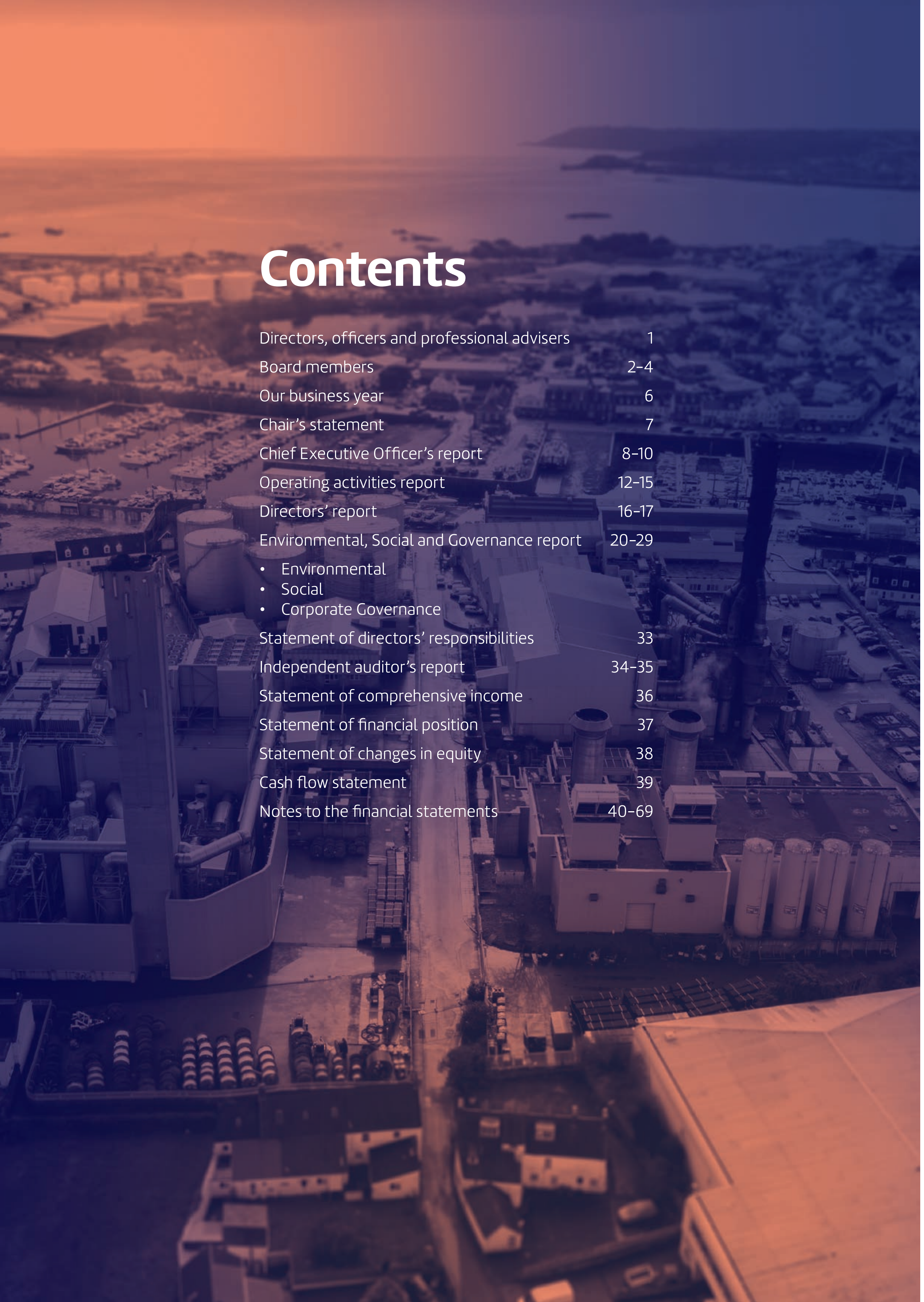
Guernsey Electricity Limited

Annual report and audited financial statements
30 September 2023

Powering Life, Today & Tomorrow



Contents

Directors, officers and professional advisers

P Shaefer	(Non-Executive Chair)
A Bates	(Chief Executive Officer)
K Brouard	(Chief Financial Officer)
S-A David	(Chief Operating Officer) retired 16 September 2023
M Jones	(Chief Operations Officer) appointed 17 September 2023
G Browning	(Non-Executive)
R Denton	(Non-Executive)
T Songini	(Non-Executive)
I Chapman	(Non-Executive)
J Peacegood	(Non-Executive)

Secretary: S Walden

Bankers:

Barclays Bank Plc
PO Box 41
Le Marchant House
St Peter Port
Guernsey
GY1 3BE

The Royal Bank of Scotland
International Ltd
Royal Bank Place
1 Glategny Esplanade
St Peter Port
Guernsey
GY1 4BQ

HSBC Bank Plc
Arnold House
St Julian's Avenue
St Peter Port
Guernsey
GY1 3NF

Legal advisers:

Carey Olsen (Guernsey) LLP
PO Box 98
Carey House
Les Banques
St Peter Port
Guernsey
GY1 4BZ

Independent auditor:

Ernst & Young LLP
Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey
GY1 4AF

Registered office:

PO Box 4
Electricity House
Northside
Vale
Guernsey
GY1 3AD

Company number: 38692

Board members

Peter Shaefer

Non-Executive Chair

Peter joined the Board of Guernsey Electricity in 2018 and became Chair in 2022. Peter has substantial business and commercial experience, having held a number of senior positions in both energy and consumer products industries, including being a member of the Executive Committee of the US listed company Coty Inc. Peter brings his broad experience in business transformation, strategic planning and financial management to the Board. Additionally, his prior experience in the oil industry provides some synergies to working for an electricity utility. Peter serves on the Remuneration and Nominations Sub-Committee and the Land & Property Sub-Committee.

Peter is a graduate of the Chartered Institute of Public Finance and Accountancy and currently Chief Executive Officer of La Perla Beauty and director of Guernsey Post Ltd.

Gillian Browning

Non-Executive

Gillian joined the Board in 2018 after a placement with Guernsey Electricity under the Guernsey Training Agency Non-Executive Director Development Programme in 2016. Gillian is the Board's Deputy Chair/ Senior Independent Director. As such she has a pivotal role in both deputising for Peter and serving as an intermediary for other directors or the shareholder where necessary. Gillian has been a member of the Remuneration & Nominations Sub-Committee since joining the Board and took over as Chair of that committee in late 2019. Additionally, Gillian is a member of the Board's Engagement Sub-Committee. Outside of Guernsey Electricity Gillian is Co-Deputy Director General at the Guernsey Financial Services Commission, (GFSC). Her key skills being in policy development, supervisory oversight, risk management and good corporate governance. Gillian takes a keen interest in employee matters and environmental issues and ensures these factors are considered in Board discussions.

Prior to her role at the GFSC Gillian worked at the UK Financial Conduct Authority and prior to that the Cabinet Office where she was a Minister's Private Secretary and Policy Officer. Gillian will retire from the Board at the 2024 AGM.

Rick Denton

Non-Executive

Rick joined the Board alongside Peter and Gillian in 2018 and leads his own consultancy business alongside holding a range of International Non-Executive Director positions. Through his previous employment with Coutts Group, Bank of Bermuda, Fortis and Barclays, Rick has considerable experience of board work in major corporations. Rick is Chair of the Audit & Risk Sub-Committee utilising his skills in the areas of strategy, risk management and governance in conjunction with his financial background and audit experience. Additionally, Rick is a member of the Board's Engagement Sub-Committee.

Rick is a National Council Member of the Institute of Directors, representing the international branches. He holds an MBA with distinction from Warwick University, is an Associate of the Chartered Institute of Bankers, a Member of the Society of Trust and Estate Practitioners, holds a Henley Certificate in Executive Coaching and the Institute of Director's Diploma in Company Direction.

Locally Rick was Chair of the Guernsey Banking Deposit Scheme until the end of June 2023 and has recently been appointed as Chair of Guernsey Post Ltd. He is also Chair of Hoegh Capital Partners Services (Guernsey) Ltd, Norwegian Family Office. Rick will retire from the Board at the 2024 AGM.

Tania Songini

Non-Executive

Tania joined the Board of Guernsey Electricity in September 2020. Tania is a Non-Executive Director with a key interest in renewables and sustainable energy technologies. Prior to this Tania worked for the German multinational, Siemens, for most of her career across Germany and the UK, most notably as Finance Director across the Energy, Healthcare and Logistics sectors for 15 years. Tania assists the Board in preparing for the energy transition, considering the right mix of technological options for future energy systems and the role the company can play in achieving a lower carbon future for Guernsey. Tania is a member of the Remuneration and Nominations Sub-Committee and Chair of the Board's Strategy Sub-Committee.

Amongst her appointments, Tania sits on the Board of Thrive Renewables (a renewable energy developer and operator), is a member of the UK Energy Systems Catapult (an organisation driving innovation and decarbonisation across the UK's energy system), the UK Infrastructure Bank and Crisis Action (working with individuals and organisations from global civil society to protect civilians from armed conflict).

Prof Sir Ian Chapman

Non-Executive

Along with Tania, Ian joined the Board as Non-Executive Director in September 2020 and is the CEO of the UK Atomic Energy Authority (UKAEA) and director of the Culham Centre for Fusion Energy. This is a position he has held since 2016 during which time he has considerably grown the UKAEA in terms of headcount and turnover. Ian has a varied role across media and public outreach, research and innovation, governmental policy development and management of complex financial constraints. This experience all contributes to making Ian a highly valued Board member. Ian is a member of the Audit & Risk and Strategy Sub-Committees. Here he will aid the company to focus on key engineering risks and help navigate through the developing Electricity Strategy. With his experience in advising government, the Board values Ian's insights in stakeholder engagement and the experience he can share on energy transition from the UK energy market.

Ian has won a number of notable international awards, held various international roles and written numerous publications with international recognition. He was knighted in 2023 for services to global fusion energy and is a fellow of the Royal Society, the oldest scientific academy in existence. Ian is a fellow of the Institute of Physics and the Royal Academy of Engineering and a visiting Professor at Durham University. Ian will step down from the Board at the 2024 AGM.

Joanne Peacegood

Non-Executive

Jo joined the Board in 2021. Jo is an independent Non-Executive Director and currently sits on a number of Boards of Listed and Private Entities predominantly in the Asset Management sector. Prior to becoming a Non-Executive Director, Jo worked with PwC for 20 years across the Channel Islands, UK and Canada holding various leadership roles including Audit & Assurance Director, Risk & Quality Director and Innovation & Technology Director. With her audit background, Jo is a member of the company's Audit & Risk Sub-Committee and provides expertise and challenge to the processes of the company. Jo is also Chair of the Engagement Sub-Committee and a member of the Strategy Sub-Committee. Throughout her career, Jo has been responsible for various areas of performance management, training and mentoring and has a keen interest and concern in people-related queries and issues. Although not a member of the Remuneration & Nominations Sub-Committee, Jo attends as many meetings as possible to share views and ideas.

Jo is a Chartered Accountant, Immediate Past Chair of the Guernsey Investment & Fund Association and is the Deputy Chair of Guernsey International Business Association Council.

> "Guernsey Electricity aspire to become and remain first choice for energy by powering life, today and tomorrow and delivering reliable, affordable electricity for the island's sustainable future."

Board members *continued*

Alan Bates

Chief Executive Officer (CEO)

Alan joined the Board in 2010 as Managing Director and then became Chief Executive Officer in 2015, previously having been Managing Director of Manx Gas in the Isle of Man. Alan commenced his career with P&O Cruises as an Engineering Officer followed by 19 years in the oil and gas industry working for Mobil Oil, BP Oil and the International Energy Group. As CEO, Alan is responsible for leading the development and execution of the company's long-term strategy with a view to creating shareholder value. Alan's role uniquely balances the executive management of the company together with the political interaction required from a State-owned entity. Relationships with stakeholders are key to the company's success and at Board level Alan has a pivotal role both in terms of educating the parties involved and ensuring the interests of Guernsey Electricity have been represented. Alan is a member of the Land & Property, Strategy and Engagement Sub-Committees and is invited to attend all Audit & Risk and Remuneration & Nominations Sub-Committee meetings to inform on these matters.

Alan has a degree in Electro-Mechanical Power Engineering and an MBA in Executive Leadership. He is a Chartered Electrical Engineer (MIET), a Chartered Mechanical Engineer (FIMechE), has qualifications in risk and safety management (IIRSM) and is also a member of the Institute of Asset Management (IAM). He is a director of Channel Islands Electricity Grid (CIEG), JLEN Environmental Assets Group, Alderney Electricity and a Board Adviser to Guernsey Water.

Sally-Ann David

Chief Operating Officer (COO)

Sally-Ann retired from the Board in September 2023 after 12 years as COO. She is a Chartered Electrical Engineer with over 30 years' experience in the fields of renewable energy, energy economics, system planning and project management. Originally starting her career at Guernsey Electricity as a student engineer Sally then spent time away from the company developing her experience before returning in 1995. As COO, Sally oversaw all aspects of Engineering & Design, Distribution, Business Planning and IT. Sally was a member of the Land & Property and Strategy Sub-Committees and although not a member of the Audit & Risk Sub-Committee Sally was invited to meetings to focus on the significant operational challenges and risks facing the business.

Sally is a fellow of the Institute of Electrical Engineers, has an MBA and is a Chartered Director. She remains a director of CIEG, International Public Partnerships, Guernsey Chest and Heart and on the Board of the European Marine Energy Centre Ltd.

Matthew Jones

Chief Operations Officer (COO)

Matt joined the company in May 2023 in advance of Sally-Ann's retirement and his joining the Board in September 2023. He brings over 25 years of senior management experience in the delivery of essential, front-line services across a range of operational sectors. He holds an MBA from Manchester Alliance Business School in addition to BSc (Hons) and MSc (Eng) degrees. As a qualified project and programme manager Matt brings considerable asset delivery experience to the Board to support the company through energy transition and the delivery of the island's Electricity Strategy. As COO, Matt oversees all aspects of Generation, Engineering & Design, Distribution, Business Planning, HR and IT for the company. He is additionally responsible for the company's customer relationship activities and aims to maximise the experience delivered to all customers.

Matt takes over Sally's positions as a member of the Board's Land & Property and Strategy Sub-Committees together with attending Audit & Risk meetings where necessary to advise on operational matters.

Matt has acted as a Board advisor for Guernsey Waste for a number of years.

Karl Brouard

Chief Financial Officer (CFO)

Karl joined the Board in September 2021 after a long career with the company which began in engineering. Karl joined the company as an apprentice electrical fitter and then qualified as a Chartered Electrical Engineer before leaving the company to pursue a career in accountancy. After further qualification as a Chartered Accountant Karl took the opportunity to return to the company where he led the finance function together with having responsibility for regulatory management before ultimately being appointed to the Board. Karl brings a unique combination of skills to the Board with his understanding of the engineering challenges being faced together with the financial constraints. This ability to cut across complex financial and operational business functions adds great value to Board decision making and aids the improvement of outcomes. As CFO Karl oversees the Finance, Procurement, Business Intelligence and Risk Management functions of the company. Karl is Chair of the Board's Land & Property Sub-Committee and is invited to attend all Audit & Risk Sub-Committee meetings.

Karl is a director of the CIEG.

Our business year

2022/23

349,760 MWh

Unit sales of electricity (billed)

29,838

Number of customers

90.8%

Proportion of units imported

84gCO_2e /kWh*

Carbon intensity of distributed electricity

14.7m

Capital investment

33.6

GWh of electricity generated

230.4

Number of employees (Total FTEs)

99.9%

Electricity supply availability

*2023 calendar year

Chair's statement

On behalf of the Board, I am pleased to present this Annual Report for Guernsey Electricity Limited for the year to 30 September 2023.

Electricity Strategy

This has been a key year for the company, and indeed for the island, with the near unanimous agreement amongst the States assembly to the Electricity Strategy for Guernsey. This sets the direction for the provision of electricity across the core areas of supply and demand, together with the market framework, to achieve the Energy Policy objectives including the decarbonisation of energy to net zero by 2050. The States Electricity Strategy gives the company a clear pathway for our own organisational strategy and goals and, most critically, to invest in the right infrastructure assets that ensure our capital is deployed in the most effective way on behalf of the customers we serve.

GEL predicts electricity to be the primary pathway through which Guernsey's energy system will decarbonise. The production of electricity will be decarbonised through supplier engagement, an additional interconnector to Europe, and the use of local renewable resources, shifting away from fossil fuels. This low carbon electricity will be in higher demand, due to the predicted increase in electric transport and heating, and there will be a major shift in the engagement with customers due to a greater use of technology.

To make all this happen, GEL aspires to become and remain *first choice for energy* (our Vision) by *powering life, today and tomorrow and delivering reliable, affordable electricity for the island's sustainable future* (our Mission). The company remains focussed on conducting business in the right way for the community.

Funding

Critical to the company's ability to deliver the chosen investment pathway set out in the Electricity Strategy for Guernsey is the development of a sustainable funding and financing strategy to ensure we can secure the right infrastructure, people and systems at the right times to achieve our goals. Whilst import prices have been kept well below wholesale market prices due to the company's historical price setting strategy which has fixed a large proportion of our cost base, all other costs are facing on-going inflationary pressures and higher debt financing costs. As historical import price setting arrangements expire these are necessarily being replaced at higher prevailing market conditions leading to future increases in cost. In order to sustainably fund the ongoing capital and operational expenditures of the company, further tariff increases will be necessary. GEL remains mindful of the cost-of-living pressures on all consumers and remains committed to operating in an efficient manner to minimise costs wherever possible. Whilst tariff increases to date have focused on maintaining the status quo, significant capital investment will be required to ensure a secure and reliable electricity supply into the future. The challenge of how to fund this is yet to be answered.

Outlook

Finally, I welcome to the Board Mr Matthew Jones as Chief Operations Officer on the retirement of Mrs Sally-Ann David. I take this opportunity to thank Sally-Ann, on behalf of the Board, for her invaluable contribution to the company over her many years' service and wish her every continued success for the future. Matt joins the Board and Executive Team at a pivotal time for the company to enable the delivery of the Electricity Strategy and energy transition. I look forward to working with Matt, the rest of the GEL team and my fellow directors as we strive to progress over the year ahead.

Peter Shaefer
Chair

Chief Executive Officer's report

"The Electricity Strategy for Guernsey was a pivotal piece of government policy direction. The recommended strategic pathway has now been given and sets out the foundation for continuing to provide security of electricity supply whilst creating additional low carbon and renewable capacity for the island. This is a milestone in direction; however the hard work now starts – we have to deliver it".

An uncertain and volatile start to the year

Whilst locally we were focused on the development of the Electricity Strategy for Guernsey, more globally the events in Ukraine were creating greater disruption and a realisation that the European energy supply chain was materially dependent on Russia. Initially, the Ukraine war created unprecedented wholesale energy market volatility in mid-2022, however, the continuing market disruption initiated by further sanctions on exports from Russia, resulted in significant concerns around European electricity system capacity and the subsequent security of supply issues for the winter of 2022/23. France had become a net importer of electricity due to these events and issues with its nuclear fleet of generators. The start of the 2022/23 financial year therefore had a real focus on security of supply with much activity with EDF and RTE on how Guernsey could assist with their efforts to manage supply capacity at peak times. This also included an operational review to understand the impact of any possible imposed import restrictions or complete curtailment of supply under certain severe circumstances on the French grid. To assist RTE and EDF with their security of supply obligations, opportunities were explored through the CIEG to support France under the existing generation call option within the EDF contract. Fortunately, a warm winter and the early return of French nuclear generation capacity resulted in the company only needing to generate a small quantity of additional top-up electricity to offset import. Once again, these events have highlighted how well GEL is positioned in terms of resilience to external events by having a robust security of electricity supply standard for the island.

GEL's customers were also protected through this period from the wholesale price volatility in the French electricity market due to the previously agreed fixed pricing. The ongoing capacity constraint created extreme volatility over not only the winter period but also the remainder of the year. The market saw prices climb to many thousands of euros per megawatt hour for short periods and generally significantly higher than preceding years. If the forward price fixing hadn't been in place, GEL's customers would have seen an almost doubling of tariffs to recover these wholesale costs as experienced in other jurisdictions, including the UK.

Supporting the Energy Transition – Electricity Strategy

The endorsement of the Electricity Strategy by the States of Guernsey is positive news for GEL who have a clear and crucial role in the future electricity provision for the island. With a clear preferred strategic pathway confirmed this will now enable us to start implementing our own strategic investment plans with a focus on reliability and security of supply. This will be achieved by investing in additional interconnection and the appropriate reinvestment in the on-island assets, particularly on the grid and at the power station.

Our key objective continues to be making sure Guernsey has a reliable, secure and affordable electricity supply.

The Electricity Strategy takes into account that today's electricity consumption in Guernsey is delivered predominantly through the importation of low carbon electricity from Europe, transported by subsea cable connections between Guernsey, Jersey and France. Over 90% of the island's electricity needs are met through this low-carbon supply chain, offering both environmental benefits and cost efficiency.

In the strategy, consumer self-sufficiency is expected to increase with the prevalence of private electricity generation and storage behind the meter, offsetting consumption from the grid. However, currently only a modest provision of solar power generation contributes approximately 0.2% to the island's annual electricity requirements.

More recently the proportion of imported electricity, compared to on-island generated electricity, is gradually diminishing due to evolving time-of-use characteristics resulting from the growing adoption of electric heating, leading to increased peak-time maximum demand even though consumption is steady or in some cases falling. In the last four years, the proportion of electricity import has reduced steadily 2020: 94%; 2021: 93%; 2022: 92%; 2023: 91% and this trend is likely to continue. When import capacity through the single cable is reached, the local fossil-fuelled power plant supplements electricity production. This reduces cost efficiency and increases the island's carbon intensity.

Looking forward the Electricity Strategy forecasts that both maximum demand and the annual consumption of electricity will increase significantly as consumers transition away from fossil-fuelled heating and transport in preference for electric alternatives. Therefore, to allow the island to continue to decarbonise current and future increases, further low carbon importation capacity is required and the strategy is clear that the option for further interconnection with Europe should be progressed.

Further importation, facilitated by increased interconnection, not only meets this increasing demand for electricity using low carbon sources, but it is also essential to maintain grid stability as we integrate large-scale local renewables.

This resilient interconnection to the island facilitates the development of these larger scale renewable generators by providing access to imported electricity to fill in the gaps between the intermittent renewable generation, which is caused by weather fluctuations, thus ensuring the electricity grid remains in balance.

Further interconnection will also allow Guernsey Electricity to retire end-of-life diesel generators and direct investment into the development of the island's electricity grid to be ready for future requirements. While some on-island back-up power station plant will always remain necessary GEL will now need to invest in different more cost-effective equipment that is far less likely to be needed on a routine basis.

The Electricity Strategy sets out that the energy transition is not an overnight phenomenon. Ultimately, it's a change in the way consumers procure and use energy. Whilst government can set polices and technologies can alter preferences, the energy transition is a societal change. Recognising our island's unique challenges and understanding the importance of using a blend of imported electricity and local renewables will ensure the island has a secure and resilient supply as we transition towards new energy sources and our net carbon zero targets by 2050.

Evolution of Electricity Tariffs

GEL seeks to move to a more sustainable financing model for the business. In this model, tariffs are set at an appropriate level to start to enable repayment of existing debt to free up financial capacity to borrow for future 'strategy' capital investment and to improve the financial resilience against unplanned expenditure.

To create a greater understanding and transparency of how costs are created within the business, we need to make our tariffs more cost-reflective. Current tariffs don't reflect how these costs are incurred. The Electricity Strategy looks to ensure that all customers contribute fairly to the cost of the grid and security of supply including those who choose to self-generate and offset units they would have taken from the grid. Without tariffs being cost reflective, the fixed costs to provide the grid and security of supply will need to be recovered from fewer units of electricity and tariffs would need to increase disproportionally for those remaining customers who cannot afford, or who are unable to install, renewable generation such as solar PV. To assist this, GEL continue to make graduated steps to increase standing charges rather than volumetric unit charges to protect customers in this situation.

It is clear to GEL that a cost reflectivity exercise needs to be undertaken as part of any potential incentivisation of local renewable generation to ensure costs are recovered appropriately from all electricity consumers.

In July 2023 we implemented a tariff rise of 13% to recover additional costs created by high inflationary pressures and interest rates, partly resultant of the Ukraine war, and to allow GEL to continue correcting historical levels of under investment in the electricity network. At that time the STSB commissioned a separate tariff and efficiency benchmarking review which found that Guernsey's electricity bills were amongst the lowest in the British Isles and GEL performed well compared to their counterparts in Jersey and the Isle of Man. The review also concluded that there was no catch-up efficiency required for GEL rather a forward-looking target should be developed.

The Electricity Strategy explains that the recommended pathway will provide more cost stable electricity in the future, rather than the do-nothing option. However, to achieve this outcome significant investment is required upfront and this will increase tariffs to consumers in the near term. GEL is planning to fund these investments in the most affordable and cost-efficient way by utilising a mixture of long-term borrowings and retained profits. It is also clear to the company that the distribution of profits during a period of such high investment would not be appropriate.

Chief Executive Officer's report *continued*

The Guernsey Electricity Team

As in previous years, I would like to thank all my colleagues who have engaged with and taken the company forward to deliver outstanding contributions to the organisation and our community. Our employees remain dedicated to providing a high level of service to our customers and we will continue to rise to the future challenges we face with implementing the Electricity Strategy. We will do this whilst striving to always continue improving what we do today.

I continue to appreciate how all the company's employees operate professionally every day and remain loyal and committed to the company and bring our values to life through their behaviours.

I would also like to record recognition of the key role the Board and our Shareholder the STSB has played in providing significant guidance whilst dealing with the challenges faced by the company over what continues to be a demanding period.

Alan Bates
Chief Executive Officer

Operating activities report

Continuous Improvement

During the year the company introduced an in-house operational excellence awareness course recognising that all staff serve internal and external customers all day, every day. The course is designed to empower our employees to drive improvement through the application of operational excellence and continuous improvement tools across our organisation. Aligning all our operational activities to a set of business improvement objectives in this manner not only provides our team of over 200 dedicated people with clarity of why we are doing what we're doing, but ensures we are all pulling together towards a common goal, making the most of the energy and commitment we all bring to our daily work. This is a core responsibility and commitment to our community, customers, and stakeholders.

A specific example of continuous improvement are our internal environmental teams. Our Environmental Sustainability working group meets once a month and considers various internal and external environmental opportunities and initiatives. We also have an internal Environmental Initiatives Group which is a small group of volunteers working to kick-start, simplify or improve the small-scale environmental actions we can do at work every day to help us become a more sustainable business. One major focus has continually been our switch to e-billing campaign. Printing tens of thousands of customer electricity bills and statements and then posting them out has an impact not only on the environment but on our cost to serve. Media campaigns have been designed to help us print less by asking customers to switch to e-billing.

Supply Reliability

In terms of our service to our customers, I am disappointed to report a deterioration in reliability and performance. Over the year we experienced 64.11 minutes loss of supply on average compared to 23.56 minutes lost during the previous financial year. Of note this level of average minutes lost includes a wide loss of electricity incident on 3rd January 2023 in the St Peter Port area. This incident was associated with a protection issue on the newly installed Beau Sejour Bulk Supply Point. The incident was fully investigated, and further enhanced procedures have been put in place to prevent this fault from reoccuring. Without this event, the figure for the year would have been 27.41 minutes which aligns with the previous trend in reliability improvement. Whilst the above performance was disappointing the overall grid reliability for the year was 99.9%.

DJ James Bentley presenting a Powering Life for Less video.

Powering Life for Less – cost of living winter campaign

In recognition of the challenging times for everyone GEL invited local households, in advance of the winter period 22/23, to take part in a two-week challenge designed to help all islanders to learn how to save energy and ultimately money off their electricity bills by providing practical and easy tips and advice. In addition to empowering consumers to make changes for the better and reduce their own expenditure, these changes also help GEL manage peak demand at the power station over the winter. Together this can make a huge difference, empowering customers to make positive changes that impact not only their own energy consumption but influence costs and investment decisions that will impact all consumers eventually. Two families took part and saw how small changes can help make big savings by making electricity usage more efficient.

Powering Life for Less social post image.

Ladies' College.

Community Solar Arrays

As reported last year, after being initiated in the previous financial year, two substantial community scale solar array projects were completed and commissioned during the period. The Grow Limited project is made up of 310 photovoltaic panels which produce 129-kilowatt peak power, this is enough electricity to supply the annual power equivalent to approximately 40 homes. The second project at the Ladies College, which is the third largest on-island solar array, has 292 photovoltaic panels and is able to power approximately 34 homes. These arrays form part of a pipeline of projects designed to increase the amount of electricity generated on-island from renewable sources which are owned and operated by GEL for its customers.

GEL's climate change statement and five-year Environmental Sustainability Strategy includes a target of installing up to 20MW of community solar PV by 2050. This will contribute to the Electricity Strategy target of 50MW of local solar over the same period. Investing in solar technology on a large scale is the right step to take for the environment and our customers here on-island as we plan and determine the future of where our energy comes from and how we use it. It is these community scale projects that will start the journey to transform our on-island generation assets and our ability to balance the grid with a mix of low carbon generation sources. The increase in on-island renewable generation is also an important step in the journey towards energy sovereignty, an increasingly prominent goal in energy politics.

Grow Limited.

Operating activities report *continued*

Princess Elizabeth Hospital

This year saw the continuation of the project to install an electricity bulk supply point at the Princess Elizabeth Hospital (PEH) and the associated grid infrastructure investment. The project is being primarily undertaken in conjunction with the Committee for Health & Social Care's improvements to the PEH site but additionally provides the company with the opportunity to increase capacity in this area of the island. A project of this scale will take several years to complete. The project follows the now fully commissioned electricity bulk supply point at Beau Sejour and forms the transmission backbone for the island to achieve its climate and environmental decarbonisation aspirations. This is the biggest cable infrastructure work undertaken since the 1980s and entails the laying of a new 33kV cable 6.5km across the island connecting two substations from the north of the island to the critical infrastructure of the Princess Elizabeth Hospital. Once complete the project will supply electricity for 20% of the island. The project is expected to be fully installed and operational by 2028.

"The PEH Bulk Supply Point Project directly supports the States of Guernsey's programme to modernise the island's hospital in addition to driving enhanced resilience and capacity for the south of the island".

GEL – Electrical & Plumbing

During the year to help differentiate the commercial contracting Non-Core business of GEL this area was re-branded as a Division of Guernsey Electricity helping islanders transition to a more sustainable future. Systems wise the section successfully transitioned from the core business IT system to a management system specifically tailored to electrical and plumbing trades. This will help make a tangible impact on the department's effectiveness and allow the team to achieve GEL's strategic business objectives more effectively. The team can now present a far better customer-facing journey and support the Core business of GEL in delivering energy transition.

Digging to enable installation of a new high voltage cable to reinforce the electricity supply.

GEL Excavation & Cable Laying

With work towards the Energy Transition underway and the Electricity Strategy direction now set and agreed in principle, the company has created a new groundworks team to undertake network capital investment works. The new team will facilitate an increase of GEL's overall capacity for the delivery of projects, accelerating network delivery plans whilst increasing our in-house capabilities.

Financial performance

Financial performance for the current financial year reports an operating profit of £3.6m. (2022: £2.2m loss) This is largely due to a favourable variance in cost of sales and operating expenses, which in turn were driven by a rebate from RTE, some winter trading with EDF and a reduction in demand. Operating expenses were also reduced by the capitalisation of extensive refurbishment costs associated with C-Station exhaust and heavy fuel oil storage tanks, although these were partly off-set by additional levels of unplanned maintenance works on generation and network assets. Whilst the STSB approved a tariff increase of 13% this increase was only implemented on 1 July 2023, and although electricity sales revenue grew by 10% compared to the prior year the total volume of units imported/generated reduced by 1.8%. This revenue is indicative of customers responding to the tariff changes by the utilisation of lower margin tariffs such as super economy 12 low rate and also due to the reduction in demand associated with efficiency and weather.

The pension settlement gain was significantly lower than the previous year with the company reporting a final pre-tax profit of £2.3m (2022: £3.4m).

On the Balance Sheet, the pension surplus increased once again from £4.8m to £8.1m strengthening the Balance Sheet position however not being reflective of underlying operating performance. Without this increase the Net Asset position would only have reduced by 2.5% over the period. Net debt increased by £4.5m over the financial year driven by an increase in capital expenditure to £12.9m compared to £4.6m in the previous year. Looking forward the company faces significant investment challenges to enable the energy transition and deliver the island's Electricity Strategy. Increasing net debt in the current year continues to be a cause for concern and therefore it is imperative the company further strives to move to a more sustainable financing model whilst minimising the tariff increases that will be necessary to customers to allow the required level of capital investment.

Installing a new Bulk Supply Point at the Princess Elizabeth Hospital.

Directors' report

The directors present their report and the audited financial statements for the year ended 30 September 2023. These comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, the cash flow statement and notes to the financial statements set out on pages 36 to 69.

Incorporation

Guernsey Electricity Limited (the "company") was incorporated on 24 August 2001.

Principal activities

The principal activities of the company are the generation, importation and distribution of electricity and the sale of associated goods and services.

Dividend

No dividend was paid during the year (30 September 2022: £nil paid), representing £nil per share (30 September 2022: £nil per share paid). The company will not be proposing a dividend at the 2024 Annual General Meeting (2023: £nil proposed).

Customers

The number of customers as at 30 September 2023 is 29,838[1] (30 September 2022: 29,763).

Units

Importation through the cable link between Guernsey, Jersey and the European grid provided 91% (30 September 2022: 92%) of the island's electricity needs in the year ended 30 September 2023 and 9% (30 September 2022: 8%) was generated on the island, as shown by the units' analysis below.

	Year to 30 Sept 2023	Year to 30 Sept 2022
Units imported MWh	**330,508**	340,726
Units generated MWh	**33,587**	30,006
Total units imported/generated MWh	**364,095**	370,732

Average price

The average price per kWh sold in the year ended 30 September 2023 was 17.21 pence (30 September 2022: 15.70 pence).

Reliability

The reliability of Guernsey Electricity's supply is measured by minutes lost per customer. Power outages can be caused by failures of generators, the distribution network or the cable link. In the year ended 30 September 2023, customers lost zero minutes due to generation/importation activity (30 September 2022: zero minutes) and 64.11 minutes were lost per customer in respect of distribution (30 September 2022: 23.56 minutes).

[1]Customer numbers is a count of all unique customer accounts with active electricity agreements.

Directors' report

Directors and their interests

The directors of the company, who served during the period and to date, are as detailed on page 1. The directors have no beneficial interests in the shares of the company.

Disclosure of Information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Going Concern

These financial statements have been prepared on a going concern basis as detailed in note 3 to the financial statements.

Auditor

Ernst & Young LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

For and on behalf of the Board of directors.

P Shaefer

P Shaefer
Director

A Bates
Director

23 April 2024

“ As part of the PEH project, we are undertaking the biggest cable infrastructure work undertaken since the 1980s. Once complete the project will supply electricity for 20% of the island. ”

Environmental

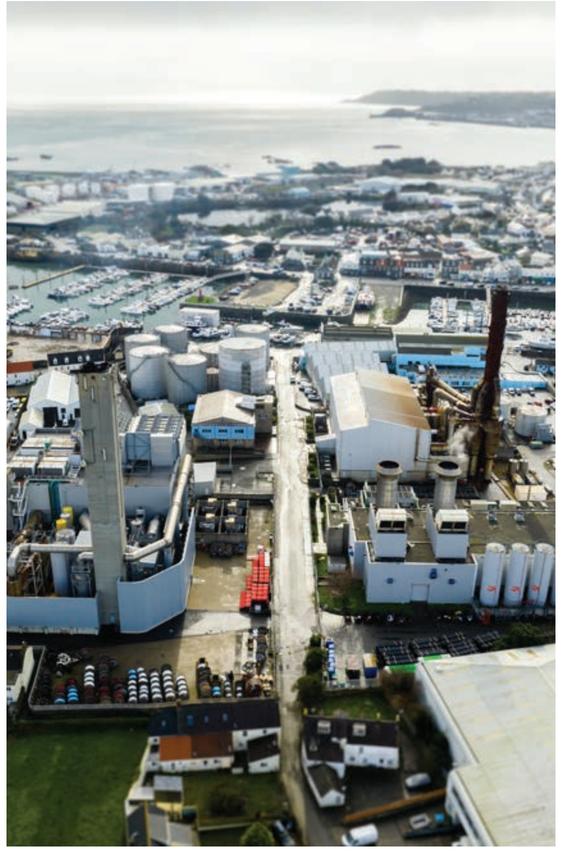
Environmental Sustainability

Energy continues to be an important focal point for the global community. The energy industry is one of the main contributors to harmful emissions that are believed to accelerate climate change. Governments across the world have made commitments to reduce these emissions to limit the global average temperature increases and preserve our environment. In Guernsey, similar commitments were made in 2020 through the Climate Change Action Plan and Energy Policy. GEL worked hard as a key stakeholder in the Electricity Strategy and believe that the energy sector should take the lead in creating a greener and sustainable island. As always, our island community is our priority, and we remain fully committed to providing a safe, stable, value-for-money electricity system. We explore all opportunities to increase energy efficiency for our customers, improve where we get our electricity from as an island, and ensure an electricity system that supports decentralised renewables and the phase out of fossil fuel generation on-island. The GEL vision is to continually strive for Environmental improvements, and to make a positive contribution to our island environment for today and for the benefit of future generations. For GEL this means we must:

- Develop a carbon reduction glidepath to align with the targets set within the island's carbon reduction targets.
- Avoid, reduce or control pollution.
- Implement an integrated approach to emergency response planning.
- Raise awareness of climate change and the value of our local natural environment within the company and local community.
- Embed environmental sustainability into all business decisions.

GEL is committed to embedding the question 'How do our activities impact our island today and tomorrow and can we do better?' into all business decisions. Within the context of our business, GEL incorporates environmental priorities into our operations whilst fostering climate change and environmental awareness and responsibility among our employees, customers, suppliers and stakeholders.

GEL's approach to sustainability continues to evolve with positive progress being made in relation to recognising the work already completed on climate related risks and opportunities and structure this process to increase reporting in the future and influence strategy decisions. The Board has experience of working with climate related risks and carbon neutrality and is working with employees and management to enhance this process. Climate related physical risks are those associated with acute weather events that could impact assets and operations. These are key inputs feeding into some of the significant risks on the company's risk register such as:



- The inability to maintain commercial sustainability in future energy market,
- Ineffective network asset management,
- Failure to ensure that plant, assets and the supply network is fit for future energy needs,
- Poor quality controls/excessive generation leading to polluting environmental incident/legislative breach.

These physical risks are continually assessed and consideration of these fed into each new project as part of the initial project scope for example:

- Rising sea levels and flood risks are considered when assessing where to site new items of equipment and when judging how best to maintain existing assets,
- Future changes to regional weather patterns are considered in the business case for local renewables,
- Disruption to supply chains is evaluated for any impact that impedes the progress of new projects.

Transitional risks associated with the move towards a lower carbon economy have been and continue to be discussed with government in the development of Electricity Strategy and on an ongoing basis with the Shareholder.

Together with the significant risks climate change may pose there are opportunities that the company additionally monitors for diversification into new markets, creating new revenue streams and developing new jobs and skills.

Environmental, Social and Governance report

Carbon

GEL continues to measure its carbon footprint of Scope 1, 2 and 3, however it is recognised that the Scope 3 reporting is limited to Electricity Importation. In 2023 an increase in the carbon intensity of distributed electricity was seen rising from 75gCO$_2$e/kWh in 2022 to 84 gCO$_2$e/kWh. The direct driver behind this increase was the increase in generation from the Vale Power Station, a result of the energy crisis in Europe and a reduction of low carbon electricity importation. Despite this, imported electricity through the subsea interconnector remained the main source of power in 2023, with 91% of the distributed electricity coming from low carbon importation. The lifecycle carbon intensity also increased as a result of the increased on-island generation, but also due to an increased solar PV proportion within the renewable importation. (Imported solar has a higher lifecycle intensity than hydro and wind power).

Community Solar photovoltaic generation (PV) has continued to grow in 2023 with a 20% increase from the previous year. This is predicted to continue to increase in the coming years, with more rapid development required to meet the Solar PV targets set within the Electricity Strategy.

	Vale Power Station	Community PV	Imported MWh					Total Distributed MWh
			Hydro	Nuclear	Wind	Solar	% Imported	
2021	26,860	390	354,910	0	329	0	93	363,515
Previous 2022[2]	28,855	367	254,347	0	76,867	6,035	92	357,311
Revised 2022[3]	28,855	367	254,347	0	76,867	6,035	92	349,073
2023	33,153	443	258,467	0	38,022	34,146	91	344,050

	Scope 1 Emissions tCO$_2$e	Scope 2 Emissions tCO$_2$e	Scope 3 Emissions tCO$_2$e	Total Emissions tCO$_2$e	Intensity of Distributed Electricity gCO$_2$e/kWh	Lifecycle Intensity of Distributed Electricity gCO$_2$e/kWh
2021	22,653	185	2,042	24,880	68	82
Previous 2022[2]	23,049	152	2,882	26,083	73	86
Revised 2022[3]	23,049	226	2,837	26,112	75	89
2023	25,171	349	3,450	28,970	84	100

1. Emissions are calculated for the calendar year running from 1st January to 31st December.
2. Imported MWh takes into account transmission and distribution losses between the source and the island.
3. Intensity of Distributed Electricity is the intensity of GEL's scope 1, 2 and 3 emissions per kWh of electricity sold.
4. Total distributed electricity is the electricity that has been delivered to our customers, taking into account transmission and distribution losses.
5. Lifecycle carbon intensity: this is the carbon intensity of delivered electricity, taking into account the lifecycle emissions of each electricity source, which includes emissions associated with: materials used for plant constructions, embodied carbon for each type of generation technology (including GEL owned and for imported electricity), on-site operations, the supply chain of fuels and transmission and distribution losses.
6. The full lifecycle intensity of our electricity has been calculated from 2019 onwards.
7. Scope 1 emissions: combustion of fuel to generate power, Combustion of fuel in vehicles and fugitive emissions.
8. Scope 2 emissions: electricity transmission & distribution losses.
9. Scope 3 emissions: electricity importation.

Data extract from WSP GHG Review Spreadsheet GEL Corporate GHG Emissions 2023 v1.11.

[2] Previous 2022 data in Guernsey Electricity Limited annual report and financial statements 30 September 2022 per WSP GHG Review Spreadsheet GEL Corporate GHG Emissions 2022 v0.1

[3] Revised 2022 data per WSP GHG Review Spreadsheet GEL Corporate GHG Emissions 2023 v1.11. Revised for calendar year 2022 due to unbilled units adjustment to electricity sales.

Social

Community Engagement

To support our environmental and sustainability commitments and spread positive energy through our community, GEL offer funding and support for local projects, initiatives or charities that benefit the environment and local community. Twice a year, the Power to the People Fund invites applications to help support locally based initiatives, charities or projects that benefit the environment and wider community. These are then reviewed by our Environmental Initiatives Group and successful applicants will receive funding to help implement an upcoming environmental initiative. This includes initiatives, events, projects and groups with a cause and brand that resonates with the four pillars of GEL's 5-year Environmental Sustainability Strategy:

- Affordable and clean energy
- Climate Action
- Healthy ecosystems
- Education, awareness, and skills.

GEL's Environmental Vision is "to make a positive contribution to our island environment for today and for the benefit of future generations" and we want to support our island community in a way that achieves our vision. During the year we have supported some great initiatives including:

Volunteers remove Sour Fig (Carpobrotus edulis) from L'Eree headland.

- **Sour Fig removal at L'Eree** – We helped the National Trust, and the Guernsey Conservation Volunteers remove Sour Fig (Carpobrotus edulis) from L'Eree headland. 10 tonne bags of Sour Fig were removed from the site, aided by members of our network team in loading and transporting the waste to the tip.
- **Osprey nesting** – We helped a local bird expert successfully install osprey nesting platforms which are close to both St Saviour's Reservoir and Perelle Bay. These nesting sites have been specially designed to attract young osprey of about two years old as they migrate from Africa to Scotland.

Osprey Nesting Box.

Ospreys have been spotted annually in Guernsey and Herm since 2010, however there has so far been no confirmed breeding population. These new nesting platforms will be more suitable in this more visible location for the birds.

- **Primary School Sensory Garden** – We donated to help establish a sensory garden at St Mary and St Michael Catholic Primary School in St Sampson. Previously an unused space at the back of the school, our contribution helped to transform the area into a sensory garden containing plants, flowers, herbs, trees and a water fountain plus sustainable elements such as bug hotels. Children can spend quiet time relaxing in the garden and the school also hold reading classes within the space.

Customer Engagement

As a company we are always seeking opportunities to engage with our customers and took part in 4 seafront Sundays over the summer to enable us to talk with customers in a more casual setting. In addition, this year we hosted various evening and weekend tours of the power station for the general public which proved to be very popular.

In May 2023 Guernsey Electricity established the GEL Customer Support Forum comprising representatives from local charitable and volunteer organisations.

The forum is led by the Head of Customer Experience and the Head of Stakeholder Engagement.

The forum members are:

- Guernsey Electricity
- Citizens Advice Guernsey
- Age Concern Guernsey
- Guernsey Welfare Service
- Guernsey Housing Association
- The States of Guernsey Income Support

The forum meets regularly to discuss important issues that matter to customers, particularly the most vulnerable customers or those hardest to reach through traditional communication channels, and to obtain feedback and improve the services GEL offers.

The Forum has three core aims:

- To work collaboratively on providing support and guidance for electricity customers who may be struggling financially,
- Helping to identify and develop solutions for common issues with electricity services (for example billing or metering),
- Ensuring that Guernsey Electricity are providing products and services that are of a high quality and are accessible to all customers.

Several GEL employees have attended drop-in sessions or training with the organisations, and GEL have also provided contributions to the forum members' literature and newsletters.

Investing in our People

The skills and competencies of our employees is a fundamental factor which will affect GEL's ability to deliver on the core expectations of the Electricity Strategy for Guernsey. As a long-established

Drop-in sessions have helped to educate GEL staff on energy efficiency.

electricity utility business, we have many existing strengths to capitalise on. However, we also recognise areas where we'll need to enhance our skills and competencies to be ready for the challenges and opportunities approaching as the electricity system and market necessarily evolves.

Building a committed, engaged and diverse workforce will be critical to achieving success and to achieve this we must invest in our people.

The Next Generation of Employees

We remain committed to our apprenticeship scheme to develop future talent and were delighted to learn that Dan Marley, a member of our commercial contracting team, won the plumbing apprentice of the year award. In May we took part in a careers show offering an insight into subsea engineering and the energy transition together with the varied careers available at GEL. Later in the year, we hosted our own GEL Apprenticeship Career Event for 30 students from La Mare De Carteret High School who were interested in apprenticeships for when they leave

We made changes to the layout of our electricity bills in response to customer feedback.

Social *continued*

44
Average employee age

8.2
Years average length of service

75%
Male workforce

25%
Female workforce

16.55%
Gender pay gap

11
Apprentices

2
Bursary students

school next year. We put together a full programme including a Power Station Tour and offered some fantastic hands-on experiences for students. We also participated in the International Women in Engineering Day.

Employee Personal Development

To enable staff retention, it is important that people feel supported and developed therefore we continually invest in the ongoing training and personal development of our staff. This year we have continued with our bursary sponsorship of undergraduates and have had success sponsoring engineers through Higher National Certificate/ Diploma programmes. We sponsor professional accreditations in our Finance, Marketing, Information Technology and Project Management areas, as well as more formal Institute of Directors (IOD) qualifications. We continue to offer a successful apprenticeship and bursary programme to support trainees and those wishing to further their education.

Diversity, Inclusion and Equity

At Guernsey Electricity, we welcome those of all gender identities to create a fully inclusive workforce that supports the transition to a more sustainable future. Diversity brings new ways of working and new ways of thinking and GEL supports the creation of a diverse workforce spanning many job sectors to bring affordable, reliable, sustainable, and modern energy to all islanders.

Recruiting females for engineering roles remains challenging. Throughout the year GEL has highlighted how women are playing a role in what is often considered a traditionally male-oriented industry aiming to attract more women into the industry. We were particularly pleased this year to recruit a female bursary student. Along with gender diversity we are pleased to report an increasing cultural diversity to our workforce. Partly necessitated by market conditions we now have employees recruited from Kenya, Latvia, Malaysia, Portugal, Peru, South Africa, Thailand, USA, Zambia and Zimbabwe.

With the introduction of the Guernsey Prevention of Discrimination Ordinance 2022 and in line with best practice Guernsey Electricity have updated policies and procedures and rolled out training to everyone in the organisation to ensure we do not indirectly discriminate. Our HR team have reviewed and updated questions that are asked on application forms or during interviews to ensure compliance and no underlying bias.

Health, Well-being & Employee Engagement

Following its well-being theme GEL's well-being working group has continued during the year and this year focusing on tackling the issue of men's mental health including a talk about men's mental health and Prostrate Care. Our five trained Mental Health First Aiders continue to support colleagues across

different areas of the business through confidential discussions and signposting to relevant help.

GEL continue to promote a healthy commute to work and in recognition of the increasing number of colleagues opting to take alternative transport to work over the last few years two new bike sheds were installed during the year. The company provide e-Bikes for hire during work hours and offer an interest free loan scheme to enable employees to purchase an e-Bike and accessories of their own.

Pay & Benefits

We encourage our employees to work in a flexible way that fits into their lifestyle. Our policies help employees enjoy island life, progress their career, recognise efforts and pay fairly. GEL is an Equal Opportunities employer. Our mission is to welcome everyone and create a fully inclusive workforce designed to support the journey to a more sustainable future.

Operational excellence training aims to embed continuous improvement across our organisation.

Corporate Governance

As a Board we take corporate governance very seriously, ensuring our governance and compliance systems are appropriate and our people are trained to run these systems effectively. Guernsey Electricity's corporate governance arrangements take into account the needs of the shareholder, business and customers.

The Board

The Board's role is to provide entrepreneurial leadership of the company within a prudent framework of risk management and internal control. The Board is responsible for setting and implementing strategy, allocating the necessary human and financial resources to meet the company's objectives, and monitoring the performance of management against those objectives. The Board is collectively accountable for the success of the company, to deliver the company's values and standards and takes decisions objectively in the interests of the business, its customers, its shareholder and other stakeholders.

Division of responsibilities

Chair

Peter Shaefer, the Chair, is responsible for the running of the Board and spends on average 2 days per month in his role. The Board consider that he has no other external directorships which make conflicting demands on his time as Chair. Gillian Browning is the Deputy Chair and Senior Independent Director appointed by the Board.

Chief Executive

Alan Bates is the Chief Executive Officer (CEO) and is responsible for leading the development and execution of the company's long-term strategy with a view to creating shareholder value. The leadership role of the CEO also entails being ultimately accountable for all day-to-day management decisions and for implementing the company's long and short-term business plans. The CEO is head of the Executive Leadership Team (ELT).

Executive Directors

The Chief Financial Officer (CFO) and Chief Operating/Operations Officer (COO) are the other two Executive Directors on the Board and ensure the company's financial and operational objectives are delivered and the governance and compliance systems are working effectively.

Non-Executive Directors

Non-Executive Directors help to develop and challenge the company's strategy. They evaluate the performance of management and monitor the reporting of performance. They consider the integrity of financial information and the strength of financial controls and risk management systems. They oversee executive remuneration and play the main role in the appointment, removal, and succession planning for Executive Directors. The appointment of Non-Executive Directors is ultimately made by the States of Guernsey based on recommendations by the Board.

The Shareholder

Guernsey Electricity Limited is 100% owned by the States of Guernsey, through the States Trading Supervisory Board. There is a Memorandum of Understanding between the Shareholder and the company setting out matters which can be dealt with by the company and those which should be referred back to it, together with inclusion of the shareholder expectations in respect of corporate governance. The Memorandum of Understanding also includes the specific shareholder objectives for GEL.

How the Board operates

Board balance and independence

Throughout the year the company has had a balance of independent Non-Executive Directors on the Board who ensure that no one person has disproportionate influence. The number of Non-Executive Directors has been set to ensure there is sufficient knowledge and experience on the Board and each of the Sub-Committees (ensuring that the Sub-Committees each has the right members with sufficient time as required).

All of the Non-Executive Directors bring with them significant commercial experience from different industries, which brings diversity of thought and challenge and ensures that there is an appropriate balance of skills on the Board. There is a clear and documented distinction of roles between the Chair and CEO.

Information and professional development

For each scheduled Board meeting the Chair and the Company Secretary ensure that the directors receive a copy of the agenda for the meeting, company financial, strategic and operating information and information on any other matter which is to be referred to the Board for consideration. The directors also have access to the Company Secretary for any further information they require.

All newly appointed directors participate in an internal induction programme that introduces the director to the company.

The Company Secretary, who is appointed by the Board is responsible for facilitating compliance with Board procedures. This includes recording any concerns relating to the running of the company or proposed actions arising therefrom, that are expressed by a director in a Board meeting. The Company Secretary is also Secretary to all of the Board's Sub-Committees.

Board meetings and attendance

There were 4 quarterly scheduled meetings of the Board held during the year together with 2 shorter notice meetings and 2 off-site business days.

Environmental, Social and Governance report

During the year two additional Sub-Committees, Engagement and Strategy, were formed to support the Board in the delivery of the island's Electricity Strategy policy direction and the journey through energy transition.

Attendance during the financial year for Board meetings is given in the table below.

Total Meetings in period	6	4	4	7	3	3
Director	**Board**	**A&R**	**RNC**	**L&P**	**Engagement**	**Strategy**
A Bates	6	–	–	7	3	3
K Brouard	6	–	–	7	–	3
S-A David*	6	–	–	6	–	1
M Jones*	–	–	–	–	–	1
R Denton	5	4	–	–	2	–
G Browning	6	–	4	–	3	–
P Shaefer	5	–	4	6	–	–
I Chapman	5	3	–	–	–	3
T Songini	6	–	4	–	–	3
J Peacegood	5	3	–	–	3	2

*Mrs David was a member for all Board and Land & Property Sub-Committee meetings in the period and 2 of the 3 Strategy Sub-Committee meetings. Mr Jones became a member of the Board and Land & Property and Strategy Sub-Committees on the retirement of Mrs David and was therefore only a member for 1 Strategy Sub-Committee meeting, no Board or Land & Property Sub-Committee meetings.

Where an individual is unable to attend a meeting, they still receive all papers beforehand and have the opportunity to feedback on any topic.

Board Strategy

The full Board meets once a year for a Board Strategy Day, also attended by the ELT and other senior employees to agree strategic priorities for the next three years and to provide direction on key issues to the ELT. The focus of the day during this financial year being the island's Electricity Strategy and the implications of this for the company. The Board also aims to meet annually for the Board Risk Review Session. The company's top strategic risks and annual risk actions, as proposed by the ELT are reviewed and approved by the Board, thereby setting the company's risk management strategy for the year.

Key areas of focus for the Board

The principal areas of strategic focus and development agreed by the Board and monitored throughout the financial year were:

- States of Guernsey Electricity Strategy.
- Capital investment programme delivery.
- Renegotiation of interconnector contract and pricing.
- Tariff Strategy and future funding.

Looking ahead the key priority for next financial year will be the conversion of States Electricity Strategy to GEL strategy and the plan for funding and delivery of this.

How we are governed

In addition to regular scheduled Board meetings, some of the Board's governance authorities have been adopted by various Sub-Committees. Each of the Committees has Terms of Reference agreed by the Board. Each Committee reports back to the full Board and minutes of all meetings are available to all directors.

Remuneration & Nominations Sub-Committee

The Remuneration & Nominations Sub-Committee (RNC), which is chaired by Gillian Browning, consists solely of three Non-Executive Directors however all Non-Executive Directors may attend the meetings. The purpose of the RNC is to assist the Board in the effective discharge of its responsibilities for the remuneration and other employment conditions of Executive Directors and senior management and to act as a Nominations Sub-Committee as the need arises.

Non-Executive Director Remuneration

Non-Executive Directors' fees are determined by the States Trading Supervisory Board and are subject to review on an annual basis. The amounts reflected during the financial year were as follows:

P Shaefer	£17,631
G Browning	£13,690
R Denton	£13,690
I Chapman	£13,690
T Songini	£13,690
J Peacegood	£13,690

Corporate Governance *continued*

Executive Remuneration

In line with the authority delegated by the Board, the RNC is responsible for determining the terms and conditions of employment for the Executive Directors. The RNC involves all the Non-Executive Directors in determining individual Executive Director employment packages. No director is permitted to be involved in deciding the amount of his or her own remuneration or the terms of their employment package. As per the Memorandum of Understanding between the company and the shareholder, the Board ensures the policy and procedures in place provide a level of remuneration for the directors that does not exceed that which is sufficient to attract, retain and motivate directors of the quality required to run the company successfully. The Sub-Committee then ensures the individual remuneration packages put in place within the company provide appropriate incentives which encourage enhanced performance and reward, in a fair and responsible manner for individual contributions to the success of the company. To achieve this a proportion of all executive directors' remuneration is structured to link the approval of any rewards to corporate and individual performance.

The salaries of the Executive Directors are assessed, and any changes approved annually in the context of performance against objectives and behaviours/competences of the individual director. The specific performance objectives are set in advance of each financial year and after initial challenge by the Sub-Committee, the final approval of the objectives is by the Board to ensure alignment with long-term strategic goals. Part of the package is the Executive Directors' Bonus Scheme (EDBS), which is a long-term incentive plan whereby bonus can only be earnt dependent on company performance against previously agreed financial and operational metrics. The value that can be earnt is subject to a maximum cap which is reserved for outstanding performance only.

Following the financial year end, overall performance against these metrics is evaluated and each individual director's contribution to that performance is scrutinised by the Sub-Committee before authorisation is given to any amounts payable. A proportion of this bonus is then deferred for a two-year period to incentivise acting in the longer-term interest of the company. These deferred values are subject to further assessment and challenge before payment is authorised, this being to evaluate the continuing longer-term performance of both the company and the individual directors.

The EDBS was last reviewed by the RNC in financial year 2021/22 to ensure it continued to reflect the effective delivery of strategic projects or strategic imperatives and included a measure of directors' behaviours in this regard.

During the period the RNC commissioned a review to benchmark director remuneration packages by an independent third-party expert. The findings of this review being that salaries were determined to be paid within their respective market ranges whereas the Executive bonus arrangements were advised to be below typical market practice. In the experience of the GEL Non-Executive Directors the bonus arrangements were considered comparable to other public sector organisations and therefore deemed appropriate.

The membership of this Sub-Committee during the financial year was as follows.

Chair: G Browning
Members: P Shaefer
T Songini

In line with its' terms of reference the principal activities of the Sub-Committee during the period were:

- Nominations. Concluding the recruitment exercise commenced in September 2022 to replace the retiring Chief Operations Officer.
- Reviewing Board skills and succession planning. Considering the requirement to replace Non-Executive Directors due to retire at the 2024 AGM with recruitment advertising commencing in September 2023.
- Board Effectiveness. Undertaking and reviewing the annual internal board effectiveness survey.
- Executive remuneration policy. The Sub-Committee ensured the policy remains fit for purpose by undertaking an external benchmarking review of Executive and senior management remuneration packages. It then determined pay and bonus awards in line with that policy.

Audit & Risk Sub-Committee

The purpose of the Audit & Risk Sub-Committee is to assist the Board of directors of Guernsey Electricity Limited in the effective discharge of the Board's responsibilities for risk management, financial reporting, and internal control in order to ensure high standards of probity and good corporate governance. In doing so, the Audit & Risk Sub-Committee is required to act independently of the executive and seek to safeguard the interest of the company shareholder.

Whilst the Sub-Committee has no executive powers, it has wide ranging terms of reference and reports to the Board on a regular basis.

The Audit & Risk Sub-Committee members comprise Non-Executive Directors. Rick Denton is the Chair of the Audit & Risk Sub-Committee, and the Board is satisfied that the Sub-Committee has, through its membership, access to recent and relevant experience to enable the duties of the Sub-Committee to be fully discharged. The Sub-Committee is supported by Mr R Winter, Head of RQHSE (Risk, Quality, Health, Safety and Environment). Both the company's internal and external audit partners have direct access to the Sub-Committee should it be required.

The membership of this Sub-Committee during the financial year was as follows:

Chair: R Denton
Members: I Chapman
J Peacegood

During the year the Sub-Committee considers that is has acted in accordance with its' terms of reference ensuring:

- The independence and effectiveness of internal and external auditors, overseeing periodic tendering of these services.
- Appropriate controls and measures are in place to mitigate against material risks, performing deep dive reviews on specific risk areas and monitoring the company's overall risk appetite and strategy.
- The integrity of the financial statements. Reviewing significant financial reporting issues and judgements they contain.
- Whistle blowing arrangements are in place.
- Cyber security risks are managed and reported.
- The previously mentioned Board Risk Review Session was held during November 2023. Led by the Sub-Committee, this session focused on a strategic review of the major risks that should be overseen by the Board in the development of its strategic plan and the performance of its operating model.
- An internal effectiveness evaluation exercise that saw a general improvement in performance ratings.

Land & Property Sub-Committee

The Chief Financial Officer is the Chair of the Land & Property Sub-Committee. The main terms of reference for this Sub-Committee are to review and approve all routine property transactions undertaken by the company up to a limit set by the Board and to undertake such other tasks relating to land and property as directed by the Board. This Sub-Committee comprises the Chair of the Board together with all the Executive Directors.

Engagement Sub-Committee

The Engagement Sub-Committee formed during the year in response to increased engagement activities surrounding the States of Guernsey Electricity Strategy on a temporary basis. The committee comprises all on-island Non-Executives together with the CEO and is chaired by Joanne Peacegood.

Strategy Sub-Committee

The Strategy Sub-Committee is a temporary committee formed during the year to aid the update of the company's long-term strategic vision and associated mid- and short-term plans in line with the island's Electricity Strategy policy direction. The Sub-Committee is chaired by Tania Songini and comprises all Executive Directors together with Ian Chapman and Joanne Peacegood.

Relations with the shareholder

The company's issued share capital is wholly owned by the States of Guernsey. The States Trading Companies (Bailiwick of Guernsey) Ordinance, 2001, as amended, provided for the States of Guernsey Advisory & Finance Committee (subsequently the Treasury & Resources Department) to undertake, on behalf of the States, the role of shareholder representative.

Following the re-organisation of the States of Guernsey and the introduction of "The Organisation of States' Affairs (Transfer of Functions) Ordinance 2016" and the General Election of Deputies held in April 2016, the powers, duties, and responsibilities of the Treasury & Resources Department in relation to the company were transferred to the States Trading Supervisory Board. The shareholder functions, including holding equally the issued share capital of the company in trust on behalf of the States of Guernsey, of the Minister and Deputy Minister of the Treasury & Resources Department have also been transferred to the President and Vice President of the States Trading Supervisory Board by virtue of section 1.(1) The Organisation of States' Affairs (Transfer of Functions) Ordinance 2016.

Provision is also in place for the States to give guidance to the States Trading Supervisory Board on the policies it wishes to be pursued in fulfilling its role. Each year, the company submits its forward plan to the States Trading Supervisory Board. In addition, the company has signed a Memorandum of Understanding with the States' shareholder representative concerning the manner in which the company and its shareholder's representatives will interact in respect of stewardship and corporate governance matters generally. Quarterly meetings are held between the STSB and the company attended by the Non-Executive Chair, the Chief Executive Officer and the Chief Financial Officer plus other directors on request. Between meetings, the company maintains an active dialogue with the STSB as shareholder primarily through liaison between the CEO and Head of Shareholder Executive.


TAKEUCHI JN CIVILS

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial period. Under that law, they have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and applicable company law.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and to enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect 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, and for the preparation and dissemination of financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Guernsey Electricity Limited

Opinion

We have audited the financial statements of Guernsey Electricity Limited (the "company") for the year ended 30 September 2023 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and the related notes 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland."

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the UK FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 30 June 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities set out on page 33 , the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (United Kingdom Accounting Standards), The Companies (Guernsey) Law 2008 and the relevant direct tax compliance regulation in the Bailiwick of Guernsey.
- We understood how Guernsey Electricity Limited is complying with those frameworks by making enquiries of the directors and those responsible for compliance matters and corroborated this by reviewing minutes of meetings of the Board of directors and the Audit and Risk Committee. We gained an understanding of the Board's approach to governance, demonstrated by its review of reports from management, compliance and internal audit reports and review of internal control processes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by identifying electricity sales as a fraud risk. We considered the controls the company has established to address risk identified by the directors or that otherwise seek to prevent, detect or deter fraud and how management and those charged with governance monitor those controls. We also considered the existence of any stakeholder influences which may cause management to seek to manipulate the financial performance and did not note any.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the review of minutes of meetings of the Board of directors and the Audit and Risk Committee, review of compliance and internal audit reports; making inquiries of those charged with governance; and performance of journal entry testing based on our risk assessment and understanding of the business, with a focus on non-standard journals and those relating to areas with an identified associated fraud risk, as described above.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. 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.

Ernst & Young LLP

Ernst & Young LLP
Guernsey, Channel Islands

Date 25 April 2024

Statement of comprehensive income

for the year ended 30 September 2023

	Note	30 Sept 2023 £'000	30 Sept 2022 £'000
Revenue	4	**64,646**	59,147
Cost of sales		**(50,468)**	(51,858)
Gross profit		**14,178**	7,289
Net operating expenses		**(10,588)**	(9,506)
Operating profit/(loss) before pension settlement		**3,590**	(2,217)
Pension settlement gains	24	**527**	5,154
Operating profit after pension settlement	5	**4,117**	2,937
Net (losses)/gains on derivatives at fair value	23	**(711)**	1,662
Finance income	6	**765**	7
Finance cost	6	**(1,842)**	(1,252)
Profit on ordinary activities before taxation		**2,329**	3,354
Taxation charge	7, 14	**(2,920)**	(1,580)
(Loss)/profit for the financial year after taxation		**(591)**	1,774
Other comprehensive income:			
Changes in fair value of cashflow hedges:	23		
• Effective portion		**(1,227)**	1,453
Remeasurement of net defined benefit liability	24	**2,881**	17,413
Tax charge on remeasurement of net defined benefit liability	14	**(530)**	(3,499)
Total comprehensive income for the financial year		**533**	17,141

All activities derive from continuing operations.

The notes on pages 40 to 69 form an integral part of these financial statements.

Statement of financial position

at 30 September 2023

	Note	30 Sept 2023 £'000	30 Sept 2022 £'000
Non-current assets			
Property, plant and equipment	9	**150,016**	142,856
Intangible assets	10	**3,106**	3,225
Investments	11	**5**	5
		153,127	146,086
Current assets			
Inventories	12	**8,255**	7,782
Trade and other receivables	13	**16,154**	18,012
Balances with States' Treasury	15	**10**	26
Cash		**1,148**	3,799
		25,567	29,619
Current liabilities			
Trade and other payables: amounts falling due within one year	16	**(42,551)**	(22,786)
Net current (liabilities)/assets		**(16,984)**	6,833
Total assets less current liabilities		**136,143**	152,919
Non-current liabilities			
Trade and other payables: amounts falling due after more than one year	17	**(30,605)**	(44,645)
Pension surplus	24	**8,053**	4,784
Net assets including pension surplus		**113,591**	113,058
Equity			
Share capital	20	**105,209**	105,209
Reserves		**8,382**	7,849
Total equity		**113,591**	113,058

The financial statements on pages 36 to 69 were approved by the Board of directors on 23 April 2024.

Signed on behalf of the Board of directors

P Shaefer Director

A Bates Director

The notes on pages 40 to 69 form an integral part of these financial statements.

Statement of changes in equity

for the year ended 30 September 2023

	Share capital £'000	Reserves £'000	Total equity £'000
1 October 2021	105,209	(9,292)	95,917
Profit for the financial year	–	1,774	1,774
Other comprehensive income for the year			
Remeasurement of net defined benefit liability	–	17,413	17,413
Tax charge on remeasurement of net defined benefit liability	–	(3,499)	(3,499)
Effective gains on hedging instruments in a cash flow hedge	–	1,453	1,453
Total comprehensive income for the year	–	17,141	17,141
30 September 2022	105,209	7,849	113,058
Loss for the financial year	–	(591)	(591)
Other comprehensive income for the year			
Remeasurement of net defined benefit liability	–	2,881	2,881
Tax charge on remeasurement of net defined benefit liability	–	(530)	(530)
Effective losses on hedging instruments in a cash flow hedge	–	(1,227)	(1,227)
Total comprehensive income for the year	**–**	**533**	**533**
30 September 2023	**105,209**	**8,382**	**113,591**

The notes on pages 40 to 69 form an integral part of these financial statements.

Cash flow statement

for the year ended 30 September 2023

	Note	30 Sept 2023 £'000	30 Sept 2022 £'000
Net cash inflow from operating activities	21	**9,812**	8,059
Cash flow from investing activities			
Payments to acquire property, plant and equipment including intangible assets		**(12,880)**	(4,627)
Proceeds of disposal of property, plant and equipment		**–**	28
Customers' contributions towards capital expenditure		**6**	47
Net cash outflow from investing activities		**(12,874)**	(4,552)
Cash flow from financing activities			
Finance income		**417**	7
Finance cost		**(1,739)**	(921)
Amounts drawn under credit facilities		**3,500**	–
Amounts repaid under credit facilities	16	**(1,667)**	(1,667)
Net cash inflow/(outflow) from financing activities		**511**	(2,581)
(Decrease)/increase in cash and cash equivalents during the year		**(2,551)**	926
Cash and cash equivalents at the beginning of the year		**3,825**	2,866
Exchange (losses)/gains on cash and cash equivalents		**(116)**	33
Cash and cash equivalents at the end of the year		**1,158**	3,825
Cash and cash equivalents consists of:			
Balances with States' Treasury	15	**10**	26
Cash		**1,148**	3,799
		1,158	3,825

Movements in balances with States' Treasury (note 15) and the other income are deemed cash equivalents in accordance with section 7 of FRS 102 (Cash flow statement).

The notes on pages 40 to 69 form an integral part of these financial statements.

Notes to the financial statements

1. General information

Guernsey Electricity Limited was incorporated on 24 August 2001 and is registered in Guernsey. The company is governed by the provisions of the Companies (Guernsey) Law, 2008. The address of its registered office is PO Box 4, Electricity House, Northside, Vale, Guernsey, GY1 3AD.

The company was established in accordance with the provisions of the States Trading Companies (Bailiwick of Guernsey) Law 2001 (Commencement) Ordinance and the States Trading Companies (Bailiwick of Guernsey) Ordinance 2001 to take over the generation, importation and distribution of electricity previously carried out by the States of Guernsey Electricity Board with effect from 1 February 2002.

The principal activities of the company are the generation, importation and distribution of electricity and the sale of associated goods and services.

The company is classified as a Public Benefit Entity given that its primary objective is to seek value and an appropriate return that provides best value to the island's economy whilst striking a balance with its enabling role in supporting the social, economic and environmental objectives for the long-term benefit of the island and its community.

2. Statement of compliance

The financial statements give a true and fair view, have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, ''The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland'' (''FRS 102'') and are in compliance with the Companies (Guernsey) Law, 2008.

3. Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the financial periods presented, unless otherwise stated. Certain comparative numbers have been reclassified or included to align with current year disclosure or presentation.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost convention as modified by the fair value for derivative financial instruments.

Going Concern

On the basis of their assessment of the company's financial position and resources, the directors believe that the company is well placed to manage its business risks.

Following the transfer of responsibility for tariff regulation from the GCRA to the States Trading Supervisory Board ("STSB"), a revised tariff structure was implemented in July 2022. Tariffs were increased on the basis of an electricity revenue cap of 9% in July 2022 and a further 13% in July 2023. In April 2024 GEL submitted for STSB consideration a tariff application effective from July 2024. This submission seeks to secure tariff increases and is modelled for a series of variables to ensure the company remains within the financial facility covenants.

Directors have also considered cash flow forecasts including, but not limited to, 30 June 2025.

3. Principal accounting policies – *(continued)*

Going Concern – *(continued)*

The company holds credit loan facilities with total facility limits of £50m. The RBSI Revolving Credit Facility ("RCF") had an option to extend up to a maximum of £35m but this had not been fully exercised. £15.5m remained available to draw down as at 30 September 2023 as set out in the table below.

The RBSI RCF expired on 2 October 2023. This was replaced by an RCF facility with HSBC, Guernsey for a further period of 5 years and was executed on 26 April 2023 for drawdown on 2 October 2023. The initial HSBC facility limit was £20m and an option to increase the facility up to £35m. The HSBC RCF was taken out to replace the RBSI RCF and not to be drawn at the same time.

Credit Facility	Facility Limit	Term	Expiry	Drawn down as at 30 Sept 2023	Available to draw
RBSI Revolving Credit Facility	£22m (with option to increase to £35m)	5 years	2 October 2023	£19.5m	£15.5m
RBSI Term Loan	£15m	10 years	31 May 2029	£9.58m	–
States of Guernsey Bond	£13m	25 years	30 June 2045	£13m	–
Total	£50m			£42.08m	£15.5m

The company had a fully signed and accepted replacement RCF with HSBC. The transfer between RBSI and HSBC has been effectively undertaken post year end.

The company undertakes active monitoring of its loan covenants, maintaining sufficient headroom to ensure compliance and management have mitigating measures to deploy in order to avoid any potential breach.

As part of the 2023/24 budget setting, 4-year annual plan process and July 2024 tariff change proposals, the directors considered future business performance modelling and sensitivity with particular regard to euro exchange rates, SONIA interest rates, tariff increases, electricity load growth or decline, fuel oil prices, inflation, headcount, capital expenditure and liquidity to ensure modelled scenarios remained fully compliant with loan facility financial covenants.

Considering all the above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence to 30 June 2025. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

Revenue

a) Sales of electricity

Sales of electricity are accounted for on an accruals basis and include the estimated value of unbilled units at the year-end associated with the movement in unbilled units from the beginning of the year to the end of the year. Billable units are the units despatched, adjusted for estimated network losses (5.2% based on management judgement when comparing units billed, units generated and imported, works power and units dispatched to the network over the past 8 years) and works power consumed within the company. The unbilled units are valued at current tariff rates. Customer payments received in advance for electricity sales are included within trade and other payables.

3. **Principal accounting policies** – *(continued)*

Revenue – *(continued)*

b) Sales of goods, commercial and hire purchase

The company operates a retail sales section offering white and brown goods to customers across the Bailiwick of Guernsey. Sales of goods are recognised at the point that the customer takes custody of the goods, either on sale or on delivery. This is the point at which the company recognises the transfer of risks and rewards.

The company operates a commercial contracting division providing electrical and plumbing services to domestic, commercial and industrial clients. Revenue is recognised as the service is provided.

c) Rental income

Rental income is accrued over time by reference to the agreements entered.

d) Deferred income

Customers' contributions towards capital expenditure are credited in equal annual amounts to the statement of comprehensive income over the estimated life of the assets to which they relate.

e) Other income

This represents minor income streams including, but not limited to, consultancy services. These sales are valued as the service is provided or receipt is due.

Employee benefits

The company provides a range of benefits to employees, including a defined benefit pension plan and holiday pay. The defined benefits pension plan was closed to new members from 1 October 2017. A new defined contributions pension plan was set up to receive members from 1 April 2018.

a) Short-term benefits

Short-term employee benefits such as salaries and compensated absence are recognised as an expense in the period employees render services to the company. Holiday leave accruals are recognised at each statement of financial position date to the extent that employee holiday allowance has been accrued but not taken, the expense being recognised as staff costs in the statement of comprehensive income.

b) Pension costs

The employees' pension scheme is a defined benefits scheme. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration.

The asset recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date. When a member of the scheme ceases to be active, associated assets and liabilities will be transferred from the company's Actuarial Account to the States of Guernsey Combined Pool at the end of the company's financial year. Thereafter, the company has no further liability to fund benefits in respect of a member who has ceased to be active and so the accounting treatment adopted is to treat such a transfer of assets and liabilities as a settlement in the income statement in the year that a member of the scheme ceases to be active.

3. **Principal accounting policies** – *(continued)*

Employee benefits – *(continued)*

b) Pension costs – *(continued)*

The company applies employee benefits, Section 28 of FRS 102. In so doing, current service cost and any past service cost is charged to the statement of comprehensive income, together with finance costs/income for the scheme which are recognised in the statement of comprehensive income. The difference between the expected and actual actuarial gains and losses are recognised in other comprehensive income. Annually, the company engages independent actuaries to calculate the defined benefit obligation. The present values of the defined benefit obligation, the related current service cost and any past service costs (if applicable) were measured using the projected unit method. Full actuarial valuations are carried out on a triennial basis and annual updates are carried out to disclose the values and assumptions in accordance with Section 28 of FRS 102. The next triennial review and valuation for the whole States of Guernsey Superannuation fund is as at 31 December 2023. This is lead by the States of Guernsey and the results of which are not anticipated to be available until at least October 2024.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, comprises:

(i) the increase in pension benefit liability arising from employee service during the year; and
(ii) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest income is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This income is recognised in the statement of comprehensive income as 'Other finance income'.

This defined benefits scheme was closed to new members from 1 October 2017. A new defined contributions scheme was established and there were 103 members as at 30 September 2023 (30 September 2022: 66 members).

Leases

Operating lease rentals are recognised in the statement of comprehensive income in equal annual amounts over the lease term.

Finance income/cost

Finance income and finance costs are accounted for on an accruals basis using the effective interest rate.

Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

3. **Principal accounting policies** – *(continued)*

Taxation – *(continued)*

(a) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior periods/years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference. The pension scheme surplus, in both 2023 and 2022, is shown in the accounts as gross of the deferred tax liability.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Assets transferred from the States of Guernsey Electricity Board as at 1 February 2002 are being depreciated over their residual estimated useful lives from that date applying the periods noted below. Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of comprehensive income and included within the operating profit.

Depreciation is calculated so as to write off the cost of property, plant and equipment over the period of their estimated useful lives using the straight-line method. The estimated life of each class of non-current asset is set out below. The estimated life of associated assets within each category are aligned to the remaining useful lives of the major asset to which they are associated with and therefore individual assets may have lives up to, but not exceeding, the time periods noted below. Depreciation commences in the period of acquisition, or on completion of construction. Any shortfall of depreciation arising on the disposal, or write-off, of non-current assets is charged to the disposals account and any proceeds arising from the disposal are credited to that account. Land is not depreciated. Major overhauls of generating assets are treated as separate components and depreciated on the basis of elapsed running hours for the relevant asset. PPE to generate electricity would need to remain in operational condition with the net zero strategy, in the event that low-carbon energy is not sufficient to meet customer demands, and therefore estimated useful lives are appropriate.

3. **Principal accounting policies** – *(continued)*

Property, plant and equipment – *(continued)*

The estimated lives are as shown below:

		Estimated life in hours	Estimated life in years
Buildings			40
Buildings equipment			10
Cable link			25 – 30
Plant and machinery:	– Generation		20 – 35
	– Overhauls	24,000	
	– Distribution		20 – 35
	– Street lights		20
Distribution network comprising:	– Distributors		75
	– Meters		5 – 15
	– Cyclocontrol receivers		5
Motor vehicles			7
Furniture and equipment			3 – 10
Minor plant			5 – 10

No decommissioning costs are provided for cable link as removal is not permitted without a FEPA (Food and Environmental Protection Act) licence.

Joint Arrangements

The Channel Islands Electricity Grid Limited is a jointly controlled operation between Jersey Electricity plc and Guernsey Electricity Limited who each own an equal 50% shareholding. The company was formed to manage the cable link project and the ongoing operation of the cable links between Guernsey, Jersey and France. In accordance with Section 15 of FRS 102, "Investments in joint ventures", these financial statements include the company's entitlement to the assets, liabilities, cash flows and the shared items of this Joint Arrangement where the company's entitlements are fully determined by contracts with the other party to the jointly controlled operation.

The Channel Islands Electricity Grid Limited is considered to meet the definition of a jointly controlled operation. As a result, for its interest in the Channel Islands Electricity Grid Limited, Guernsey Electricity Limited recognises the following in its financial statements in accordance with FRS 102, paragraph 15.5:

(a) the assets that it controls and the liabilities that it incurs; and

(b) the expenses that it incurs, and its share of any income earned by the joint venture.

The jointly controlled operation assets are included within property, plant and equipment.

3. Principal accounting policies – *(continued)*

Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. It is identifiable when it is separable, i.e. is capable of being separated or divided from the company, or when it arises from contractual or other legal rights. An intangible asset shall be recognised if, and only if:

(a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the company; and

(b) the cost of the asset can be measured reliably.

On 4 May 2021, the company implemented a new Enterprise Resource Planning ("ERP") System which was developed over a two-year period. This intangible asset has been initially measured at cost. The cost comprises its purchase price, and non-refundable purchase taxes, after deducting trade discounts and rebates and any directly attributable cost of developing and preparing the system for its intended use, including testing. Subsequent expenditure on intangible assets is capitalised only if it is probable that it will increase the future economic benefits associated with the specific asset. Other expenditure is recognised in profit or loss as incurred.

After initial recognition, intangible assets are measured at cost less accumulated amortisation and impairment losses, if any.

Intangible assets are amortised on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. The estimated useful lives, residual values and amortisation methods are reviewed at each year end and any changes in estimates are accounted for prospectively.

The estimated life is as shown below:

Intangible asset type	Estimated useful economic life
Software	10 years

An intangible asset is tested for impairment if:

(a) there is a trigger for impairment; and

(b) annually for projects under development.

Intangible assets are derecognised from the statement of financial position on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss arising from the derecognition of an intangible asset is recognised within the statement of comprehensive income at the moment of derecognition.

Inventories

Inventories are valued at the lower of cost and estimated selling price less cost to complete and sell. Inventories are valued at weighted average cost. In respect of goods held for resale, a provision is made based on the time elapsed since the goods were purchased. Provision is made for other inventories relating to strategic plant, based upon the remaining useful economic life of the assets to which they relate. The cost of work in progress includes costs directly related to the units of production and a systematic allocation of fixed and variable production overheads. Inventories are recognised as a cost of sale in the period in which the related revenue is recognised.

3. Principal accounting policies – *(continued)*

Inventories – *(continued)*

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the statement of comprehensive income. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the statement of comprehensive income.

Foreign exchange

a) Functional and presentation currency

The company's functional and presentation currency is Pounds Sterling, being the primary economic environment in which the company operates. All amounts in the financial statements have been rounded to the nearest £1,000.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each year-end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Financial instruments

a) Cash and cash equivalents

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

b) Trade and other receivables

Trade receivables are initially recognised at invoice value and do not carry any interest and are reduced by appropriate allowances for estimated irrecoverable amounts.

c) Trade and other payables

Trade and other payables are initially recognised at invoice value and are not interest bearing and are subsequently stated at their amortised cost. Amortised cost is considered by the directors to be equivalent to invoiced value.

d) Borrowings

Borrowings are measured at amortised cost using the effective interest method. Interest expense is recognised by applying the effective interest rate.

3. Principal accounting policies – *(continued)*

Financial instruments – *(continued)*

e) Derivative financial instruments

The company applies hedge accounting policies under FRS102 on GBP/EUR forward foreign exchange contracts.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. Changes in the fair value of derivative financial instruments which are designated as effective hedges of future cash flows are recognised directly in other comprehensive income and any ineffective portion is recognised immediately in unrealised foreign exchange in the income statement. When hedges mature the amounts previously recognised in other comprehensive income will be recognised in the income statement (effective portion against cost of sales and ineffective against realised foreign exchange).

Hedge accounting is discounted when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Until 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 (ineffective), the net cumulative gain or loss that has been recognised in other comprehensive income is transferred to realised foreign exchange.

Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(i) Revenue

Sales of electricity include an estimate for the value of unbilled units at the end of each financial period which represents the estimated units consumed by customers since the last billing date. The estimate is calculated as the units produced, less works power and an estimate of losses on the distribution network to determine the units delivered to customers. Billed units are deducted from this amount to derive the unbilled units. These unbilled units are valued at current tariff rates. See note 4 for the value of unbilled units included in sales of electricity.

(ii) Future Tariffs

The company had approval for a tariff change from the States Trading Supervisory Board ("STSB") that allowed the company to raise its tariffs to recover additional electricity revenue of up to 9%, net of current cost pass-through adjustments, effective from 1 July 2022. A further increase in tariffs to recover additional electricity revenue of up to 13% was approved by STSB effective 1 July 2023. In April 2024 the company submitted for STSB consideration a tariff application effective from July 2024. This submission seeks to secure tariff increases modelled to be within the financial facility covenants. These tariff changes continue to be based on prior usage and in the judgement of the directors, the past usage basis for this tariff change will remain unchanged.

3. Principal accounting policies – *(continued)*

Critical accounting judgements and estimation uncertainty – *(continued)*

(iii) Assets Impairment Review

An annual impairment review on all intangible assets concluded that there were no grounds to impair the ERP project economic value or economic life.

It was also considered and concluded that there were no indicators present in the year to require impairment of property, plant or equipment other than a very low percentage of the original cost of two heavy fuel oil storage tanks that underwent capitalised refurbishment work in the year.

The net zero strategy is not an impairment indicator for existing assets since plant, property and equipment to generate electricity would need to remain operational as back up or top up in the event that the availability of low carbon energy is not sufficient to meet demand.

(iv) Pension scheme

The most recent formal actuarial valuation of the company's Actuarial Account carried out as at 31 December 2020 indicated that the Actuarial Account was in surplus. The company chose to reduce the employers' contribution rate from 11.5% to 7.5% of pensionable pay with effect from 1 August 2022, using some of the surplus as a prudent margin to cover any adverse future experience within the Actuarial Account. This contribution rate was approved by the States of Guernsey. The next triennial review and valuation for the whole States of Guernsey Superannuation fund is as at 31 December 2023, the results of which are not anticipated to be available until at least October 2024.

The calculations for the FRS 102 disclosures have been carried out by running full actuarial calculations as at 30 September 2023.

The Actuarial Account had an FRS102 surplus of £8,053,000 based on the assumptions as stated in note 24.

(v) Deferred tax

Deferred tax in the financial statements is measured at the actual tax rates that are expected to apply to the income in the periods in which the timing differences are expected to reverse. Various rates of income tax are applied depending on the activity of the company. The rate applied in relation to the company's activities is a combination of the company standard rate and the company higher rate. Deferred tax has been provided on timing differences depending on which rate they are expected to reverse out in the future. Where deferred tax balances relate to items which may be taxed at either 20% or 0% a blended rate of 18.51% (2022: 20.12%) has been used to provide for deferred tax. The blended rate has been calculated by reference to the company's effective rate of tax in the year ended 30 September 2023.

(vi) Derivative valuation

Derivatives are remeasured and adjusted for on a regular basis and the remeasurements are undertaken by the financial institutions that the derivative has been executed through. The valuations are only relevant at a specific point in time and the prices they are measured at are open to fluctuations. The values used within these financial statements were accurate on 30 September 2023.

3. Principal accounting policies – *(continued)*

Critical accounting judgements and estimation uncertainty – *(continued)*

(vii) Property, plant and equipment

a) Recognition

The costs of property, plant and equipment are only recognised as an asset when there is sufficient certainty that the asset will be completed. For significant projects, an assessment is made at least annually, or at the time of key project milestones, and the associated costs are recognised in the statement of comprehensive income until such time that management considers it probable that the project will proceed to completion.

b) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of the property, plant and equipment.

c) Impairment/disposals

At each statement of financial position date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset or cash generating unit ("CGU") may be impaired. If there is such an indication, an estimation of the recoverable amount of the asset or CGU is determined which requires estimation of the future cash flows from the asset or CGU and also selection of appropriate discount rates in order to calculate the net present value of those cash flows. No decommissioning costs are provided for cable link as removal is not permitted without a FEPA (Food and Environmental Protection Act) licence. The net zero timeline is by 2050. Part of this strategy requires that existing back up generation assets continue to be maintained ready for operation for the rest of their existing useful lives so no impairment is required at this time.

4. Revenue

	30 Sept 2023 £'000	30 Sept 2022 £'000
Sales of electricity	**60,204**	54,735
Sale of goods, commercial and hire purchase	**3,976**	3,966
Rental income	**252**	247
Deferred income	**197**	196
Other income	**17**	3
	64,646	59,147

All sales of electricity arise from customers on the island of Guernsey. Sales of goods, commercial and hire purchase are made to customers throughout the Bailiwick of Guernsey. As stated in the accounting policy for sales of electricity, at the end of each financial period an estimate of the unbilled units is determined.

The value of unbilled units included in sales of electricity above is £4,757,000 (30 September 2022: £6,093,000).

5. Operating profit

Operating profit is after charging/(crediting)

		30 Sept 2023 £'000	30 Sept 2022 £'000
Depreciation (note 9)		**7,243**	7,513
Amortisation (note 10)		**375**	354
Impairment		**14**	–
Pension settlement gain (note 24)		**(527)**	(5,154)
Rentals under operating leases		**162**	153
Auditor's remuneration	– statutory audit	**206**	235
Bad debts		**136**	207
Director fees, salaries and other benefits		**860**	969
Regulatory costs	– external	**101**	180
	– internal	**37**	41
Profit on disposal of assets		**–**	(28)

The value of inventories recognised as an expense during the year is as follows:

	30 Sept 2023 £'000	30 Sept 2022 £'000
Inventory write-offs	**14**	7
Inventory discrepancies	**(99)**	98
Inventory provision	**226**	64

6. Finance and income cost

	30 Sept 2023 £'000	30 Sept 2022 £'000
Finance income:		
Deposits with banks and States' Treasury	**512**	7
Pension Finance Income (note 24)	**253**	–
	765	7
Finance cost:		
Pension finance costs (note 24)	**–**	291
Medium-term credit facilities	**1,360**	470
Long-term credit facility	**471**	483
Other interest payable	**11**	8
	1,842	1,252

7. Taxation

The company's profits, or losses, from the activities subject to licence from the Guernsey Competition and Regulatory Authority will be chargeable to tax at the company higher rate of 20%, as will rental income from Guernsey properties. For all other company activities, the company standard rate of 0% is applicable. The tax adjusted profits of the company have been determined so that the appropriate amounts are taxed at the applicable rate.

The basis of assessment to Guernsey tax continues to be on an actual current period basis. The assessable profits for the current year have been offset against the unrelieved trading losses and excess capital allowances carried forward from prior years. Consequently, all tax is deferred and there is no tax payable for the current year.

Deferred tax in the financial statements is measured at the actual tax rates that are expected to apply to the income in the periods in which the timing differences are expected to reverse. Various rates of income tax are applied depending on the activity of the company. The rate applied in relation to the company's activities is a combination of the company standard rate and the company higher rate. Deferred tax has been provided on timing differences depending on which rate they are expected to reverse out in the future. Where deferred tax balances relate to items which may be taxed at either 20% or 0% a blended rate of 18.51% (2022: 20.12%) has been used to provide for deferred tax. The blended rate has been calculated by reference to the company's effective rate of tax in the year ended 30 September 2023.

The actual tax charge differs from the expected tax charge computed by applying the higher company rate of Guernsey income tax of 20% as follows:

7. Taxation – *(continued)*

	30 Sept 2023 £'000	30 Sept 2022 £'000
Profit on ordinary activities before taxation	**2,329**	3,354
Expected tax charge at 20%	**466**	671
Effects of adjusting items:		
Income not taxable	**15**	(72)
Disallowed items	**1,646**	872
Income taxable at the company standard rate (0%)	**(139)**	9
Timing differences	**(1,626)**	(1,829)
Excess allowances transferred	**(362)**	349
Current tax charge	**–**	–
Deferred tax charge		
Timing differences on capital allowances and depreciation	**2,755**	1,225
Short-term timing differences;		
– Pension assets or liabilities	**(2)**	266
– Stock provision	**62**	(47)
– Rental expenses	**–**	23
Movement on unrelieved trading losses	**105**	113
Deferred tax charge in the statement of comprehensive income	**2,920**	1,580

The tax charge relates to changes in deferred tax and there is no tax payable for the current year.

8. Dividend

No dividend was paid during the year (2022: £nil paid), representing £nil per share (2022: £nil per share paid). The company will not be proposing a dividend at the 2024 Annual General Meeting (2023: £nil proposed).

9. Property, plant and equipment

Cost	Land and buildings £'000	Cable link £'000	Plant and Machinery Generation £'000	Plant and Machinery Distribution £'000	Distribution Network £'000	Vehicles, furniture and equipment, minor plant £'000	Assets under construction £'000	Total £'000
At 1 October 2022	35,890	83,742	65,347	18,198	48,138	7,865	6,284	265,464
Additions	–	114	–	–	–	–	14,303	14,417
Transfers from work in progress	104	–	6	114	408	6	(638)	–
Disposal or impairment	–	–	(14)	–	–	(11)	–	(25)
At 30 September 2023	**35,994**	**83,856**	**65,339**	**18,312**	**48,546**	**7,860**	**19,949**	**279,856**
Depreciation								
At 1 October 2022	17,626	36,053	37,845	6,747	18,193	6,144	–	122,608
Charge for the year	432	2,569	2,197	548	1,041	456	–	7,243
Disposal	–	–	–	–	–	(11)	–	(11)
At 30 September 2023	**18,058**	**38,622**	**40,042**	**7,295**	**19,234**	**6,589**	**–**	**129,840**
Net book value at								
30 September 2022	18,264	47,689	27,502	11,451	29,945	1,721	6,284	142,856
30 September 2023	**17,936**	**45,234**	**25,297**	**11,017**	**29,312**	**1,271**	**19,949**	**150,016**

10. Intangible assets

Cost	Software under development £'000	Software £'000	Total £'000
At 1 October 2022	–	3,724	3,724
Additions	256	–	256
Transfers from work in progress	–	–	–
At 30 September 2023	**256**	**3,724**	**3,980**
Amortisation			
At 1 October 2022	–	499	499
Charge for the year	–	375	375
At 30 September 2023	**–**	**874**	**874**
Net book value at			
30 September 2022	–	3,225	3,225
30 September 2023	**256**	**2,850**	**3,106**

11. Investments

	30 Sept 2023 £'000	30 Sept 2022 £'000
Channel Islands Electricity Grid Limited	**5**	5

The Channel Islands Electricity Grid Limited is incorporated in Jersey and is a joint arrangement between Guernsey Electricity Limited and Jersey Electricity plc who each own an equal 50% shareholding. The company was formed to manage the cable link project and the ongoing operation of the cable links between Guernsey, Jersey and France. Guernsey Electricity Limited holds 5,000 Ordinary shares of £1 each.

12. Inventories

	30 Sept 2023		30 Sept 2022	
	£'000	**£'000**	£'000	£'000
Fuel inventories		**3,608**		3,830
Purchased goods for resale	**469**		506	
		469		506
Other inventories	**6,845**		5,935	
Provision	**(2,922)**		(2,696)	
		3,923		3,239
Work in progress		**255**		207
		8,255		7,782

The replacement cost of inventories was higher than the statement of financial position carrying amounts as follows:

	30 Sept 2023 £'000	30 Sept 2022 £'000
Fuel inventories	**598**	964

There is no significant difference between the replacement cost of purchased goods for resale, other inventories and work in progress and their carrying amounts.

13. Trade and other receivables

	30 Sept 2023 £'000	30 Sept 2022 £'000
Estimated value of unbilled units (note 4)	**4,757**	6,093
Customer accounts outstanding	**7,413**	6,298
Other receivables	**1,265**	1,135
Prepayments	**1,603**	1,732
Derivative financial instruments (note 23)	**1,116**	2,754
	16,154	18,012

14. Deferred tax liability/asset

Deferred tax liabilities/assets comprise of:	30 Sept 2023 £'000	30 Sept 2022 £'000
Deferred taxation:		
Balance at 1 October – tax (liability)/asset	**(1,713)**	3,366
Statement of comprehensive income charge	**(2,920)**	(1,580)
Statement of other comprehensive income charge	**(530)**	(3,499)
Balance at 30 September – tax liability	**(5,163)**	(1,713)
Which comprises:		
Capital allowances in excess of depreciation	**17,095**	14,340
Short-term timing differences (other)	**(333)**	(395)
Unrelieved loss for tax purposes	**(13,089)**	(13,194)
Deferred tax liability	**3,673**	751
Deferred tax liability on pension surplus (note 24)	**1,490**	962
Net deferred tax liability (note 17)	**5,163**	1,713

15. Balances with States' Treasury

The Treasury Department of the States of Guernsey is engaged to invest the company's liquid funds in excess of its daily requirements.

16. Trade and other payables: amounts falling due within one year

	30 Sept 2023 £'000	30 Sept 2022 £'000
Trade payables	**5,462**	2,857
Customer payments received in advance	**13,370**	16,014
Deferred income	**126**	242
Accruals and other payables	**2,214**	1,984
Amount drawn under medium-term credit facilities (note 23)	**21,167**	1,667
Derivative financial instruments (note 23)	**212**	22
	42,551	22,786

The company has a £1m overdraft facility with Barclays Bank Plc (2022: £1m), and interest is payable quarterly at 1.75% over Bank of England base rate. This facility is unsecured, is repayable on demand and is reviewed and approved by the Board annually. As at 30 September 2023, £nil was drawn on the Barclays Bank Plc overdraft facility (2022: £nil).

Amount drawn under medium-term credit facilities included £19.5m balance on a revolving credit facility which expired on 2 October 2023. In prior year the £16m balance on this facility was shown under medium-term credit facility, in trade and other payables: amounts falling due in more than one year.

17. Trade and other payables: amounts falling due after more than one year

	30 Sept 2023 £'000	30 Sept 2022 £'000
Deferred income	**4,282**	4,159
Accruals and other payables	**215**	190
Deferred tax liability (note 14)	**5,163**	1,713
Derivative financial instruments (note 23)	**28**	–
Amount drawn under medium-term credit facility (note 23)	**7,917**	25,583
Amount drawn under long-term credit facility (note 23)	**13,000**	13,000
	30,605	44,645

Under FRS 102, the pension scheme surplus is presented in the statement of financial position gross of deferred tax. The deferred tax relating to the pension scheme surplus at 30 September 2023 is recognised as part of the net deferred tax liability included within trade and other payables.

18. Trade and other payables: ageing analysis

	Demand and less than one year £'000	From 1 to 5 years £'000	Later than five years £'000	**Total £'000**
Trade payables	5,462	–	–	**5,462**
Customer payments received in advance	13,370	–	–	**13,370**
Deferred income	126	750	3,532	**4,408**
Accruals and other payables	2,214	215	–	**2,429**
Deferred Tax Liability	–	–	5,163	**5,163**
Amount drawn under medium-term credit facilities (note 23)	21,167	6,667	1,250	**29,084**
Derivative financial instruments (note 23)	212	28	–	**240**
Amount drawn under long-term credit facility (note 23)	–	–	13,000	**13,000**
	42,551	7,660	22,945	**73,156**

19. Reconciliation of net debt

	1 Oct 2022 £'000	Cash flow £'000	Other non-cash charges £'000	**30 Sept 2023 £'000**
Net debt	(36,425)	(4,500)	–	**(40,925)**

20. Share capital

	30 Sept 2023 £'000	30 Sept 2022 £'000
Authorised:		
125,000,000 ordinary shares of £1 each	**125,000**	125,000
Issued and fully paid:		
105,208,844 ordinary shares of £1 each	**105,209**	105,209

Two shares were issued on formation of the company and the remaining 109,208,842 shares were issued to equate to the consideration of £109,208,844 for the net assets acquired by the company from the States of Guernsey with effect from 1 February 2002.

On 13 December 2016, the company completed a share buyback of £4m of company shares from the States of Guernsey leaving the company with 105,208,844 issued shares equating to share capital of £105,208,844.

The ordinary shares do not confer any rights or preferences other than the right to vote, the right to participate in dividends or distributions that the company may make and such other rights, generally from time to time, including but not limited to, the rights, if any, to the repayment of capital as may be laid down in the company's Articles of Incorporation.

Dividends and distributions in particular are subject to the provisions of Guernsey Company law and specifically, the Companies (Guernsey) Law, 2008 as amended or replaced.

The ordinary shares are subject to certain restrictions, including specifically, a restriction on the transfer of shares. In all cases, such restrictions are as laid down in the company's Articles of Incorporation and the provisions of any ordinance made by the States of Guernsey in exercise of its powers under the States Trading Companies (Bailiwick of Guernsey) Law 2001, as amended or replaced from time to time.

21. Reconciliation of operating profit to net cash flow from operating activities

	30 Sept 2023 £'000	30 Sept 2022 £'000
(Loss)/profit for the year	**(591)**	1,774
Tax on profit on ordinary activities	**2,920**	1,580
Net finance costs	**1,077**	1,245
Net loss/(gains) on derivatives at fair value	**711**	(1,662)
Operating profit after pension settlement gain	**4,117**	2,937
Depreciation charge	**7,243**	7,513
Amortisation	**375**	354
Impairment of assets	**14**	–
Profit on disposal of non-current assets	**–**	(28)
Exchange losses on cash and cash equivalents	**–**	37
Pension service cost	**769**	2,262
Pension settlement gain	**(527)**	(5,154)
Pension interest on net defined benefit liability	**(253)**	–
Employer's pension cash contributions	**(394)**	(598)
Pension administration costs	**18**	18
Deferred income receipts	**(197)**	(196)
Increase in inventories	**(473)**	(1,552)
Decrease/(increase) in receivables	**220**	(815)
(Decrease)/increase in payables	**(1,100)**	3,281
	9,812	8,059

22. Commitments

Capital commitments, for which no provision has been made in these financial statements, amounted to £4,013,000 (2022: £1,728,000). This relates to outstanding commitments on capital projects.

Commodity risk

For the import of power from the European Grid, the company has a contract with Electricité de France ("EDF"). The existing electricity import contract with EDF is effective for a 10-year period which commenced from 1 January 2013 – this period was extended for a further 5 years on 25 June 2017. The related transmission agreement with Réseau de Transport d'Électricité ("RTE") also commenced from 1 January 2013. Under the import contract, there is a take or pay commitment, whereby the company is jointly and severally liable, along with the Channel Islands Electricity Grid Limited and Jersey Electricity plc, for a block of power over the term of the contract. The remainder of the requirement will be decided by a market pricing mechanism with no volume commitment. The price at which the take or pay block is agreed for the period of the contract and for calendar year 2024 this results in a total commitment for Guernsey Electricity Limited of €8.97m, equating to £7.8m at the Euro/Sterling rate at 30 September 2023 of 1.15335, (2023: €8.9m, equating to £7.8m at the Euro/Sterling rate at 30 September 2022 of 1.1362).

Operating lease commitments

Commitments to make payments in respect of operating leases are as follows:

	30 Sept 2023 £'000	30 Sept 2022 £'000
Operating leases which expire:		
Within one year	**78**	78
Between one to five years	**195**	351

Notes to the financial statements

23. Financial instruments and associated risk management

The categories of financial assets and financial liabilities, at the reporting date, in total, are as below:

	Note	**30 Sept 2023 £'000**	30 Sept 2022 £'000
Financial assets at fair value through profit or loss			
Derivative financial instruments:	*13*		
– Interest rate caps		**1,055**	1,767
Financial assets at fair value through other comprehensive income			
Derivative financial instruments:	*13*		
– Forward foreign currency contracts		**61**	987
Financial assets that are debt instruments measured at amortised cost			
Estimated value of unbilled units	*13*	**4,757**	6,093
Customer accounts outstanding	*13*	**7,413**	6,298
Other receivables	*13*	**1,265**	1,135
Cash and cash equivalents		**1,158**	3,825
Financial liabilities measured at amortised cost			
Trade payables	*16*	**5,462**	2,857
Accruals and other payables	*16, 17*	**2,429**	2,174
Amount drawn under medium-term credit facilities	*16, 17*	**29,084**	27,250
Amount drawn under long-term credit facility	*17*	**13,000**	13,000
Financial liabilities measured at fair value through other comprehensive income			
Derivative financial instruments – Forward foreign currency contracts	*16, 17*	**240**	22

23. Financial instruments and associated risk management – *(continued)*

Financial assets at fair value through profit and loss

(a) Classification of financial assets at fair value through profit or loss

Derivative financial instruments – Interest Rate Caps

Interest rate risk

The company is exposed to interest rate risk primarily through its loan financing arrangements. The company has a five-year interest rate cap to hedge part of the interest rate risk associated with the £22m revolving credit facility held with RBS International. This cover expired on 2 October 2023 when the facility ended. An interest rate cap of 2.13% has been applied to a notional amount of £13m and is referenced against the 5-day aggregate SONIA rate. The valuation of this instrument as at 30 September 2023 was £97,000 (2022: £359,000).

The company also holds a ten-year interest rate cap in relation to a ten-year loan facility with RBS International. An interest rate cap of 2.0% has been applied to a notional amount of £10.7m and is also referenced against the 5-day aggregate SONIA rate. The valuation of this instrument as at 30 September 2023 was £959,000 (2022: £1,408,000).

A loss of £711,000 (2022: a gain of £1,662,000) is included within the statement of comprehensive income.

Loan Commitments

(a) Revolving credit facility

The company held a five year, £22m revolving credit loan facility with RBS International. This loan facility was for general working capital and capital expenditure purposes. The loan incorporated an option to increase the credit facility to £35m for the purpose of the future financing of key infrastructure expenditure. Interest costs for this commercial loan were at commercial rates of less than 5.82%. A commitment fee is payable on any undrawn amount in line with the terms of the arrangement. As at 30 September 2023, the company had utilised £19.5m of the loan (2022: £16m). The drawn amount has been classified as a financial liability measured at amortised cost. This facility expired on 2 October 2023.

The company entered into a replacement revolving credit facility agreement with HSBC Bank Plc in April 2023 in order to replace the RBS International facility when it expired on 2 October 2023. The HSBC facility was for £20m with an option to increase this by a further £15m to a total of £35m. There had been no drawdowns on this new facility at 30 September 2023.

(b) Term loan facility

The company has a ten-year, £15m term loan facility with RBS International, effective from 1 June 2019. The purpose of this loan facility was for the part funding of the replacement Guernsey to Jersey interconnector. Interest costs for this commercial loan were at commercial rates less than 6.05%. As at 30 September 2023, the balance drawn on the loan was £9.58m (2022: £11.25m). The loan balance is reducing over the term of the loan.

(c) States of Guernsey Bond

The company has a twenty five-year, £13m loan agreement with the States of Guernsey. The purpose of this loan was for the part funding of the replacement Guernsey to Jersey interconnector. The interest rate for the loan is fixed at 3.625% for the loan term. As at 30 September 2023, the balance payable on the loan was £13m (2022: £13m).

23. Financial instruments and associated risk management – *(continued)*

Financial liabilities measured at fair value through profit or loss

Derivative financial instruments – Forward Contracts

(a) Import Financial Hedge

Currency risk

The company is exposed to currency risk through its import contracts with EDF and RTE which are denominated in Euros. The company manages the currency risk through derivative contracts. The company has entered into forward contracts for the purchase of the Euro. The company's commitment to forward contracts at the previous period ending 30 September 2022 was as follows:

Maturity	Notional amount €'000	Average hedged rate €/£
Less than one year	19,574	1.1529
Greater than one year and less than two years	7,500	1.1420
Greater than two years and less than three years	5,000	1.1393

As at 30 September 2023, the company is holding the following Euro forward contracts to hedge the exposure on its electricity import over the next 26 months. These dates represent when the cash flows are expected to occur and when they are expected to affect profit or loss:

Maturity	Notional amount €'000	Average hedged rate €/£
Less than one year	22,833	1.3346
Greater than one year and less than two years	10,170	1.1317
Greater than two years and less than three years	1,000	1.1086

The impact of hedging instruments designated in cash flow hedging relationships as of 30 September 2023 on the statement of financial position of the company is as follows:

Line item in the statement of financial position	Notional amount €'000	Carrying amount £'000
Trade and other receivables (note 13)	22,833	1,116
Trade and other payables: amounts falling due within one year (note 16)	11,170	212

As at 30 September 2023, the outstanding contracts for import all mature within 26 months of the year end. These contracts are measured at fair value utilising the third-party market valuations provided by the relevant counterparties. A loss of £1,227,000 (2022: a gain of £1,453,000) was recognised in other comprehensive income during the year reflecting the effective change in value of hedging instruments designated for hedge accounting. Gains totalling £86,000 (2022: £705,000) have been recycled through Profit and Loss.

Determination of fair value on contracts

These contracts are measured at fair value utilising the third-party market valuations provided by the relevant counterparties on the basis of 'exit' model methodologies.

Notes to the financial statements

24. Pension scheme

Nature of the Guernsey Electricity Limited Actuarial Account

Some employees of the company are members of the States of Guernsey Public Servants Pension Scheme ("PSPS"), in which the company has its own Actuarial Account. The company's Actuarial Account operates as a separate ring-fenced arrangement within the PSPS, with its own assets to fund the pension benefits of the company's employees who are members of the PSPS. This is a defined benefits pension scheme funded by contributions from both employer and employee at rates which are determined on the basis of independent actuarial advice. Employees not eligible to participate in the PSPS defined benefit scheme may be entitled to participate in the defined contribution pension scheme. Contributions are made to this scheme by eligible employees on a ratio of 1:2 with contributions made by the company.

The Actuarial Account operated by the company provides retirement benefits based on final pensionable pay for service to 29 February 2016 and based on career average revalued earnings from 1 March 2016. Some protected members will continue to accrue benefits from 1 March 2016 linked to final pensionable pay. Employees recruited after 1 May 2015 accrue benefits based on career average revalued earnings. The Actuarial Account forms part of the PSPS. The PSPS is currently open to both future accrual and new members. However, the Actuarial Account was closed to new members during the financial year to 31 March 2018.

The most recent formal actuarial valuation of the company's Actuarial Account carried out as at 31 December 2020 indicated that the Actuarial Account was in surplus. The company chose to reduce the contribution rate from 11.5% to 7.5% of pensionable pay with effect from 1 August 2022, using some of the surplus as a prudent margin to cover any adverse future experience within the Actuarial Account. This contribution rate was approved by the States of Guernsey.

The calculations for the FRS 102 disclosures have been carried out by running full actuarial calculations as at 30 September 2023.

The Actuarial Account had an FRS102 surplus of £8,053,000 based on the assumptions as stated in note 24. The directors have considered the sensitivity of this surplus to changes in the key assumptions of discount rate (+/- 0.5%), inflation (+/- 0.5%) or a 25% fall in the market value of equities and alternatives. The assets would remain in surplus by at least £3,440,000 (2022: £1,052,000 deficit) under all these considered changes.

Funding policy

The company's Actuarial Account is funded by means of regular contributions to cover current benefit accrual, with the rates of contribution set after each triennial actuarial valuation. The funding method currently employed is the Projected Unit Method, which sets contribution rates based on the benefits expected to be accrued in the year following the valuation date. This contribution rate is then adjusted to take account of any surplus or shortfall in the Actuarial Account. The States of Guernsey determine the level of contributions payable to the Actuarial Account following advice from the Scheme's Actuary.

Actuarial Account

There was a settlement gain of £527,000 on 30 September 2023 in relation to a transfer of assets and liabilities in relation to active leavers over the year from 1 October 2022 to 30 September 2023. A transfer value was paid on 30 September 2023 from the Actuarial Account to the Combined Pool in respect of these liabilities.

24. Pension scheme – *(continued)*

Employee benefit obligations for Guernsey Electricity Limited in respect of the Guernsey Electricity Limited Actuarial Account of the States of Guernsey Superannuation Fund

The amounts recognised in the statement of financial position are as follows:

	30 Sept 2023 £'000	30 Sept 2022 £'000
Fair value of Actuarial Account Assets	**26,366**	29,400
Present value of funded obligations	**(18,313)**	(24,616)
Net over funding in Actuarial Account	**8,053**	4,784
Related deferred tax liability (note 14)	**(1,490)**	(962)
Net defined pension asset	**6,563**	3,822

The amounts recognised in the statement of comprehensive income are as follows:

	30 Sept 2023 £'000	30 Sept 2022 £'000
Service cost	**769**	2,262
Settlement gains	**(527)**	(5,154)
Net interest on Net Defined Benefit Liability	**(253)**	291
Income recognised in the statement of comprehensive income	**(11)**	(2,601)

The net interest on Net Defined Benefit Liability is comprised as follows:

	30 Sept 2023 £'000	30 Sept 2022 £'000
Interest on obligation	**1,206**	1,026
Interest on assets	**(1,459)**	(735)
Net interest on Net Defined Benefit Liability (note 6)	**(253)**	291

24. Pension scheme – *(continued)*

The amounts recognised as Remeasurements in Other Comprehensive Income are as follows:

	30 Sept 2023 £'000	30 Sept 2022 £'000
Return on assets (not included in interest)	**246**	(5,292)
Actuarial gains on obligation	**2,635**	22,705
Total remeasurements recognised in other comprehensive income	**2,881**	17,413

The following other costs have been recognised in the relevant sections of the accounts.

	30 Sept 2023 £'000	30 Sept 2022 £'000
Administration expenses paid from Actuarial Account	**18**	18
Other items	**18**	18

In addition, the company has charged any other administration expenses relating to the Actuarial Account which are paid directly from company funds.

The company contributed £394,000 to the Actuarial Account over the year from 1 October 2022 to 30 September 2023. Members of the Actuarial Account contributed £374,000 to the Actuarial Account over the same period.

The company expects to contribute £370,000 to the Actuarial Account over the next year from 1 October 2023 to 30 September 2024. Contributions by members of the Actuarial Account are expected to total £351,000 over the same period.

Changes in the present value of the Actuarial Account's Defined Benefit Obligation are as follows:

	30 Sept 2023 £'000	30 Sept 2022 £'000
Opening Defined Benefit Obligation	**24,616**	53,999
Service cost	**769**	2,262
Contributions by members	**374**	394
Liabilities extinguished on settlements	**(6,017)**	(10,359)
Interest on obligation	**1,206**	1,026
Experience losses	**680**	872
Gains from changes in assumptions	**(3,315)**	(23,578)
Closing Defined Benefit Obligation	**18,313**	24,616

The weighted average duration of the liabilities of the Actuarial Account was 21 years as at 30 September 2023.

24. Pension scheme – *(continued)*

Changes in the fair value of Actuarial Account assets are as follows:

	30 Sept 2023 £'000	30 Sept 2022 £'000
Opening fair value of Actuarial Account assets	**29,400**	38,189
Interest on assets	**1,459**	735
Return on assets (not included in interest)	**246**	(5,292)
Assets distributed on settlements	**(5,489)**	(5,206)
Contributions by employer	**394**	598
Contributions by members	**374**	394
Administration expenses	**(18)**	(18)
Closing fair value of Actuarial Account assets	**26,366**	29,400

The major categories of Actuarial Account assets as a percentage of the total are as follows:

	30 Sept 2023 %	30 Sept 2022 %
Equities & Alternatives	**70**	80
Bonds, Fixed Interest Securities & Short-Term Securities	**25**	15
Property	**5**	5

All the Actuarial Account's assets have a quoted market price in an active market. The Actuarial Account holds no financial instruments issued by the company, nor does it hold any property or other assets used by the company.

Principal actuarial assumptions used for the FRS 102 disclosures:

	30 Sept 2023 % p.a.	30 Sept 2022 % p.a.
Discount rate at end of year	**5.40**	4.90
Discount rate at start of year	**4.90**	1.90
Inflation	**3.20**	3.40
Rate of increase in pensionable salaries	**3.95**	4.15
Rate of increase in deferred pensions	**3.20**	3.40
Rate of increase in CARE benefits	**3.20**	3.40
Rate of increase in pensions in payment	**3.20**	3.40

24. Pension scheme – *(continued)*

Mortality Assumptions

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements.

The assumptions are that a member aged 65 will live on average until age 86 (30 September 2022: 87 years) if they are male and until age 89 (2022: 89 years) if female.

For a member currently aged 45, the assumptions are that if they attain age 65, they will live on average until age 87 (2022: 88 years) if they are male and until age 90 (2022: 90 years) if female.

Amounts for the current year and previous periods are as follows:

	Sept 2023 £'000	Sept 2022 £'000	Sept 2021 £'000	Sept 2020 £'000	Sept 2019 £'000
Defined benefit obligation	**18,313**	24,616	53,999	55,271	41,348
Actuarial Account assets	**26,366**	29,400	38,189	33,830	32,747
Surplus/(Deficit) (gross)	**8,053**	4,784	(15,810)	(21,441)	(8,601)
Actuarial gains/(losses) on Actuarial Account assets	**246**	(5,292)	4,802	744	606
Experience (losses)/gains on Actuarial Account liabilities	**(680)**	(872)	1,889	1,695	(270)
Gains/(losses) from changes in assumptions	**3,315**	23,578	(1,085)	(14,452)	10,137
Total Actuarial gains/(losses) on Actuarial Account liabilities	**2,635**	22,705	804	(12,756)	9,866

25. Statement of control

The company is wholly owned and ultimately controlled by the States of Guernsey.

26. Related party transactions

There are no disclosable related party transactions in this financial year. See note 5 for disclosure of directors' remuneration. Within the company, only the directors meet the definition of Key Management Personnel.

27. Subsequent events

On 2 October 2023 the existing Revolving Credit Facility held with RBSI, Guernsey matured and was repaid through a new facility with HSBC, Guernsey. The transfer value was £19,500,000.

Guernsey Electricity Limited
PO Box 4
Electricity House
Northside
Vale
Guernsey GY1 3AD

Powering Life, Today & Tomorrow