



Gibraltar Audit Office

Report of the Principal Auditor
on the Accounts of the
Gibraltar Electricity Authority
for the financial year ended
31 March 2010

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Gibraltar Audit Office

THE CERTIFICATE OF THE PRINCIPAL AUDITOR TO THE PARLIAMENT

I certify that I have examined the financial statements of the Gibraltar Electricity Authority for the financial year ended 31 March 2010 in accordance with the provisions of Section 25 (4) of the Gibraltar Electricity Authority Act, 2003. The financial statements comprise the Receipts and Payments Account, the Capital Account, the Balance Sheet and the related notes.

Respective responsibilities of the Gibraltar Electricity Authority and the Principal Auditor

The Gibraltar Electricity Authority is responsible for preparing the financial statements and for ensuring the regularity of financial transactions.

My responsibility is to audit the financial statements in accordance with generally accepted government auditing standards.

I report to you my opinion as to whether the financial statements properly present the receipts and payments for a financial year and the assets and liabilities as at the end of that period. I also report whether in all material respects expenditure and income has been applied to the purposes intended by Parliament, and the financial transactions conform to the authorities, which govern them.

In addition, I report to you if the Gibraltar Electricity Authority has not kept proper accounting records, if I have not received all the information and explanations I require for the purpose of my audit, or if information regarding transactions is not disclosed.

I read the other information contained in the Report of the Chief Executive of the Gibraltar Electricity Authority, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of Opinions

I conducted my audit in accordance with generally accepted government auditing standards. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament, and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion, the financial statements on pages 3 to 17 properly present the receipts and payments for the financial year ended 31 March 2010 and the assets and liabilities as at the end of that period.

Audit opinion on regularity

In my opinion, in all material respects, the expenditure and income has been applied to the purposes intended by Parliament and the financial transactions conform to the authorities that govern them.

Report

The observations on the financial statements are in my Report that follows.



J C Posso
Principal Auditor

26 November 2010

Gibraltar Audit Office
23 John Mackintosh Square
Gibraltar

GIBRALTAR ELECTRICITY AUTHORITY
ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

REPORT

- 1.1.1 *Recurrent Account – Contribution*: The contribution from the Government of Gibraltar to the Gibraltar Electricity Authority (GEA) during the financial year 2009-10 stood at £6,211,000 compared with the approved budget contribution of £6,432,000 and to the previous year's contribution of £9,888,800.
- 1.2.1 *Recurrent Account – Receipts*: Total recurrent receipts received by the GEA in the financial year 2009-10 was £24,317,448 compared with the approved budget of £23,305,000, reflecting an increase of £1,012,448 (4.3%) and a year-on-year increase of £782,918 (3.3%) compared to the previous year's revenue of £23,534,530. The main variance between the approved budget and actual receipts for the financial year 2009-10 was that collections in respect of Sale of Electricity to Consumers during the financial year 2009-10 totalling £20,810,584 increased by £1,010,584 (5.1%) compared to the approved budget of £19,800,000. This increase was mainly made up as follows:
- (a) A favourable sales price variance of nearly £1,080,000 largely attributable to an increase in the Flexible Cost Adjustment (FCA), effective as from 1 July 2009;
 - (b) On the other hand, there was an adverse sales volume variance of around £65,000 as a consequence of approximately 549,000 units less than expected billed;
 - (c) An adverse sales price/volume mix variance of almost £104,000; and
 - (d) Although the estimated collection of historic arrears was down by nearly £130,000, there was an increase in the expected collection of current bills of around £230,000.
- 1.3.1 *Recurrent Account – Payments*: The total recurrent expenditure of the GEA in the financial year 2009-10 was £30,600,056, an increase of £863,056 (2.9%) compared with the approved budget total of £29,737,000 and a decrease of £2,823,225 (8.4%) against the previous year's expenditure of £33,423,281. The main variances between the approved budget and the actual expenditure for the financial year 2009-10 were as follows:
- (a) *Purchase of Electricity* – The expenditure in respect of purchase of electricity from OESCO and the MOD for the financial year under review totalled £13,310,364, an increase of £657,364 (5.2%) compared with the approved budget of £12,653,000, but a decrease of £1,531,136 (10.3%) against the previous year's expenditure of £14,841,500. The

Finance and Administration Director explained that the variance between the approved budget and actual expenditure was as a result of:

OESCO

- (i) A rise of nearly 10 million electricity units between the estimated and actual units purchased from OESCO, generating a purchase volume variance increase of almost £1,199,000;
- (ii) On the other hand, there was a decrease in the purchase price in the region of £389,000 during the financial year compared against the estimate submission. The estimated price was based on £390.38 per metric tonne when the price fluctuated from £302.41 per metric tonne in April 2009 to £339.73 per metric tonne in September 2009, peaking at £393.41 per metric tonne in February 2010;
- (iii) A decrease of just over £155,000 between the estimate and actual bills paid in respect of electricity units purchased from OESCO and other OESCO costs; and
- (iv) A favourable sales price/volume mix variance of around £45,000.

MOD

- (i) A variance of almost £50,000 largely attributable to the increase in the FCA on 1 July 2009 from 3.26 pence per unit to 4.00 pence per unit.
- (b) Fuel – Expenditure under this item totalling £6,643,000 decreased by £520,000 (7.3%) against the approved budget for the financial year under review of £7,163,000 and by £1,970,810 (22.9%) against the previous financial year's expenditure of £8,613,810. The Finance and Administration Director informed me that the decrease between the actual expenditure and the approved budget was attributable to the following:
- (i) There was a decrease of around £418,000 between the estimate submission and actual bills paid in respect of fuel purchased;
 - (ii) The actual tonnes of fuel purchased decreased against the forecast by about £250,000 mainly due to a lower quantity of units of electricity generated; and
 - (iii) On the other hand, there was an adverse variance of £126,000 against estimated fuel hedge contracts costs, as the estimates allowed for all the fuel hedge contract costs to be included in the fuel purchases from Waterport Power Station, whereas part of the contract costs were in excess of the requirements of Waterport Power Station and should have been included in the costs of purchasing electricity from OESCO.
- (c) Pay-related Costs – Total expenditure under this item amounting to £7,626,818 increased by £633,818 (9.1%) against the approved estimate of £6,993,000 and by £481,152 (6.7%) against the previous financial year's expenditure of £7,145,666. The Finance and Administration

Director attributed the increase between the approved budget and the actual expenditure to the following:

- (i) The 2008 and 2009 pay increases amounting to around £500,000;
 - (ii) A difference of £113,000 between the bid and approved estimate in conditioned overtime;
 - (iii) Additional overtime required amounting to £8,000 to cover absences by generation shift staff;
 - (iv) An increase of nearly £33,000 in respect of the employer's share of pension contributions as a result of a greater number of new employees joining the contributory pension scheme during the year and in connection with the 2008 and 2009 annual pay increases; and
 - (v) On the other hand, there was a saving made in respect of discretionary and emergency overtime amounting to nearly £20,000.
- (d) Compensation and Legal Costs – The expenditure amounting to £116,810 relates to an unbudgeted final settlement of a claim to a former, now deceased, employee.

1.4.1 Electricity Charges Outstanding: Arrears of Electricity Charges stood at £7,202,419 as at 31 March 2010 compared to £7,435,124 as at the end of the previous financial year, a decrease of £232,705.



GIBRALTAR ELECTRICITY AUTHORITY

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

MEMBERS OF THE GIBRALTAR ELECTRICITY AUTHORITY BOARD

The following were the members of the Board for the whole of the financial year:

The Hon Joe Holliday	Chairman of the Board
Mr Manolo Alecio	Chief Executive GEA
Mr Dilip Dayaram Tirathdas	Financial Secretary Government of Gibraltar
Mr Charles Ferro MBE	Retired Civil Servant
Mr Michael Gil	Chief Technical Officer Government of Gibraltar
Mr Anthony Lima MBE	Retired Civil Servant
Mr Guy Stagnetto	Lawyer

The following member served from the start of the financial year until his retirement on 31st May 2009

Mr Edward Navas	Deputy Chief Executive GEA
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The following member served from his first appointment on 1st June 2009 until the end of the financial year

Mr Joseph Alsina	Deputy Chief Executive GEA
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GIBRALTAR ELECTRICITY AUTHORITY

The Chief Executive's Report

The accounts of the Gibraltar Electricity Authority (GEA) have been prepared on a cash basis, in accordance with The Gibraltar Electricity Authority Act 2003.

The Financial Statements are, nevertheless, supported by detailed notes, which include information on accruals such as electricity arrears due to the Authority and amounts payable by the Authority at the year end. Details of the Authority's capital expenditure are also included in the notes to the accounts.

In 2009-10 the net cash deficit on all GEA ordinary activities (generation, distribution and supply of electricity) was £6.399 million. There was a net cash inflow of £0.116 million from the provision of electrical services to the private and public sector. In addition capital expenditure of £0.414 million was incurred, consequently the Government contribution to the Authority was £6.697 million.

There were compensation payments to a former employee of the Electricity Department which, including the legal costs and fees of the GEA, amounted to £116,810. This has been included in the costs of the administration division. There is an additional payment due of £48,250 in respect of the defendant's legal costs which will be met in the next financial year.

Around 53% of the electricity generated was purchased externally, predominantly OESCO with the MOD contributing approximately 3%, and the remaining 44% being internally generated at Waterport Power Station.

The comparative costs of generation are as follows:

	Total Direct Cost Pence/Unit	Marginal Cost Pence/Unit
Sales	12.42	N/A
Purchases from OESCO	13.38	12.71
Generated by WPS	13.20	9.60

The Total Direct Costs shown above include only costs of generation and exclude costs of transmission and other overheads.

Included in the fuel costs and the purchases from OESCO are the cost of the hedging contracts that the GEA entered into with Barclays Bank PLC. Details of this are given in note 6 to the accounts.

The marginal costs of purchases from OESCO are greater than the marginal cost of electricity generated by Waterport mainly because the price of fuel has increased and the assumed specific fuel consumption used to calculate the Fuel Cost Adjustment from OESCO is greater than the specific fuel consumption achieved by Waterport Power Station. Another reason is that the fuel consumed by Waterport is fully hedged whilst there is part exposure to fuel price increases for purchases from OESCO.

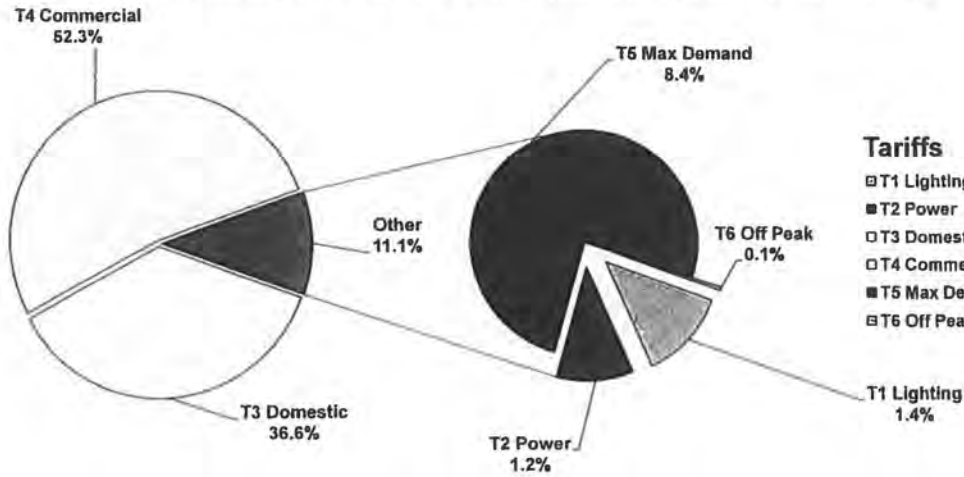
Electricity collections, excluding connection fees, for 2009-10 were £20.811 million. As at 31 March 2010 arrears of electricity charges billed stood at £7.203 million compared to £7.435 million as at 31 March 2009.

The volume of sales, based on units of electricity billed, grew by approximately 2.8% from the previous financial year whilst the amount invoiced grew by approximately 9.5%. The flexible cost adjustment was increased from 3.26 pence per unit to 4.0 pence per unit as from 1st July 2009.


Manuel Azevedo
Chief Executive

24.11.10

DISTRIBUTION/SALES OF ELECTRICITY DURING THE YEAR ENDED 31 MARCH 2010



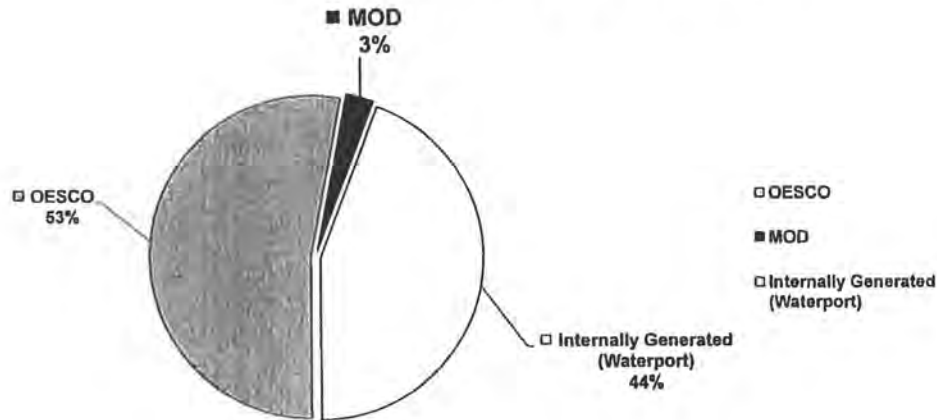
Tariffs

- T1 Lighting
- T2 Power
- T3 Domestic
- T4 Commercial
- T5 Max Demand
- T6 Off Peak

2010		2009	
£	Units	£	Units
293,035	1,814,798	279,530	1,811,667
251,757	1,743,126	158,856	1,121,510
7,553,318	57,040,393	7,134,386	57,110,452
10,810,321	91,726,817	9,480,474	86,246,656
1,730,355	13,803,864	1,787,236	15,180,365
12,493	118,819	17,460	182,038
<u>20,651,279</u>	<u>166,247,817</u>	<u>18,857,942</u>	<u>161,652,688</u>

2

SOURCES OF ELECTRICITY



2010		2009	
£	Units	£	Units
12,539,725	95,345,050	14,349,334	93,095,900
554,078	4,910,958	520,001	4,796,265
10,732,990	79,614,200	11,497,328	75,692,000
<u>23,826,793</u>	<u>179,870,208</u>	<u>26,366,663</u>	<u>173,584,165</u>

Note : All the above figures are shown on an accruals basis and not on a cash basis.

GIBRALTAR ELECTRICITY AUTHORITY

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

	Notes	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
<u>RECURRENT ACCOUNT</u>		£	£	£	£
<u>RECEIPTS</u>					
Distribution/Sales of Electricity	2		20,810,584		19,042,287
Electricity Connection Fees			71,885		51,691
Miscellaneous Income			<u>3,156</u>		<u>8,671</u>
			20,885,625		19,102,649
<u>PAYMENTS</u>					
Sources of Electricity					
<u>Purchase of Electricity</u>					
OESCO	4	12,776,551		14,260,663	
MOD		<u>533,813</u>		<u>580,837</u>	
			(13,310,364)		(14,841,500)
<u>Internally Generated Electricity</u>					
Generation	8	10,204,003		11,785,924	
Distribution Network Services	9	2,720,405		2,582,196	
Administration	10	<u>751,028</u>		<u>719,518</u>	
			(13,675,436)		(15,087,638)
<u>Other Costs</u>					
Collection Expenses - AquaGib Ltd		<u>298,760</u>		<u>269,769</u>	
			(298,760)		(269,769)
NET PAYMENTS ON ORDINARY ACTIVITIES			<u>(6,398,935)</u>		<u>(11,096,258)</u>
Other Activities					
<u>Provision of Electrical Services to Government and GHA</u>					
Income from Government Departments		1,207,324		1,162,447	
Less Expenditure Incurred	11	<u>(1,263,338)</u>		<u>(1,220,311)</u>	
			(56,014)		(57,864)
Income from Gibraltar Health Authority		960,440		880,363	
Less Expenditure Incurred	12	<u>(885,222)</u>		<u>(813,152)</u>	
			75,218		67,211
	CF		£ (6,379,731)		£ (11,086,911)

GIBRALTAR ELECTRICITY AUTHORITY

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

	<i>Notes</i>	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
		£	£	£	£
Other Activities (Cont)	<i>BF</i>		(6,379,731)		(11,086,911)
<u>Provision of Electrical Services to Private Sector</u>	<i>13</i>				
Income		1,264,059		2,389,071	
Less Expenditure Incurred		<u>(1,166,936)</u>		<u>(1,190,911)</u>	
			97,123		1,198,160
			<u>(6,282,608)</u>		<u>(9,888,751)</u>
Contribution from the Government of Gibraltar			6,211,000		9,888,800
NET (PAYMENTS)/RECEIPTS			<u>£ (71,608)</u>		<u>£ 49</u>
 <u>CAPITAL ACCOUNT</u>					
RECEIPTS					
Contribution from the Government of Gibraltar			486,000		378,200
PAYMENTS					
Works and Equipment			(414,665)		(378,154)
NET RECEIPTS			<u>£ 71,335</u>		<u>£ 46</u>
 NOTE					
Recurrent Deficit			6,282,608		9,888,751
Capital Expenditure			414,665		378,154
			<u>£ 6,697,273</u>		<u>£ 10,266,905</u>
Total Government Contribution			£6,697,000		£10,267,000

GIBRALTAR ELECTRICITY AUTHORITY

BALANCE SHEET AS AT 31 MARCH 2010

	<u>2010</u>		<u>2009</u>
	£		£
<u>ASSETS</u>			
Recurrent Account			
Imprest	60		60
Balance held by Government of Gibraltar	<u>(70,663)</u>		<u>945</u>
	(70,603)		1,005
Capital Account			
Balance held by Government of Gibraltar	<u>71,388</u>		<u>53</u>
	<u>£ 785</u>		<u>£ 1,058</u>

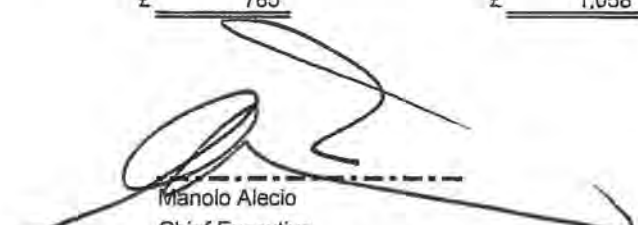
FINANCED BY

Recurrent Account

Account Balance on 1 April 2009	1,005		956
Net (Payments)/Receipts during the year	<u>(71,608)</u>		<u>49</u>
Account Balance on 31 March 2010		(70,603)	1,005

Capital Account

Account Balance on 1 April 2009	53		7
Net Receipts during the year	<u>71,335</u>		<u>46</u>
Account Balance on 31 March 2010		<u>71,388</u>	<u>53</u>
General Fund Balance on 31 March 2010	<u>£ 785</u>		<u>£ 1,058</u>


 Manolo Alecio
 Chief Executive
 24.11.10

GIBRALTAR ELECTRICITY AUTHORITY

Notes to the Accounts for the year ended 31 March 2010

1. ACCOUNTING POLICIES

The financial and reporting requirements of the Gibraltar Electricity Authority (GEA) are provided for in Sections 24 and 25 of the Gibraltar Electricity Authority Act, 2003.

These provisions include, inter alia, the following:

- The Authority shall perform their functions so as to secure that subject to any directions or consents required from the Government hereunder the revenue is sufficient to meet outgoings properly chargeable to the revenue account taking one year with another.
- The Authority shall prepare and submit to the Government within four months of the end of the Financial Year an annual report of the performances of their functions and of their policy and programmes.
- The Authority shall keep proper books of accounts and other records in relation to the business of the Authority.
- The financial statements of the Authority shall be prepared on a cash basis of accounting, in line with the standards prescribed for the preparation of the public accounts of Gibraltar.
- The Accountant General may give directions to the Authority as to how the accounts and records shall be kept and prepared and the Authority shall comply with any directions that might be so given.
- The accounts of the Authority shall be presented for audit within four months of the end of the financial year and shall be audited by the Principal Auditor or Auditors to be appointed by the Authority, with the consent of the Principal Auditor, in respect of each financial year.
- The cash basis of accounting, in line with the standards prescribed for the preparation of the public accounts of Gibraltar, will enable the GEA to focus its attention on addressing the annual cash deficit, which is currently funded by the Government.
- The financial statements are, nevertheless, supported by detailed notes, which include information on accruals such as electricity arrears due to the GEA and amounts payable by the GEA at the year end. Details of the GEA's Capital Expenditure are also included in the notes to the accounts.

Income

Income derived from the distribution of electricity represents electricity cash collections during the year. Electricity connection fees, refers to cash collected which includes revenue incidental to the connections.

Other Activities

Revenue from the provision of electricity related services to Government Departments is based on actual Direct Costs incurred and that of the Gibraltar Health Authority is based on the Direct Costs incurred together with a 15% management charge, which does not include pensions, social insurance costs and miscellaneous expenses.

Taxation

The GEA is exempt from the payment of company taxes.

GIBRALTAR ELECTRICITY AUTHORITY

2. DISTRIBUTION/SALES OF ELECTRICITY

	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
	Units	£	Units	£
T1 Lighting	1,814,798	293,035	1,811,667	279,530
T2 Power	1,743,126	251,757	1,121,510	158,856
T3 Domestic	57,040,393	7,553,318	57,110,452	7,134,386
T4 Commercial	91,726,817	10,810,321	86,246,656	9,480,474
T5 Max Demand	13,803,864	1,730,356	15,180,365	1,787,236
T6 Off Peak	118,819	12,493	182,038	17,460
Total Billing	<u>166,247,817</u>	<u>20,651,279</u>	<u>161,652,688</u>	<u>18,857,942</u>
Supplied to MOD Net	510,685			
Total Distribution	<u>166,758,502</u>			

All the above figures are based on an accruals basis and not on a cash basis.

3. CONSUMERS

	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
	Domestic	Non Domestic	Domestic	Non Domestic
Average number of Accounts	13,359	3,439	13,003	3,329
Average Monthly Bill	£47	£317	£46	£293

4. SOURCES OF ELECTRICITY AND COSTS OF PRODUCTION

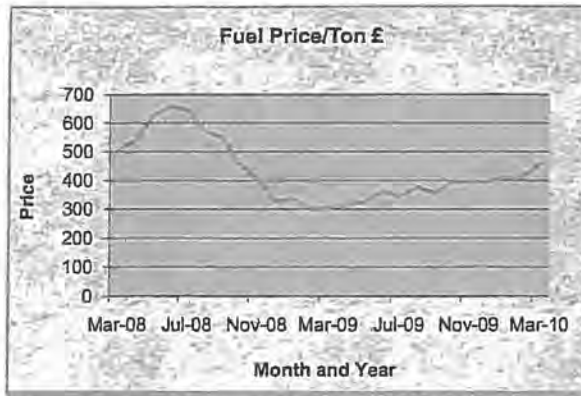
	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
	Total Direct Cost Pence/Unit	Total Direct Costs £	Total Direct Cost Pence/Unit	Total Direct Costs £
OESCO	13.38	12,761,147	15.41	14,349,334
MOD	11.28	554,078	10.84	520,001
Internally Generated (Waterport) GEA	13.20	10,511,568	15.19	11,497,328
Total		<u>23,826,793</u>		<u>26,366,663</u>

	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
	Units Generated	% Units Generated/ Total	Units Generated	% Units Generated/ Total
OESCO	95,345,050	53	93,095,900	53
MOD	4,910,958	3	4,796,265	3
Internally Generated (Waterport) GEA	79,614,200	44	75,692,000	44
Total	<u>179,870,208</u>		<u>173,584,165</u>	

	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
	Units	%	Units	%
Total Generation	179,870,208	100.00	173,584,165	100.00
Total Distribution	166,758,502	92.71	161,652,688	93.13
Electricity Generated Not Billed	13,111,706	7.29	11,931,477	6.87

GIBRALTAR ELECTRICITY AUTHORITY

5. FUEL PRICE



6. FUEL HEDGE CONTRACTS

The GEA entered into three fuel hedge contracts, which are settled on a monthly basis, with Barclays Bank PLC details of which are shown below:

From	To	500 tonnes Swap Price £/tonne	1,000 tonnes Swap Price £/tonne	900 tonnes Swap Price £/tonne
Dec-08	Feb-09	392.00	379.00	
Mar-09	May-09	408.00	395.10	289.96
Jun-09	Aug-09	422.00	410.90	311.71
Sep-09	Nov-09	438.00	424.50	331.17
Dec-09	Feb-10		440.10	345.35
Mar-10	May-10		452.40	357.98
Jun-10	Aug-10		460.00	368.88
Sep-10	Nov-10		467.80	376.30
Dec-10	Feb-11			382.27
Mar-11	May-11			387.97
Jun-11	Aug-11			393.50
Sep-11	Nov-11			398.53
Dec-11	Feb-12			402.73

The difference between the swap price under the contract and the floating price for the month times the tonnes of gasoil hedged is paid to or received from Barclays Bank PLC.

In the financial year to 31 March 2010 a total of £871,016.80 was paid to Barclays Bank PLC under the contracts and a total of £1,017.60 received from Barclays Bank PLC.

A further sum of £69,656.40 is due from Barclays Bank PLC for the month of March 2010.

These costs have been included both in the cost of fuel (which has been fully hedged) and in the cost of purchases from OESCO as shown in note 4 to the accounts.

The 500 tonnes/month fuel hedge contract ended in November 2009. This now leaves a total of 1,900 tonnes/month of fuel purchases covered by fuel hedge contracts.

7. CAPACITY AND PROJECTED CONSUMPTION EXCLUDING THE MOD

	Year End 31/03/2010		Year End 31/03/2009	
	Units Produced	% of Total	Units Produced	% of Total
Waterport Power Station	79,614,200	45.50%	75,692,000	44.84%
OESCO	95,345,050	54.50%	93,095,900	55.16%
Total	<u>174,959,250</u>		<u>168,787,900</u>	

Projected Consumption

Calendar Year	Expected Production Millions kWh
2011	180.2
2012	185.6
2013	191.2

GIBRALTAR ELECTRICITY AUTHORITY

8. INTERNALLY GENERATED (WATERPORT) ELECTRICITY - GENERATION

<u>Generation Division</u>	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
Direct Costs:				
Salaries		£1,424,777		£1,333,187
Overtime		£454,601		£400,765
Allowances		£766,766		£721,370
Employer's Social Insurance Contributions		£71,665		£69,086
Employer's Contributions				
Gibraltar Provident Trust (No. 2) Pension Scheme		£40,797		£32,745
		<u>£2,758,606</u>		<u>£2,557,153</u>
Fuel		£6,643,000		£8,613,810
Materials		£385,641		£260,014
Lubricants		£268,569		£206,020
Total Direct costs		<u>£10,055,816</u>		<u>£11,636,997</u>
Overheads:				
Security Expenses	£73,146		£73,146	
General Expenses	£6,379		£9,530	
Cleaning Services	£12,697		£12,175	
Telephone Expenses	£12,656		£12,089	
Electricity and Water	£9,818		£8,772	
Protective Clothing & Fire Prevention	£3,805		£1,376	
Transport Expenses	£1,288		£1,301	
Printing & Stationery	£1,783		£1,840	
Messengerial Expenses	£943		£754	
Training Expenses	£6,097		£6,536	
Computer & Office Equipment Expenses	£3,100		£5,316	
Employer's and Public Liability Insurance	£11,793		£8,975	
Legal Fees	£2,012		£3,442	
Consultancy Fees	£2,670		£3,675	
Total Overheads		<u>£148,187</u>		<u>£148,927</u>
Total Costs		<u>£10,204,003</u>		<u>£11,785,924</u>

GIBRALTAR ELECTRICITY AUTHORITY

9. INTERNALLY GENERATED (WATERPORT) ELECTRICITY - DISTRIBUTION NETWORK SERVICES

	2010 Electrical Network Distribution	2010 Consumer	2009 Electrical Network Distribution	2009 Consumer
Direct Costs:				
Salaries	£813,685	£582,885	£790,403	£566,003
Overtime	£116,506	£47,083	£120,792	£40,606
Allowances	£48,779	£21,287	£73,805	£33,528
Employer's Social Insurance Contributions	£41,920	£28,692	£41,503	£28,821
Employer's Contributions - Gibraltar Provident Trust (No. 2) Pension Scheme	£45,974	£17,321	£42,998	£15,336
	<u>£1,066,864</u>	<u>£697,268</u>	<u>£1,069,501</u>	<u>£684,294</u>
Materials	£79,801	£28,506	£82,192	£23,350
Public Lighting and Illuminations	£44,953	£55,251	£54,378	£47,049
Total Direct costs	<u>£1,191,618</u>	<u>£781,025</u>	<u>£1,206,071</u>	<u>£754,693</u>
Overheads:				
Transport Expenses	£8,365	£7,078	£8,448	£7,149
General Expenses	£3,800	£2,714	£5,677	£4,055
Cleaning Services	£7,564	£5,403	£7,254	£5,181
Telephone Expenses	£7,540	£5,385	£7,202	£5,144
Electricity and Water	£5,848	£4,177	£5,225	£3,732
Printing & Stationery	£1,783	£1,783	£1,839	£1,838
Protective Clothing & Fire Prevention	£2,267	£1,820	£820	£586
Messengerial Expenses	£945	£945	£756	£756
Training Expenses	£6,098	£6,097	£6,535	£6,535
Computer & Office Equipment Expenses	£8,526	£6,200	£14,822	£10,634
Employer's and Public Liability Insurance	£7,025	£5,018	£5,348	£3,820
Legal Fees	£1,198	£856	£2,051	£1,465
Consultancy Fees	£1,591	£1,136	£2,189	£1,563
Total Overheads	<u>£62,550</u>	<u>£48,412</u>	<u>£67,966</u>	<u>£52,459</u>
Total Costs	<u>£1,254,168</u>	<u>£829,437</u>	<u>£1,274,037</u>	<u>£807,152</u>

GIBRALTAR ELECTRICITY AUTHORITY

9. INTERNALLY GENERATED (WATERPORT) ELECTRICITY - DISTRIBUTION NETWORK SERVICES (cont)

	2010 Electro-Technical	2010 Total	2009 Electro-Technical	2009 Total
Direct Costs:				
Salaries	£428,946	£1,825,516	£311,479	£1,667,885
Overtime	£63,412	£227,001	£52,985	£214,383
Allowances	£32,907	£102,973	£38,209	£145,542
Employer's Social Insurance Contributions	£20,590	£91,202	£15,486	£85,810
Employer's Contributions - Gibraltar Provident Trust (No. 2) Pension Scheme	£29,832	£93,127	£19,169	£77,503
	<u>£575,687</u>	<u>£2,339,819</u>	<u>£437,328</u>	<u>£2,191,123</u>
Materials	£29,644	£137,951	£30,706	£136,248
Public Lighting and Illuminations	-	£100,204	-	£101,427
Total Direct costs	<u>£605,331</u>	<u>£2,577,974</u>	<u>£468,034</u>	<u>£2,428,798</u>
Overheads:				
Transport Expenses	£3,217	£18,660	£3,249	£18,846
General Expenses	£1,764	£8,278	£2,636	£12,368
Cleaning Services	£3,512	£16,479	£3,368	£15,803
Telephone Expenses	£3,500	£16,425	£3,344	£15,690
Electricity and Water	£2,715	£12,740	£2,426	£11,383
Printing & Stationery	£1,783	£5,349	£1,839	£5,517
Protective Clothing & Fire Prevention	£1,053	£4,940	£381	£1,787
Messengerial Expenses	£945	£2,835	£756	£2,268
Training Expenses	£6,098	£18,293	£6,535	£19,605
Computer & Office Equipment Expenses	£2,325	£17,051	£3,988	£29,244
Employer's and Public Liability Insurance	£3,262	£15,305	£2,483	£11,651
Legal Fees	£556	£2,610	£952	£4,468
Consultancy Fees	£739	£3,466	£1,016	£4,768
Total Overheads	<u>£31,469</u>	<u>£142,431</u>	<u>£32,973</u>	<u>£153,398</u>
Total Costs	<u>£636,800</u>	<u>£2,720,405</u>	<u>£501,007</u>	<u>£2,582,196</u>

Pension rights continue to apply to former civil servants who transferred to the GEA as if they were still in the public service.

GIBRALTAR ELECTRICITY AUTHORITY

10. INTERNALLY GENERATED (WATERPORT) ELECTRICITY - ADMINISTRATION

	2010	2010	2009	2009
Direct Costs:				
Salaries		£522,614		£467,307
Overtime		£4,085		£3,543
Allowances		£15,065		£33,244
Temporary Assistance		£4,214		£17,490
Employer's Social Insurance Contributions		£24,745		£20,277
Employer's Contributions - Gibraltar Provident Trust (No. 2) Pension Scheme		£18,251		£15,522
Total Direct Costs		£588,974		£557,383
Overheads:				
General Expenses	£2,171		£3,244	
Cleaning Services	£4,322		£4,145	
Telephone Expenses	£4,308		£4,116	
Transport Expenses	£643		£650	
Printing & Stationery	£1,783		£1,839	
Electricity and Water	£3,342		£2,986	
Messengerial Expenses	£945		£756	
Training Expenses	£6,098		£6,535	
Computer & Office Equipment Expenses	£14,727		£25,256	
Protective Clothing and Fire Prevention	£1,296		£469	
Employer's and Public Liability Insurance	£4,015		£3,056	
Legal Fees	£685		£1,172	
Compensation and Legal Costs	£116,810		£106,660	
Consultancy Fees	£909		£1,251	
Total Overheads		£162,054		£162,135
Total Costs		£751,028		£719,518

Pension rights continue to apply to former civil servants who transferred to the GEA as if they were still in the public service.

11. ELECTRICAL SERVICES - GOVERNMENT DEPARTMENTS

Income represents the actual Direct Costs incurred by the Electrical Building Services Division in the provision of their services to Government.

	2010	2009
Direct Costs:		
Salaries	£858,755	£802,766
Overtime	£133,645	£148,590
Allowances	£40,234	£55,635
Employer's Social Insurance Contributions	£45,451	£43,938
Employer's Contributions - Gibraltar Provident Trust (No. 2) Pension Scheme	£15,949	£13,952
	£1,094,034	£1,064,881
Materials	£113,279	£97,435
Total Direct Costs	Balance C/Fwd £1,207,313	£1,162,316

GIBRALTAR ELECTRICITY AUTHORITY

11. ELECTRICAL SERVICES - GOVERNMENT DEPARTMENTS (cont)

	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
<i>Balance B/Fwd</i>		£1,207,313		£1,162,316
Overheads:				
General Expenses	£4,071		£6,083	
Cleaning Services	£8,104		£7,772	
Telephone Expenses	£8,078		£7,717	
Transport Expenses	£3,861		£3,899	
Electricity and Water	£6,266		£5,598	
Protective Clothing & Fire Prevention	£2,429		£879	
Printing & Stationery	£1,783		£1,839	
Messengerial Expenses	£945		£756	
Training Expenses	£6,097		£6,535	
Computer & Office Equipment Expenses	£3,875		£6,646	
Employer's and Public Liability Insurance	£7,527		£5,729	
Legal Fees	£1,284		£2,197	
Consultancy Fees	£1,705		£2,345	
Total Overheads		<u>£56,025</u>		<u>£57,995</u>
Total Costs		<u><u>£1,263,338</u></u>		<u><u>£1,220,311</u></u>

Pension rights continue to apply to former civil servants who transferred to the GEA as if they were still in the public service.

12. ELECTRICAL SERVICES - GIBRALTAR HEALTH AUTHORITY

Income is based on the Direct Costs incurred by the Technomedical Division together with a 15% management charge, which does not include Pensions, Social Insurance Costs and miscellaneous expenses.

	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
Direct Costs:				
Salaries		£665,628		£584,972
Overtime		£49,482		£57,773
Allowances		£38,109		£53,530
Employer's Social Insurance Contributions		£33,697		£31,006
Employer's Contributions - Gibraltar				
Provident Trust (No. 2) Pension Scheme		<u>£58,469</u>		<u>£47,844</u>
		£845,385		£775,125
Miscellaneous Expenses		<u>£2,071</u>		<u>£796</u>
Total direct Costs		<u>£847,456</u>		<u>£775,921</u>
Overheads:				
Printing & Stationery	£1,783		£1,839	
Messengerial Expenses	£945		£756	
Training Expenses	£6,098		£6,535	
General Expenses	£2,985		£4,461	
Cleaning Services	£5,943		£5,699	
Telephone Expenses	£5,924		£5,659	
Electricity and Water	£4,595		£4,105	
Protective Clothing & Fire Prevention	£1,781		£644	
Employer's and Public Liability Insurance	£5,520		£4,202	
Legal Fees	£942		£1,611	
Consultancy Fees	£1,250		£1,720	
Total Overheads		<u>£37,766</u>		<u>£37,231</u>
Total Costs		<u><u>£885,222</u></u>		<u><u>£813,152</u></u>

GIBRALTAR ELECTRICITY AUTHORITY

13. ELECTRICAL SERVICES - COMMERCIAL WORKS

	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
Payment received	£1,264,059		£2,389,071	
Less: Materials	<u>(£1,166,936)</u>		<u>(£1,190,911)</u>	
		£97,123		£1,198,160
At 31 March 2010		<u>£97,123</u>		<u>£1,198,160</u>
Expenditure during year	<u>£1,166,936</u>		<u>£1,190,911</u>	
Advance payments b/f	£1,909,591		£1,045,222	
Payments during the year	£1,264,059		£2,389,071	
	<u>£3,173,650</u>		<u>£3,434,293</u>	
Advance payments c/f	(£1,692,536)		(£1,909,591)	
Surplus	<u>(£314,178)</u>		<u>(£333,791)</u>	
	<u>£1,166,936</u>		<u>£1,190,911</u>	

14. Overheads have been apportioned on the following basis:

- General Expenses; Electricity & Water; Telephone Expenses; Protective Clothing & Fire Prevention; Cleaning Services; Employer's & Public Liability Insurance; Legal Fees; Consultancy Fees: on the staff complement of each Division.
- Printing & Stationery; Messengerial Expenses: on the number of Divisions.
- Computer & Office Equipment Expenses: on the number of personal computers held by each Division.
- Training Expenses: equally to all Divisions.
- Transport Expenses: on the number of vehicles held by each Division.
- Security Expenses: 100% allocated to the Generation Division.
- Miscellaneous Expenses: 100% allocated to the Technomedical Division.
- Compensation and Legal Costs: 100% allocated to the Administration Division.

GIBRALTAR ELECTRICITY AUTHORITY

15. PERSONAL EMOLUMENTS

	<u>2010</u>	<u>2009</u>
Gross Emoluments	Number of Staff	Number of Staff
£80,000- £90,000	6	-
£70,000- £80,000	-	6
£60,000- £70,000	4	1
£50,000- £60,000	48	37
£40,000- £50,000	21	31
£30,000- £40,000	60	63
£20,000- £30,000	30	32
£10,000- £20,000	6	3
<£10,000	7	12
	<u>182</u>	<u>185</u>

Gross Emoluments represents the total earned income during the year and excludes any Pension Contributions.

16. FIXED ASSETS

CAPITAL EXPENDITURE

	<u>Infrastructure Systems</u>	<u>Motor Vehicles</u>	<u>Office Equipment</u>	<u>Furniture</u>
Brought Forward as at 1 April 2009	£1,088,167	£213,662	£34,146	£27,544
Additions 2009/2010	£153,353	£35,995	£41,322	£1,750
Total Cost	<u>£1,241,520</u>	<u>£249,657</u>	<u>£75,468</u>	<u>£29,294</u>
	<u>Plant and Machinery</u>	<u>Computers</u>	<u>Fixtures Fittings</u>	<u>Total</u>
Brought Forward as at 1 April 2009	£483,714	£241,161	£56,305	£2,144,699
Additions 2009/2010	£166,739	£11,591	£3,915	£414,665
Total Cost	<u>£650,453</u>	<u>£252,752</u>	<u>£60,220</u>	<u>£2,559,364</u>

GIBRALTAR ELECTRICITY AUTHORITY

17. DEBTORS

	<u>2010</u>	<u>2009</u>
Electricity Charges Billed	£7,202,419	£7,435,124
Electricity Connection Fees	£2,273	£2,338
Electricity Deposits due from consumers	£24,776	£25,034
Electricity Deposits held by Government	£939,969	£870,649
	<u>£8,169,437</u>	<u>£8,333,145</u>

The debt in respect of the consumers who are in receipt of social assistance was £670,100 as at 31 March 2010.

This debt has reduced from £749,399 as at 31 March 2009, because of the number of consumers who stopped receiving social assistance.

Of this total only £392,361, the balance outstanding as at 31 March 2007, has been provided for.

Bills outstanding as at 1 April 2009	£7,435,124	£7,366,638
Billing for the year	£20,606,745	£18,911,819
Amounts received	(£20,883,983)	(£18,805,115)
Write offs	-	-
Adjustments	£44,533	(£38,218)
Bills outstanding as at 31 March 2010	<u>£7,202,419</u>	<u>£7,435,124</u>

Age structure of arrears		
Up to six months	£2,557,267	£2,821,041
Six months to one year	£143,525	£209,472
Greater than one year	£4,501,627	£4,404,611
Total	<u>£7,202,419</u>	<u>£7,435,124</u>

Other Debtors

	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
Electricity Units due from MOD (interconnector balance)	482,012 units	£54,082	Nil units	£Nil
Due from Barclays Wealth in respect of the Fuel Hedge Contracts		£70,244		£Nil

18. STOCKS OF GASOIL

	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
	Tonnes	£	Tonnes	£
Opening Stock as at 1 April 2009	892.62	£334,027	668.16	£337,394
Purchases during the year	17,443.59	£7,029,419	16,593.39	£8,474,141
Consumed during the year	(17,366.16)	(£6,953,241)	(16,368.93)	(£8,477,508)
Closing Stock as at 31 March 2010	<u>970.05</u>	<u>£410,205</u>	<u>892.62</u>	<u>£334,027</u>

GIBRALTAR ELECTRICITY AUTHORITY

19. CASH

	<u>2010</u>	<u>2009</u>
Recurrent Account balance	(£70,803)	£1,005
Capital Account balance	£71,388	£53
	<u>£785</u>	<u>£1,058</u>

20. CREDITORS: AMOUNTS FALLING DUE IN LESS THAN ONE YEAR

	<u>2010</u>	<u>2009</u>
Shell Company of Gibraltar Limited	£1,073,509	£451,361
OESCO Limited	£1,023,845	£982,915
MOD	£92,800	£81,920
AquaGib Limited	£74,946	£71,481
Schneider Electric Limited	-	£169,482
Trident Freight Services Limited	-	£23,584
Barclays Bank PLC	-	£165,526
	<u>£2,265,100</u>	<u>£1,946,269</u>

Only amounts that are greater than £20,000 have been included.
The other creditors amount to £165,282.

21. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>2010</u>	<u>2009</u>
Electricity Deposits due to Consumers	£939,969	£870,649
Private Sector	£1,692,536	£1,909,591
Imprest due to Government	£60	£60
	<u>£2,632,565</u>	<u>£2,780,300</u>