



Gibraltar Audit Office

Report of the Principal Auditor on the
Accounts of the Gibraltar Electricity
Authority for the financial year ended
31 March 2011



TABLE OF CONTENTS

Page No.

Audit Certificate

I

Report on the Accounts

III

Accounts



Gibraltar Audit Office

THE CERTIFICATE OF THE PRINCIPAL AUDITOR TO THE PARLIAMENT

I certify that I have audited the financial statements of the Gibraltar Electricity Authority for the financial year ended 31 March 2011 in accordance with the provisions of Section 25 (4) of the Gibraltar Electricity Authority Act, 2003. These 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 the preparation of the financial statements and for being satisfied that they are properly presented.

My responsibility is to audit, certify and report on the financial statements in accordance with generally accepted government auditing standards.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Gibraltar Electricity Authority's circumstances and have been consistently applied and adequately disclosed; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Chief Executive's Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities, which govern them.

Opinion on Regularity

In my opinion, 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.

Opinion on financial statements

In my opinion, the financial statements properly present the receipts and payments for the financial year ended 31 March 2011 and the assets and liabilities as at the end of that period.

Matters for which I report by exception

I have nothing to report in respect of the following matters, which I report to you if, in my opinion:

- Adequate accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit.

Report

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



J C Posso
Principal Auditor
Gibraltar Audit Office
23 John Mackintosh Square
Gibraltar

18 November 2011

GIBRALTAR ELECTRICITY AUTHORITY
ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

REPORT

- 1.1.1 *Recurrent Account – Contribution*: The overall Government of Gibraltar recurrent contribution during the financial year 2010-11 to the Gibraltar Electricity Authority (GEA) amounted to £32,668,066. This sum is comprised of the General Contribution (£4,332,000); and revenues received by the Government of Gibraltar in respect of sale of electricity to consumers (£22,190,244), receipts in connection with the provision of electrical services to the private sector (£1,772,292), electricity connection fees (£117,175) and miscellaneous income (£1,355) previously credited directly to the GEA. In addition, the contribution included an exceptional income in respect of the sale of the fuel hedge contracts amounting to £4,255,000. In accordance with the provisions of the Public Finance (Control and Audit) (Amendment) Act 2011 the recurrent revenues of Government Agencies, Authorities and certain other entities are paid into and thus constitute the revenue of the Consolidated Fund retrospective from 1 April 2009. The approved budget allocation in respect of the Government of Gibraltar's contribution to the GEA was £5,574,000; this sum did not include provision for revenues received or the exceptional income.
- 1.2.1 *Recurrent Account – Receipts*: Sale of Electricity collections to consumers during the year amounting to £22,190,244 decreased by £909,756 (3.9%) compared with the approved budget of £23,100,000 and a year-on-year increase of £1,379,660 (6.6%) compared to the previous year's revenue of £20,810,584. The decrease between the approved budget and actual receipts for the financial year 2010-11 was mainly attributable to an adverse sales volume variance of around £957,000 as a consequence of approximately 7.2 million units less than expected billed. On the other hand, there was an increase in the collection of arrears of around £63,600 against the approved budget.
- 1.2.2 Receipts in connection with the provision of electrical services to the private sector amounting to £1,772,292 exceeded the approved budget allocation of £1,500,000 by £272,292.
- 1.2.3 A decision was made by the GEA to take advantage of the marked increase in the price of fuel and sold the fuel hedge contracts at a value of £4,255,000.
- 1.3.1 *Recurrent Account – Payments*: The total recurrent expenditure of the GEA in the financial year 2010-11 was £34,986,988, an increase of £2,383,988 (7.3%) compared with the approved budget total of £32,603,000 and £4,386,932 (14.3%) against the previous year's expenditure of £30,600,056.

The main variances between the approved budget and the actual expenditure for the financial year 2010-11 were as follows:

1.3.2 *Purchase of Electricity* – Expenditure in respect of the purchase of electricity from OESCO for the financial year under review totalled £14,589,355, an increase of £513,355 (3.6%) compared with the approved budget of £14,076,000, and £1,812,804 (14.2%) against the previous year's expenditure of £12,776,551. The Finance and Administration Director explained that the variance between the approved budget and actual expenditure was as a result of:

- (i) An adverse purchase price variance in the region of £1,905,000 during the financial year compared against the estimate submission attributable to a higher than expected mean price of fuel. The estimated price was based on £397.00 per metric tonne when the price increased throughout the year with a mean price for the year of £478.15 per metric tonne and a price of £602.77 per metric tonne in March 2011;
- (ii) On the other hand, there was a decrease of around 7.8 million electricity units between the estimated and actual units purchased from OESCO, generating a purchase volume variance decrease of approximately £943,000, as a result of less units sold by the GEA to consumers and by a lower installed capacity due to failures experienced by OESCO's generating sets;
- (iii) In addition, there was a decrease of around £200,000 in respect of other OESCO costs, as well as a favourable variance of approximately £100,000 between the estimated and actual bills paid to OESCO; and
- (iv) A favourable sales price/volume mix variance of around £146,000.

1.3.3 *Fuel* – Fuel expenditure for the financial year under review totalled £8,666,116, an increase of £1,166,116 (15.5%) against the approved budget of £7,500,000 and by £2,023,116 (30.5%) against the previous financial year's expenditure of £6,643,000. The Finance and Administration Director informed me that the increase between the actual expenditure and the approved budget was attributable to the following:

- (i) An adverse fuel price variance of around £1,325,000 due to a higher than expected mean price of fuel for the year. As reported under "Purchase of Electricity", the estimated price was based on £397.00 per metric tonne when the price increased throughout the year with a mean price for the year of £478.15 per metric tonne and a price of £602.77 per metric tonne in March 2011;
- (ii) An adverse fuel purchase volume variance of approximately £309,000 as a consequence of generating nearly 1.1 million more units than estimated, mainly as result of failures experienced by OESCO's generating sets;
- (iii) An adverse sales price/volume mix variance of over £55,000, in addition to the approved estimate being around £48,000 less than the estimate submission;

- (iv) On the other hand, there was a favourable variance of nearly £291,000 against estimated fuel hedge contracts costs, as the estimates took account of all the fuel hedge contracts costs to be included in the fuel purchases from Waterport Power Station, whereas all such contracts costs were subsequently netted against the income from the sale of the fuel hedge contracts; and
 - (v) There was a decrease of nearly £281,000 between the estimated and actual bills paid.
- 1.3.4 *Materials* – The total cost of materials during the year amounting to £654,362 increased by £104,362 (19.0%) against the approved budget of £550,000. The increase was mainly due to a repair to a rotor assembly amounting to nearly £83,000 included with the capital expenditure budget allocation instead of recurrent expenditure; and additional electrical materials required by the electrical services division costing in the region of £21,000 for works carried out in government departments.
- 1.3.5 *Commercial Works* – Total expenditure under this item amounting to £1,577,785 increased by £577,785 (57.8%) against the approved estimate of £1,000,000 and by £410,849 (35.2%) against the previous financial year's expenditure of £1,166,936. The Finance and Administration Director attributed the increase between the approved budget and the actual expenditure to further works carried out on various existing projects, in addition to expenditure on more new projects than estimated, reflected in an increase in receipts collected in connection with the provision of electrical services to the private sector.
- 1.3.6 *Legal Fees* – Expenditure amounting to £75,953, an increase of £65,953 against the approved budget of £10,000, mainly relates to the final legal costs of a claim for compensation paid to a former employee, which was settled during the previous financial year.
- 1.4.1 *Electricity Charges Outstanding*: Arrears of Electricity Charges stood at £6,893,369 as at 31 March 2011 compared to £7,202,419 as at the end of the previous financial year, a decrease of £309,050. However, the sum of £133,510 in respect of amounts owed mainly from inactive and time-barred accounts and by liquidated companies was written-off during the financial year.



GIBRALTAR ELECTRICITY AUTHORITY

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

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 30th September 2010

Mr Joseph Alsina	Deputy Chief Executive GEA
------------------	----------------------------

CONTENTS

The Chief Executive's Report	1
Sources and Distribution/Sales of Electricity	2
Receipts and Payments Account for the Year Ended 31 March 2011	3
Balance Sheet as at 31 March 2011	5
Notes to the Accounts for the Year Ended 31 March 2011	6

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 2010-11 the net cash deficit on all GEA ordinary activities (generation, distribution and supply of electricity) was £8.848 million, which was reduced to £4.593 million by the income and sale of the fuel hedge contracts. There was a net cash inflow of £0.182 million from the provision of electrical services to the private and public sector. In addition capital expenditure of £0.257 million was incurred, consequently the Government contribution to the Authority was £4,668 million.

Around 52% of the electricity generated was purchased externally, predominantly OESCO with the MOD contributing approximately 2%, and the remaining 46% being internally generated at Waterport Power Station.

The comparative costs of generation are as follows:

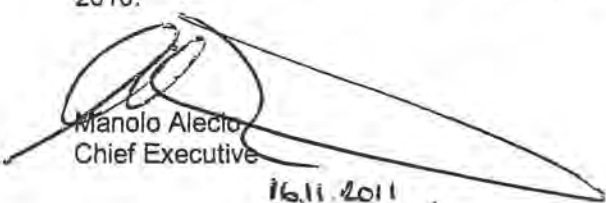
	Total Direct Cost Pence/Unit	Marginal Cost Pence/Unit
Sales	13.19	N/A
Purchases from OESCO	15.78	16.66
Generated by WPS	15.11	13.87

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

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.

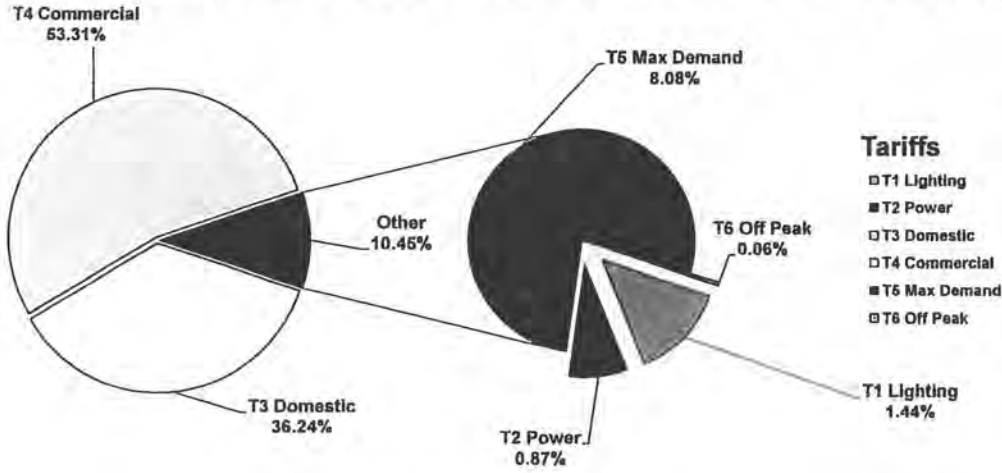
Electricity collections, excluding connection fees, for 2010-11 were £22.190 million. As at 31 March 2011 arrears of electricity charges billed stood at £6.894 million compared to £7.202 million as at 31 March 2010.

The volume of sales, based on units of electricity billed, grew by approximately 0.5% from the previous financial year whilst the amount invoiced grew by approximately 6.7%. The tariffs for domestic consumers were increased by 4.76% and the tariffs for commercial consumers were increased by 10.39% (with similar increases for other tariffs) as from 1st July 2010.


Manolo Alejo
Chief Executive

16.11.2011

DISTRIBUTION/SALES OF ELECTRICITY DURING THE YEAR ENDED 31 MARCH 2011



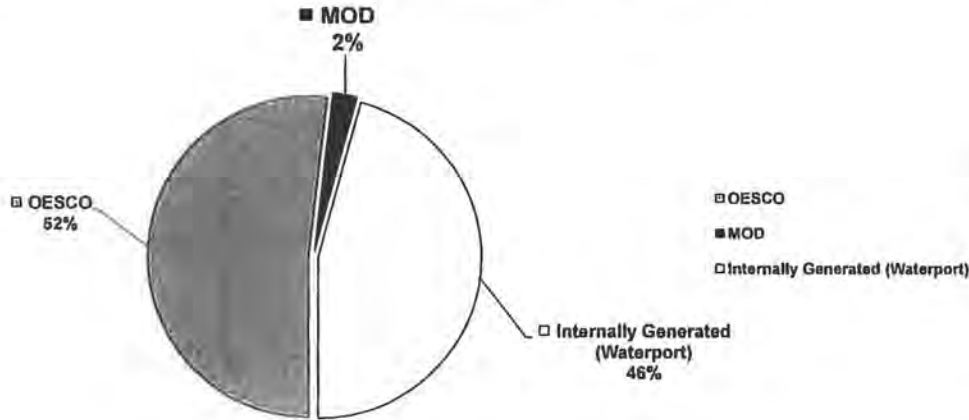
Tariffs

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

	2011		2010	
	£	Units	£	Units
T1 Lighting	316,398	1,814,333	293,035	1,814,798
T2 Power	191,082	1,218,938	251,757	1,743,126
T3 Domestic	7,987,708	57,726,852	7,553,318	57,040,393
T4 Commercial	11,750,273	92,471,809	10,810,321	91,726,817
T5 Max Demand	1,781,179	13,799,983	1,730,355	13,803,864
T6 Off Peak	13,128	117,548	12,493	118,819
Total	22,039,768	167,149,463	20,651,279	166,247,817

13

SOURCES OF ELECTRICITY



	2011		2010	
	£	Units	£	Units
OESCO	14,770,101	93,619,810	12,539,725	95,345,050
MOD	523,304	4,254,309	554,078	4,910,958
Internally Generated (Waterport)	12,479,103	82,605,318	10,732,990	79,614,200
Total	27,772,508	180,479,437	23,826,793	179,870,208

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 2011

	<i>Notes</i>	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>
		£	£	£	£
<u>RECURRENT ACCOUNT</u>					
<u>RECEIPTS</u>					
Contributions from the Government of Gibraltar					
Distribution/Sales of Electricity	2		22,190,244		20,810,584
Electricity Connection Fees			117,175		71,885
Miscellaneous Income			<u>1,355</u>		<u>3,156</u>
			22,308,774		20,885,625
Exceptional Income : Sale of Fuel Hedge Contracts and Contracts Income			4,255,000		-
			<u>26,563,774</u>		<u>20,885,625</u>
<u>PAYMENTS</u>					
Sources of Electricity					
<u>Purchase of Electricity</u>					
OESCO	4	14,589,355		12,776,551	
MOD		<u>514,398</u>		<u>533,813</u>	
			(15,103,753)		(13,310,364)
<u>Internally Generated Electricity</u>					
Generation	8	12,258,507		10,204,003	
Distribution Network Services	9	2,861,102		2,720,405	
Administration	10	<u>630,411</u>		<u>751,028</u>	
			(15,750,020)		(13,675,436)
<u>Other Costs</u>					
Collection Expenses - AquaGib Ltd		<u>303,277</u>		<u>298,760</u>	
			(303,277)		(298,760)
NET PAYMENTS ON ORDINARY ACTIVITIES			<u>(4,593,276)</u>		<u>(6,398,935)</u>
Other Activities					
<u>Provision of Electrical Services to Government and the Gibraltar Health Authority</u>					
Income from Government Departments		1,254,710		1,207,324	
Less Expenditure Incurred	11	<u>(1,330,001)</u>		<u>(1,263,338)</u>	
			(75,291)		(56,014)
Income from Gibraltar Health Authority		985,055		960,440	
Less Expenditure Incurred	12	<u>(922,152)</u>		<u>(885,222)</u>	
			<u>62,903</u>		<u>75,218</u>
			CF £ (4,605,664)		£ (6,379,731)

GIBRALTAR ELECTRICITY AUTHORITY

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

	<i>Notes</i>	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>
		£	£	£	£
Other Activities (Cont)			<i>BF</i> (4,605,664)		(6,379,731)
<u>Provision of Electrical Services to Private Sector</u>	13				
Contribution from the Government of Gibraltar-Income		1,772,292		1,264,059	
Less Expenditure Incurred		<u>(1,577,785)</u>		<u>(1,166,936)</u>	
			194,507		97,123
			<u>(4,411,157)</u>		<u>(6,282,608)</u>
Contribution from the Government of Gibraltar General Contribution			4,332,000		6,211,000
NET (PAYMENTS)/RECEIPTS			<u>£ (79,157)</u>		<u>£ (71,608)</u>
 <u>CAPITAL ACCOUNT</u>					
RECEIPTS					
Contribution from the Government of Gibraltar General Contribution			335,000		486,000
PAYMENTS					
Works and Equipment			(256,500)		(414,665)
NET RECEIPTS			<u>£ 78,500</u>		<u>£ 71,335</u>
 NOTE					
Recurrent Deficit			4,411,157		6,282,608
Capital Expenditure			<u>256,500</u>		<u>414,665</u>
			<u>£ 4,667,657</u>		<u>£ 6,697,273</u>
General Contribution from the Government of Gibraltar			£4,667,000		£6,697,000

GIBRALTAR ELECTRICITY AUTHORITY

BALANCE SHEET AS AT 31 MARCH 2011

	<u>2011</u>		<u>2010</u>
	£		£
<u>ASSETS</u>			
Recurrent Account			
Imprest	60		60
Balance held by Government of Gibraltar	<u>(149,820)</u>		<u>(70,663)</u>
	<u>(149,760)</u>		<u>(70,603)</u>
Capital Account			
Balance held by Government of Gibraltar	<u>149,888</u>		<u>71,388</u>
	<u>£ 128</u>		<u>£ 785</u>

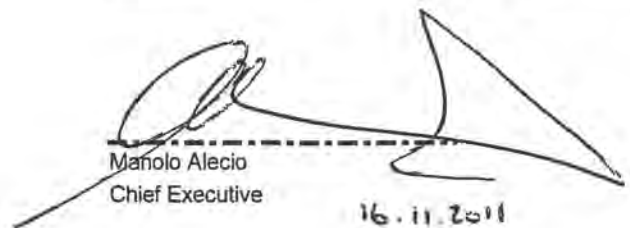
FINANCED BY

Recurrent Account

Account Balance on 1 April 2010	(70,603)		1,005	
Net (Payments) during the year	<u>(79,157)</u>		<u>(71,608)</u>	
Account Balance on 31 March 2011		(149,760)		(70,603)

Capital Account

Account Balance on 1 April 2010	71,388		53	
Net Receipts during the year	<u>78,500</u>		<u>71,335</u>	
Account Balance on 31 March 2011		<u>149,888</u>		<u>71,388</u>
General Fund Balance on 31 March 2011		<u>£ 128</u>		<u>£ 785</u>


 Manolo Alecio
 Chief Executive
 16.11.2011

GIBRALTAR ELECTRICITY AUTHORITY

Notes to the Accounts for the year ended 31 March 2011

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. This revenue has now been replaced by a contribution from the Government (See the note on Income below)
- 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

The income from the sale of electricity, including connection fees, from commercial works, from miscellaneous income and from the fuel hedge contracts has been credited to the Revenue of the Government of Gibraltar with a contribution from the consolidated fund being given to the Gibraltar Electricity Authority in respect of such income.

Included in income is the exceptional revenue received from the sale of the fuel hedging contracts and also the income from the fuel hedge contracts during the period they were in force, this latter item having in previous years being offset against the cost of fuel.

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

	2011	2011	2010	2010
	Units	£	Units	£
T1 Lighting	1,814,333	316,398	1,814,798	293,035
T2 Power	1,218,938	191,082	1,743,126	251,757
T3 Domestic	57,726,852	7,987,708	57,040,393	7,553,318
T4 Commercial	92,471,809	11,750,273	91,726,817	10,810,321
T5 Max Demand	13,799,983	1,781,179	13,803,864	1,730,355
T6 Off Peak	117,548	13,128	118,819	12,493
Total Billing	<u>167,149,463</u>	<u>22,039,768</u>	<u>166,247,817</u>	<u>20,651,279</u>
Supplied to MOD Net	-	-	510,685	-
Total Distribution	<u>167,149,463</u>	-	<u>166,758,502</u>	-

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

3. CONSUMERS

	2011	2011	2010	2010
	Domestic	Non Domestic	Domestic	Non Domestic
Average number of Accounts	13,841	3,500	13,359	3,439
Average Monthly Bill	£48	£335	£47	£317

4. SOURCES OF ELECTRICITY AND COSTS OF PRODUCTION

	2011	2011	2010	2010
	Total Direct Cost Pence/Unit	Total Direct Costs £	Total Direct Cost Pence/Unit	Total Direct Costs £
OESCO Supplied	15.78	14,770,101	13.38	12,761,147
MOD	12.30	523,304	11.28	554,078
* Generated (Waterport) GEA	15.11	12,479,103	13.20	10,511,568
Total		<u>27,772,508</u>		<u>23,826,793</u>

	2011	2011	2010	2010
	Units Generated	Units Generated/ Total	Units Generated	Units Generated/ Total
OESCO Supplied	93,619,810	52	95,345,050	53
MOD	4,254,309	2	4,910,958	3
* Generated (Waterport) GEA	82,605,318	46	79,614,200	44
Total	<u>180,479,437</u>		<u>179,870,208</u>	

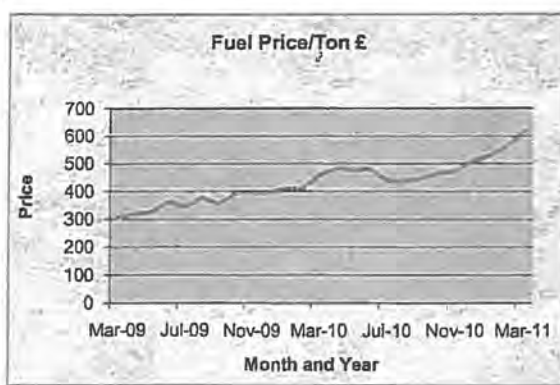
* Includes temp generators

	2011	2011	2010	2010
	Units	%	Units	%
** Total Generated and Supplied	180,479,437	100.00	179,870,208	100.00
Total Distribution	167,149,463	92.61	166,758,502	92.71
Electricity Generated Not Billed	13,329,974	7.39	13,111,706	7.29

** Including Waterport Power Station house-load of 4,264,340 units

GIBRALTAR ELECTRICITY AUTHORITY

5. FUEL PRICE



6. FUEL HEDGE CONTRACTS

The GEA had two fuel hedge contracts in force, which are settled on a monthly basis, with Barclays Bank PLC details of which are shown below:

From	To	1,000 tonnes Swap Price £/tonne	900 tonnes Swap Price £/tonne
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

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 up to 31 December 2010 a total of £605,012.48 was received from Barclays Bank PLC under the contracts.

A further sum of £3,650,000.00 was received from the sale of the contracts in January 2011.

Both these sums have been included as revenue items and none has been offset against fuel costs.

7. CAPACITY AND PROJECTED CONSUMPTION EXCLUDING THE MOD

	Year End 31/03/2011		Year End 31/03/2010	
	Units Produced	% of Total	Units Produced	% of Total
Waterport Power Station	82,605,318	46.87%	79,614,200	45.50%
OESCO	93,619,810	53.13%	95,345,050	54.50%
Total	176,225,128		174,959,250	

Projected Consumption

Calendar Year	Expected Production Millions kWh
2012	181.8
2013	185.4
2014	189.2

GIBRALTAR ELECTRICITY AUTHORITY

8. INTERNALLY GENERATED (WATERPORT) ELECTRICITY - GENERATION

<u>Generation Division</u>	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>
Direct Costs:				
Salaries		£1,446,476		£1,424,777
Overtime		£431,892		£454,601
Allowances		£773,370		£766,766
Employer's Social Insurance Contributions		£76,627		£71,665
Employer's Contributions				
Gibraltar Provident Trust (No. 2) Pension Scheme		£43,365		£40,797
		<u>£2,771,730</u>		<u>£2,758,606</u>
Fuel		£8,666,116		£8,643,000
Materials		£359,896		£385,641
Lubricants		£281,764		£266,569
Total Direct costs		<u>£12,079,506</u>		<u>£10,055,816</u>
Overheads:				
General Expenses	£14,952		£6,379	
Electricity and Water	£12,610		£9,818	
Telephone Expenses	£15,588		£12,656	
Printing & Stationery	£1,670		£1,783	
Protective Clothing & Fire Prevention	£3,983		£3,805	
Computer & Office Equipment Expenses	£1,782		£3,100	
Training Expenses	£5,697		£6,097	
Transport Expenses	£1,471		£1,288	
Security Expenses	£73,854		£73,146	
Messengerial Expenses	£897		£943	
Cleaning Services	£12,591		£12,697	
Employer's and Public Liability Insurance	£11,052		£11,793	
Legal Fees	£20,195		£2,012	
Consultancy Fees	£2,659		£2,670	
Total Overheads		<u>£179,001</u>		<u>£148,187</u>
Total Costs		<u>£12,258,507</u>		<u>£10,204,003</u>

GIBRALTAR ELECTRICITY AUTHORITY

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

	2011	2011	2010	2010
	Electrical Network	Consumer	Electrical Network	Consumer
	Distribution		Distribution	
Direct Costs:				
Salaries	£875,004	£597,755	£813,685	£582,885
Overtime	£105,280	£54,297	£116,506	£47,083
Allowances	£45,826	£50,464	£48,779	£21,287
Employer's Social Insurance Contributions	£47,011	£31,504	£41,920	£28,692
Employer's Contributions - Gibraltar Provident Trust (No. 2) Pension Scheme	£54,070	£20,160	£45,974	£17,321
	£1,127,191	£754,180	£1,066,864	£697,268
Materials	£90,933	£19,612	£79,801	£28,506
Public Lighting and Illuminations	£52,663	£8,165	£44,953	£55,251
Total Direct costs	£1,270,787	£779,957	£1,191,618	£781,025
Overheads:				
General Expenses	£8,777	£6,500	£3,800	£2,714
Electricity and Water	£7,401	£5,482	£5,848	£4,177
Telephone Expenses	£9,150	£6,777	£7,540	£5,385
Printing & Stationery	£1,669	£1,670	£1,783	£1,783
Protective Clothing & Fire Prevention	£2,337	£1,732	£2,267	£1,620
Computer & Office Equipment Expenses	£5,345	£4,900	£8,526	£6,200
Training Expenses	£5,696	£5,698	£6,098	£6,097
Transport Expenses	£11,032	£8,826	£8,365	£7,078
Messengerial Expenses	£896	£897	£945	£945
Cleaning Services	£7,390	£5,474	£7,564	£5,403
Employer's and Public Liability Insurance	£6,487	£4,805	£7,025	£5,018
Legal Fees	£11,854	£8,781	£1,198	£856
Consultancy Fees	£1,561	£1,156	£1,591	£1,136
Total Overheads	£79,595	£62,696	£62,550	£48,412
Total Costs	£1,350,382	£842,653	£1,254,168	£829,437

GIBRALTAR ELECTRICITY AUTHORITY

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

	2011 <u>Electro-Technical</u>	2011 <u>Total</u>	2010 <u>Electro-Technical</u>	2010 <u>Total</u>
Direct Costs:				
Salaries	£414,016	£1,886,775	£428,946	£1,825,516
Overtime	£70,161	£229,738	£63,412	£227,001
Allowances	£32,671	£128,961	£32,907	£102,973
Employer's Social Insurance Contributions	£21,209	£99,724	£20,590	£91,202
Employer's Contributions - Gibraltar Provident Trust (No. 2) Pension Scheme	£28,477	£102,707	£29,832	£93,127
	<u>£566,534</u>	<u>£2,447,905</u>	<u>£575,687</u>	<u>£2,339,819</u>
Materials	£58,546	£169,091	£29,644	£137,951
Public Lighting and Illuminations	-	£58,828	-	£100,204
Total Direct costs	<u>£625,080</u>	<u>£2,675,824</u>	<u>£605,331</u>	<u>£2,577,974</u>
Overheads:				
General Expenses	£4,226	£19,503	£1,764	£8,278
Electricity and Water	£3,563	£16,446	£2,715	£12,740
Telephone Expenses	£4,406	£20,333	£3,500	£16,425
Printing & Stationery	£1,869	£5,008	£1,783	£5,349
Protective Clothing & Fire Prevention	£1,125	£5,194	£1,053	£4,940
Computer & Office Equipment Expenses	£3,118	£13,363	£2,325	£17,051
Training Expenses	£5,696	£17,088	£6,098	£18,293
Transport Expenses	£5,149	£25,007	£3,217	£18,660
Messengerial Expenses	£896	£2,689	£945	£2,835
Cleaning Services	£3,558	£16,422	£3,512	£16,479
Employer's and Public Liability Insurance	£3,123	£14,415	£3,262	£15,305
Legal Fees	£5,707	£26,342	£556	£2,610
Consultancy Fees	£751	£3,468	£739	£3,466
Total Overheads	<u>£42,987</u>	<u>£185,278</u>	<u>£31,469</u>	<u>£142,431</u>
Total Costs	<u>£668,067</u>	<u>£2,861,102</u>	<u>£636,800</u>	<u>£2,720,405</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

Direct Costs:	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>
Salaries		£506,842		£522,614
Overtime		£3,439		£4,085
Allowances		£18,842		£15,085
Temporary Assistance		£5,058		£4,214
Employer's Social Insurance Contributions		£25,206		£24,745
Employer's Contributions - Gibraltar Provident Trust (No. 2) Pension Scheme		£23,032		£18,251
Total Direct Costs		<u>£582,419</u>		<u>£588,974</u>
Overheads:				
General Expenses	£4,876		£2,171	
Electricity and Water	£4,112		£3,342	
Telephone Expenses	£5,083		£4,308	
Printing & Stationery	£1,669		£1,783	
Protective Clothing and Fire Prevention	£1,298		£1,296	
Computer & Office Equipment Expenses	£8,463		£14,727	
Training Expenses	£5,696		£6,098	
Transport Expenses	£736		£643	
Messengerial Expenses	£896		£945	
Cleaning Services	£4,106		£4,322	
Employer's and Public Liability Insurance	£3,604		£4,015	
Legal Fees	£6,586		£685	
Compensation and Legal Costs	-		£116,810	
Consultancy Fees	£867		£909	
Total Overheads		<u>£47,992</u>		<u>£162,054</u>
Total Costs		<u>£630,411</u>		<u>£751,028</u>

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.

Direct Costs:	<u>2011</u>	<u>2010</u>
Salaries	£879,437	£858,755
Overtime	£143,979	£133,645
Allowances	£35,185	£40,234
Employer's Social Insurance Contributions	£49,334	£45,451
Employer's Contributions - Gibraltar Provident Trust (No. 2) Pension Scheme	£21,459	£15,949
	<u>£1,129,394</u>	<u>£1,094,034</u>
Materials	£125,375	£113,279
Total Direct Costs	<i>Balance C/Fwd</i> <u>£1,254,769</u>	<u>£1,207,313</u>

GIBRALTAR ELECTRICITY AUTHORITY

11. ELECTRICAL SERVICES - GOVERNMENT DEPARTMENTS (cont)

	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>
<i>Balance B/Fwd</i>		£1,254,769		£1,207,313
Overheads:				
General Expenses	£9,753		£4,071	
Electricity and Water	£8,223		£6,266	
Telephone Expenses	£10,166		£8,078	
Printing & Stationery	£1,670		£1,783	
Protective Clothing & Fire Prevention	£2,597		£2,429	
Computer & Office Equipment Expenses	£2,227		£3,875	
Training Expenses	£5,696		£6,097	
Transport Expenses	£3,678		£3,861	
Messengerial Expenses	£896		£945	
Cleaning Services	£8,211		£8,104	
Employer's and Public Liability Insurance	£7,208		£7,527	
Legal Fees	£13,171		£1,284	
Consultancy Fees	£1,734		£1,705	
Total Overheads		£75,232		£56,025
Total Costs		£1,330,001		£1,263,338

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>2011</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>
Direct Costs:				
Salaries		£692,286		£665,628
Overtime		£43,098		£49,482
Allowances		£37,585		£38,109
Employer's Social Insurance Contributions		£36,470		£33,697
Employer's Contributions - Gibraltar				
Provident Trust (No. 2) Pension Scheme		£58,523		£58,469
		£867,962		£845,385
Miscellaneous Expenses		£1,148		£2,071
Total direct Costs		£869,110		£847,456
Overheads:				
General Expenses	£7,151		£2,985	
Electricity and Water	£6,031		£4,595	
Telephone Expenses	£7,456		£5,924	
Printing & Stationery	£1,669		£1,783	
Protective Clothing & Fire Prevention	£1,904		£1,781	
Training Expenses	£5,696		£6,098	
Messengerial Expenses	£896		£945	
Cleaning Services	£6,022		£5,943	
Employer's and Public Liability Insurance	£5,286		£5,520	
Legal Fees	£9,659		£942	
Consultancy Fees	£1,272		£1,250	
Total Overheads		£53,042		£37,766
Total Costs		£922,152		£885,222

GIBRALTAR ELECTRICITY AUTHORITY

13. ELECTRICAL SERVICES - PRIVATE SECTOR

	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>
Payment received	£1,772,292		£1,264,059	
Less: Materials	<u>(£1,577,785)</u>		<u>(£1,166,936)</u>	
		£194,507		£97,123
At 31 March 2011		<u>£194,507</u>		<u>£97,123</u>
Expenditure during year	<u>£1,577,785</u>		<u>£1,166,936</u>	
Advance payments b/f	£1,892,536		£1,909,591	
Payments during the year	£1,772,292		£1,264,059	
	<u>£3,464,828</u>		<u>£3,173,650</u>	
Advance payments c/f	<u>(£1,580,919)</u>		<u>(£1,892,536)</u>	
Surplus	<u>£1,577,785</u>		<u>£1,166,936</u>	

14. OVERHEADS

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>2011</u>	<u>2010</u>
Gross Emoluments	Number of Staff	Number of Staff
£80,000- £90,000	4	6
£70,000- £80,000	2	-
£60,000- £70,000	6	4
£50,000- £60,000	43	48
£40,000- £50,000	27	21
£30,000- £40,000	69	60
£20,000- £30,000	20	30
£10,000- £20,000	6	6
<£10,000	6	7
	<u>183</u>	<u>182</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 2010	£1,241,520	£249,657	£75,468	£29,294
Additions 2010/2011	£70,633	£52,135	£16,457	£8,212
Total Cost	<u>£1,312,153</u>	<u>£301,792</u>	<u>£91,925</u>	<u>£37,506</u>
	<u>Plant and Machinery</u>	<u>Computers</u>	<u>Fixtures Fittings</u>	<u>Total</u>
Brought Forward as at 1 April 2010	£650,453	£252,752	£60,220	£2,559,364
Additions 2010/2011	£44,862	£62,112	£2,089	£256,500
Total Cost	<u>£695,315</u>	<u>£314,864</u>	<u>£62,309</u>	<u>£2,815,864</u>

GIBRALTAR ELECTRICITY AUTHORITY

17. DEBTORS

	<u>2011</u>	<u>2010</u>
Electricity Charges Billed	£6,893,369	£7,202,419
Electricity Connection Fees	£2,258	£2,273
Electricity Deposits due from consumers	£24,526	£24,776
Electricity Deposits held by Government	£1,109,996	£939,969
	<u>£8,030,149</u>	<u>£8,169,437</u>

The debt in respect of the consumers who are in receipt of social assistance was £ 769,328 as at 31 March 2011.

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

Bad Debts written off are as follows

Inactive Accounts with Debt > 6 years old	£125,328
Accounts of liquidated companies	£3,378
Active Accounts	£4,804
Total Bad Debts written off	<u>£133,510</u>

Bills outstanding as at 1 April 2010	£7,202,419	£7,435,124
Billing for the year	£22,055,939	£20,606,745
Amounts received	(£22,215,307)	(£20,883,983)
Write offs	(£133,510)	-
Adjustments	(£16,172)	£44,533
Bills outstanding as at 31 March 2011	<u>£6,893,369</u>	<u>£7,202,419</u>

Age structure of arrears

Up to six months	£2,401,718	£2,557,267
Six months to one year	£143,627	£143,525
Greater than one year	£4,348,024	£4,501,627
Total	<u>£6,893,369</u>	<u>£7,202,419</u>

Other Debtors

	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>
Electricity Units due from MOD (Interconnector balance)	Nil units	Nil	482,012 units	£54,082

18. STOCKS OF GASOIL

	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>
	Tonnes	£	Tonnes	£
Opening Stock as at 1 April 2010	970.05	£410,205	892.62	£334,027
Purchases during the year	18,257.26	£9,071,300	17,443.59	£7,029,419
Consumed during the year	(18,309.60)	(£9,059,505)	(17,366.16)	(£6,953,241)
Closing Stock as at 31 March 2011	<u>917.71</u>	<u>£422,000</u>	<u>970.05</u>	<u>£410,205</u>

GIBRALTAR ELECTRICITY AUTHORITY

19. <u>CASH</u>	<u>2011</u>	<u>2010</u>
Recurrent Account balance	(£149,760)	(£70,603)
Capital Account balance	<u>£149,888</u>	<u>£71,388</u>
	<u>£128</u>	<u>£785</u>

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2011</u>	<u>2010</u>
* Giboil Ltd(Was Shell Company of Gibraltar Limited)	£1,496,153	£1,073,509
OESCO Limited	£1,204,592	£1,023,845
MOD	£96,748	£92,800
AquaGib Limited	£78,025	£74,946
Other Creditors	<u>£134,697</u>	<u>£165,282</u>
	<u>£3,010,215</u>	<u>£2,430,382</u>

* GibOil Ltd took over the operations of Shell Company of Gibraltar Limited

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

	<u>2011</u>	<u>2010</u>
Electricity Deposits due to Consumers	£1,109,996	£939,969
Private Sector	£1,580,919	£1,692,536
Imprest due to Government	£50	£60
	<u>£2,690,975</u>	<u>£2,632,565</u>