as network operator), that spans more than 35 years, and benefits from legal and contractual arrangements which cover imported electricity supplies to the end of 2027. Both RTE and EDF have confirmed our existing supply arrangements are unlikely to be impacted.

Overall trading performance in the 6 months to 31 March

Group revenue, at £67.1m, was 5% higher for the first half of 2020 compared to the same period last year mainly due to a rise in both Energy and Retail revenue. Profit before tax at £10.5m was £0.5m higher than 2020 primarily due to a rise in Property and Retail profits. Cost of sales at £41.7m was £2.5m higher than last year with the rise in wholesale energy costs, and additional stock purchases associated with the increase in Retail revenue being the main factors. Operating expenses at £14.1m were marginally lower than last year. The taxation charge in the period of £2.2m was £0.1m higher than last year due to increased profits. Earnings per share, at 27.00p, were ahead of 25.95p in 2020 due to higher profits. Net cash on the balance sheet, which comprises borrowings less cash and cash equivalents, at 31 March 2021, was £5.9m compared to £2.9m of net debt at this time last year (and £5.5m of net cash at our last year end on 30 September 2020).

Energy performance

Unit sales of electricity rose 1% from 371m to 375m kWh, compared with the same period last year. The mix of consumption altered from the same period in the prior year with lower sales to the commercial marketplace more than offset by increased domestic consumption associated with "home-working" and colder weather than in the previous year. Revenues in our Energy business at £52.0m were £1.8m higher than in 2020 with the year-on-year increase in unit sales and the 2.5% tariff rise in October 2020 being the primary drivers. Operating profit at £9.2m was £0.1m higher than the corresponding period last year as the increased revenue was largely offset by higher costs including increased wholesale import prices. We imported 96% of our on-island requirement from France and 4% from the Energy from Waste plant, owned by the Government of Jersey. Only 0.3% (around 1m units) of electricity was generated in Jersey using our traditional oil-fired plant (mainly for testing purposes) and we also saw a rising trend in our solar generation albeit still at a relatively low level compared to overall requirements. These importation and generation levels were materially consistent with the same period last year.

Non-Energy performance

Year-on-year revenue in our Powerhouse retail business, rose by 12% to £10.7m (2020: £9.6m) and profits rose by £0.2m to £1.0m with continued strong revenue growth linked to a combination of factors including a substantial proportion of customers having more disposable income due to an inability to travel, resulting from COVID-19 restrictions. Profit from our Property portfolio at £0.8m was £0.3m higher than last year, as we had an accelerated depreciation charge for air conditioning equipment of £0.4m, in our Powerhouse building, in the same period last year. JEBS, our building services unit, saw external revenue falling £0.3m to £1.6m and profitability at breakeven level compared to a profit of £0.1m last year. Our remaining business units produced profits of £0.3m being marginally behind that delivered in 2020.

Liquidity and cashflow

Net cash generated in the period was £0.4m (2020: £2.2m) post the continued investment in infrastructure of £4.8m (2020: £5.1m). The net debt figure of £2.9m at 31 March 2020 moved to a net cash figure of £5.9m at 31 March 2021 (being net cash of £5.5m at 30 September 2020). Net cash consists of £30.0m of long-term debt offset by cash and cash equivalents of £35.9m.

Forward hedging of electricity and foreign exchange, and customer tariffs

We continue to focus on delivering secure, low-carbon electricity supplies and our goal is to maintain relative stability in customer tariffs, despite volatility in both European wholesale electricity and foreign exchange markets. We are seeing a rising trend in future wholesale prices in Europe, associated with carbon prices reaching record levels, and we continue to monitor this position. Our electricity purchases are materially, albeit not fully, hedged for the period 2021-23. We also have around one third of our expected 2024-27 liabilities hedged at known prices. As these are contractually denominated in the Euro, we enter into forward foreign currency contracts, on a three-year rolling basis, to reduce the volatility of our cost base, and to aid tariff planning. In October 2020 we implemented a 2.5% rise in customer tariffs, largely driven by a rising trend in wholesale electricity prices, which we had delayed from 1 April 2020, in response to the COVID-19 crisis. The tariffs payable by an average customer continue to benchmark well against other jurisdictions. The 'default maximum tariff', introduced by Ofgem (the UK electricity regulator) to cap prices payable in the UK, is set at a level over 35% higher than the average standard domestic tariff in Jersey.

Pension scheme

The defined benefit pension scheme surplus (without deduction of deferred tax) on our balance sheet at 31 March 2021 stood at £17.1m, compared to a surplus of £7.3m at 30 September 2020 (and a surplus of £14.3m at 31 March 2020). Since the last financial year end, scheme liabilities have materially decreased by approximately £10m (to £140m). This fall was primarily due to an increase to the discount rate assumptions from 1.6% at the last financial year end to 2.1% at 31 March 2021 associated with a rise in UK AA corporate bond yields in the interim. Assets in the Scheme rose by around £1m (to £157m). The defined benefit scheme has been closed to new members since 2013 and the next triennial valuation of the scheme, as at 31 December 2021, will be performed in 2022.

Valuation of investment properties

We formally revalue investment properties, using an external valuer, once per annum to coincide with our financial year end, and any movement is reflected in our Income Statement. The value of such properties at 30 September 2020 was around £22m, compared to the total net asset value, on our Consolidated Balance Sheet, of around £206m. We have not revalued at this interim stage being consistent with previous practice. The overall value of our investment properties may have risen, despite uncertainties of COVID-19, due to the restructuring of one of our commercial leases in late March, along with current buoyancy in the residential sector.

Dividend

Your Board proposes to pay an interim net dividend for 2021 of 7.20p (2020: 6.80p). As stated in previous years, we continue to aim to deliver sustained real growth each year over the medium-term. At this time, we do not expect the COVID-19 outbreak to influence our dividend strategy, but we will continue to review the position. The final dividend for 2020 of 9.70p, paid in late March in respect of the last financial year, was an increase of 5% on the previous year.

Risk and outlook

The principal risks and uncertainties identified in our last Annual Report, issued in January 2021, have not materially altered in the interim period. We however have highlighted earlier in this report, the current Brexit related fishing rights dispute, which will hopefully be resolved in due course. Your Board is satisfied that Jersey Electricity plc has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of approval of this report. Accordingly, we continue to adopt the going concern basis in preparing the condensed financial statements.

Responsibility statement

We confirm to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';

(b) the Interim Directors Statement includes a fair review of the information required by the Disclosure and Transparency Rule DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the Interim Directors Statement includes a fair review of the information required by the Disclosure and Transparency Rule DTR 4.2.8R (disclosure of related party transactions and changes therein); and

(d) this half yearly interim report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this half yearly financial report and the Company undertakes no obligation to update these forward-looking statements. Nothing in this half yearly financial report should be construed as a profit forecast.

C.J. AMBLER – Chief Executive

M.P. MAGEE – Finance Director

13 May 2021

Investor timetable for 2021

4 June	Record date for interim ordinary dividend
25 June	Interim ordinary dividend for year ending 30 September 2021
1 July	Payment date for preference share dividends
15 December	Preliminary announcement of full year results

FINANCIAL STATEMENTS

Condensed Consolidated Income Statement (Unaudited)

	Note	Six months ended 31 March 2021 £000	Six months ended 31 March 2020 £000	Year ended 30 September 2020 £000
Revenue	2	67,098	64,198	111,747
Cost of sales		(41,743)	(39,287)	(69,695)
Gross profit		25,355	24,911	42,052
Profit on revaluation of investment properties		-	-	515
Operating expenses		(14,108)	(14,152)	(26,360)
Group operating profit	2	11,247	10,759	16,207
Finance income		26	89	139
Finance costs		(779)	(806)	(1,516)
Profit from operations before taxation		10,494	10,042	14,830
Taxation	3	(2,162)	(2,064)	(3,090)
Profit from operations after taxation		8,332	7,978	11,740
Attributable to:				
Owners of the Company		8,274	7,953	11,624
Non-controlling interests		58	25	116
		8,332	7,978	11,740
Earnings per share				
- basic and diluted		27.00p	25.95p	37.94p

In 2020 the Directors made a classification change in relation to the amortisation of deferred infrastructure charges. In order to present the results in a consistent format, the Directors have reclassified the prior half year reported results, increasing both Operating expenses and Revenue by £221k, with no impact on Group operating profit.

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

	Six months ended 31 March 2021 £000	Six months ended 31 March 2020 £000	Year ended 30 September 2020 £000
Profit for the period/year	8,332	7,978	11,740
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on defined benefit scheme	10,499	4,503	(1,663)
Income tax relating to items not reclassified	(2,100)	(901)	333
	8,399	3,602	(1,330)
Items that may be reclassified subsequently to profit or loss:			
Fair value (loss)/gain on cash flow hedges	(4,194)	(246)	1,290
Income tax relating to items that may be reclassified	839	49	(258)
	(3,355)	(197)	1,032
Total comprehensive income for the period/year	13,376	11,383	11,442
Attributable to:			
Owners of the Company	13,318	11,358	11,326
Non-controlling interests	58	25	116
	13,376	11,383	11,442

FINANCIAL STATEMENTS

Condensed Consolidated Balance Sheet (Unaudited)

	Note	As at 31 March 2021 £000	As at 31 March 2020 £000	As at 30 September 2020 £000
Non-current assets				
Intangible assets		622	589	479
Property, plant and equipment		216,787	216,589	217,936
Right of use assets		2,849	2,880	2,899
Investment property		21,755	21,240	21,755
Trade and other receivables		300	350	300
Retirement benefit surplus		17,064	14,320	7,315
Derivative financial instruments	6	-	514	277
Other investments		5	5	5
Total non-current assets		259,382	256,487	250,966
Current assets				
Inventories		5,561	5,590	6,028
Trade and other receivables		25,461	22,658	16,645
Derivative financial instruments	6	-	100	960
Cash and cash equivalents		35,882	27,080	35,520
Total current assets		66,904	55,428	59,153
Total assets		326,286	311,915	310,119
Current liabilities				
Trade and other payables		18,100	16,496	18,193
Lease liabilities		66	55	65
Derivative financial instruments	6	818	320	143
Current tax payable		3,604	3,463	2,742
Total current liabilities		22,588	20,334	21,143
Net current assets		44,316	35,094	38,010
Non-current liabilities				
Trade and other payables		23,701	21,949	22,714
Lease liabilities		2,847	2,847	2,879
Derivative financial instruments	6	2,282	737	-
Financial liabilities – preference shares		235	235	235
Borrowings		30,000	30,000	30,000
Deferred tax liabilities		28,313	27,744	27,209
Total non-current liabilities		87,378	83,512	83,037
Total liabilities		109,966	103,846	104,180
Net assets		216,320	208,069	205,939
Equity				
Share capital		1,532	1,532	1,532
Revaluation reserve		5,270	5,270	5,270
ESOP reserve		(99)	(45)	(120)
Other reserves		(2,480)	(354)	875
Retained earnings		211,960	201,604	198,259
Equity attributable to owners of the Company		216,183	208,007	205,816
Non-controlling interests		137	62	123
Total equity		216,320	208,069	205,939

Condensed Consolidated Statement of Changes in Equity (Unaudited)

	Share capital £000	Revaluation reserve £000	ESOP reserve £000	Other reserves £000	Retained earnings £000	Total reserves £000
At 1 October 2020	1,532	5,270	(120)	875	198,259	205,816
Total recognised income and expense for the period	-	-	-	-	8,274	8,274
Amortisation of employee share scheme	-	-	21	-	-	21
Unrealised loss on hedges (net of tax)	-	-	-	(3,355)	-	(3,355)
Actuarial gain on defined benefit scheme (net of tax)	-	-	-	-	8,399	8,399
Equity dividends paid	-	-	-	-	(2,972)	(2,972)
As at 31 March 2021	**1,532**	**5,270**	**(99)**	**(2,480)**	**211,960**	**216,183**
At 1 October 2019	1,532	5,270	(45)	(157)	192,882	199,482
Total recognised income and expense for the period	-	-	-	-	7,953	7,953
Unrealised loss on hedges (net of tax)	-	-	-	(197)	-	(197)
Actuarial gain on defined benefit scheme (net of tax)	-	-	-	-	3,602	3,602
Equity dividends paid	-	-	-	-	(2,833)	(2,833)
As at 31 March 2020	**1,532**	**5,270**	**(45)**	**(354)**	**201,604**	**208,007**
At 1 October 2019	1,532	5,270	(45)	(157)	192,882	199,482
Total recognised income and expense for the year	-	-	-	-	11,624	11,624
Funding of employee share option scheme	-	-	(78)	-	-	(78)
Amortisation of employee share scheme	-	-	3	-	-	3
Unrealised gain on hedges (net of tax)	-	-	-	1,032	-	1,032
Actuarial loss on defined benefit scheme (net of tax)	-	-	-	-	(1,330)	(1,330)
Equity dividends paid	-	-	-	-	(4,917)	(4,917)
As at 30 September 2020	**1,532**	**5,270**	**(120)**	**875**	**198,259**	**205,816**

FINANCIAL STATEMENTS

Condensed Consolidated Cash Flow Statement (Unaudited)

	Six months ended 31 March 2021 £000	Six months ended 31 March 2020 £000	Year ended 30 September 2020 £000
Cash flows from operating activities			
Operating profit	11,247	10,759	16,207
Adjustments to add back / (deduct) non-cash items and items disclosed elsewhere on the CFS:			
Depreciation and amortisation charges	5,363	5,726	11,424
Share-based reward charges	21	-	3
Gain on revaluation of investment property	-	-	(515)
Pension operating charge less contributions paid	838	683	1,439
Profit on sale of property, plant and equipment	(4)	(20)	(24)
Operating cash flows before movements in working capital	17,465	17,148	28,534
Working capital adjustments:			
Decrease/(increase) in inventories	467	428	(10)
(Increase)/decrease in receivables	(8,816)	(4,700)	1,433
Increase/(decrease) in payables	1,267	(686)	1,071
Net movement in working capital	(7,082)	(4,958)	2,494
Interest paid	(709)	(802)	(1,376)
Preference dividends paid	(4)	(4)	(9)
Income taxes paid	(1,371)	(1,357)	(2,714)
Net cash flows from operating activities	8,299	10,027	26,929
Cash flows from investing activities			
Purchase of property, plant and equipment	(4,563)	(5,021)	(10,922)
Investment in intangible assets	(232)	(76)	(337)
Deposit interest received	26	89	139
Net proceeds from disposal of fixed assets	4	25	24
Net cash flows used in investing activities	(4,765)	(4,983)	(11,096)
Cash flows from financing activities			
Equity dividends paid	(2,972)	(2,833)	(4,917)
Dividends paid to non-controlling interest	(45)	(25)	(55)
Purchase of shares for employee benefit trust	-	-	(78)
Repayment of lease liabilities	(98)	(27)	(189)
Net cash flows used in financing activities	(3,115)	(2,885)	(5,239)
Net increase in cash and cash equivalents	419	2,159	10,594
Cash and cash equivalents at beginning of the period/year	35,520	24,915	24,915
Effect of foreign exchange rate changes	(57)	6	11
Cash and cash equivalents at end of the period/year	35,882	27,080	35,520

In 2020 the Directors made a presentational change in relation to deposit interest received, presenting this within investing activities, in compliance with IAS 7 "Statement of Cash Flows". In the prior half year, deposit interest received was presented within financing activities. In order to present the consolidated cash flow statement in a consistent format, the Directors have reclassified prior half year interest received of £89k. The adjustment has had no impact on the half year 2020 reported net increase in cash and cash equivalents.

Notes to the Condensed Interim Accounts (Unaudited)

1 Accounting policies

Basis of preparation

The interim financial statements for the six months ended 31 March 2021 have been prepared on the basis of the accounting policies set out in the 30 September 2020 annual report and accounts using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard 34 'Interim Financial Reporting'. There have been no changes to accounting standards during the current financial period that has impacted the disclosures in these financial statements and the full year financial statements that will be prepared for 30 September 2021.

The directors have a reasonable expectation that the Group (being the Company, Jersey Electricity plc and its subsidiary, Jersey Deep Freeze Ltd) 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 interim financial statements.

2 Revenue and profit

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

	Six months ended 31 March 2021			Six months ended 31 March 2020			Year ended 30 September 2020		
	External £000	**Internal £000**	**Total £000**	External £000	Internal £000	Total £000	External £000	Internal £000	Total £000
Revenue									
Energy	**51,969**	**51**	**52,020**	50,138	68	50,206	85,140	122	85,262
Retail	**10,725**	**40**	**10,765**	9,576	35	9,611	17,825	60	17,885
Building Services	**1,610**	**299**	**1,909**	1,897	506	2,403	3,767	1,027	4,794
Property	**1,133**	**322**	**1,455**	1,137	322	1,459	2,266	645	2,911
Other	**1,661**	**425**	**2,086**	1,450	426	1,876	2,749	891	3,640
	67,098	**1,137**	**68,235**	64,198	1,357	65,555	111,747	2,745	114,492
Intergroup elimination			**(1,137)**			(1,357)			(2,745)
			67,098			64,198			111,747
Operating profit									
Energy			**9,154**			9,007			12,257
Retail			**1,012**			824			1,176
Building Services			**3**			106			216
Property			**783**			464			1,270
Other			**295**			358			773
			11,247			10,759			15,692
Revaluation of investment properties			**-**			-			515
Operating profit			**11,247**			10,759			16,207

Materially, all of the Group's operations are conducted within the Channel Islands. All transactions between divisions are on an arm's-length basis. The assets and liabilities of the Group are not reported on as there has been no significant movement in the values in the six months to 31 March 2021.

In 2020 the Directors made a classification change in relation to the amortisation of deferred infrastructure charges. In order to present the results in a consistent format, the Directors have reclassified the prior half year reported results, increasing both Operating expenses and Revenue by £221k within Energy, with no impact on Group operating profit.

FINANCIAL STATEMENTS

Notes to the Condensed Interim Accounts (Unaudited)

3 Taxation

	Six months ended 31 March 2021 £000	Six months ended 31 March 2020 £000	Year ended 30 September 2020 £000
Current income tax	**2,233**	2,106	2,742
Deferred income tax	**(71)**	(42)	348
Total income tax	**2,162**	2,064	3,090

For the period ended 31 March 2021 and subsequent periods, the Company is taxable at the rate applicable to utility companies in Jersey of 20% (2020: 20%).

4 Dividends paid and proposed

	Six months ended 31 March 2021	Six months ended 31 March 2020	Year ended 30 September 2020
Dividends per share			
- paid	**9.70p**	9.25p	16.05p
- proposed	**7.20p**	6.80p	9.70p
	£000	£000	£000
Distributions to equity holders	**2,972**	2,833	4,917

The distribution to equity holders in respect of the final dividend for 2020 of £2,972,080 (9.70p net of tax per share) was paid on 25 March 2021.

The Directors have declared an interim dividend of 7.20p per share, net of tax (2020: 6.80p) for the six months ended 31 March 2021 to shareholders on the register at the close of business on 4 June 2021. This dividend was approved by the Board on 13 May 2021 and has not been included as a liability at 31 March 2021.

5 Pensions

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

Notes to the Condensed Interim Accounts (Unaudited)

6 Financial instruments

The Group held the following derivative contracts, classified as level 2 financial instruments at 31 March 2021.

Fair value of currency hedges	31 March 2021 £000	31 March 2020 £000	30 September 2020 £000
Derivative assets			
Less than one year	-	100	960
Greater than one year	-	514	277
Derivative liabilities			
Less than one year	(818)	(320)	(143)
Greater than one year	(2,282)	(737)	-
Total net (liabilities) / assets	**(3,100)**	(443)	1,094

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy. This hierarchy is based on the underlying assumptions used to determine the fair value measurement as a whole and is categorised as follows:

Level 1 financial instruments are those with values that are immediately comparable to quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 financial instruments are those with values that are determined using valuation techniques for which the basic assumptions used to calculate fair value are directly or indirectly observable (such as to readily available market prices);

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

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

7 Related party transactions

The Government of Jersey (the "Government") treats the Company as a strategic investment. Whilst it holds the majority voting rights in the Company, the Government does not take the view that the Company is under its control and as such, it is not consolidated within the Government accounts. The Government is understood by the Directors to have significant influence but not control of the Company.

The Company has elected to take advantage of the disclosure exemptions available in IAS24, paragraphs 25 and 26.

All transactions are undertaken on an arms-length basis in the course of ordinary business.