



Gibraltar Audit Office

Report of the Principal Auditor

on the Accounts of the
Gibraltar Electricity Authority
for the financial year ended
31 March 2013

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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 2013 in accordance with the provisions of Section 25(4) of the Gibraltar Electricity Authority Act 2003. These statements comprise the Receipts and Payments Account, the Capital Account, the Balance Sheet and the related notes. These financial statements have been prepared using the cash receipts and disbursements basis of accounting.

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. The Gibraltar Electricity Authority's policy is to prepare the financial statements on the cash receipts and disbursements basis. On this basis revenue is recognised when received rather than when earned, and expenses are recognised when paid rather than when incurred.

My responsibility is to audit, certify and report on the financial statements in accordance with the provisions of Section 25(4) of the Gibraltar Electricity Authority Act 2003. I conducted my audit of 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.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion, the financial statements properly present the revenue collected and expenses paid by the Gibraltar Electricity Authority during the financial year ended 31 March 2013 and the assets and liabilities arising from cash transactions as at the end of that period in accordance with the cash receipts and disbursements basis of accounting.

Opinion on other matters

In my opinion, the information given in the Chief Executive's Report for the financial year in which the financial statements are prepared is consistent with the financial statements.

Matters on 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:

- proper books of account have not been kept by the Gibraltar Electricity Authority, so far as appears from the examination of those books; or
- I have not obtained all of the information and explanations which to the best of my knowledge and belief were necessary for the purposes of the audit; or
- the Gibraltar Electricity Authority has not discharged its financial duties and obligations in accordance with the provisions of the Gibraltar Electricity Authority Act 2003; or
- the financial statements are not in agreement with the accounting records.

Report

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



J C Posso
Principal Auditor
26 November 2013

Gibraltar Audit Office
Elmslie House
51/53 Irish Town
Gibraltar

**GIBRALTAR ELECTRICITY AUTHORITY
ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013**

REPORT

- 1.1.1 Recurrent Account – Contribution: The overall Government of Gibraltar recurrent contribution during the financial year 2012-13 to the Gibraltar Electricity Authority (GEA) amounted to £49,167,418 compared to an approved allocation of £42,488,000 and compared to £39,259,526 for the previous financial year.
- 1.1.2 The overall recurrent contribution was comprised of the following components:
- (i) The Contribution from revenues received by the Government amounted to £24,631,811, compared to an approved budget allocation of £24,721,000 and to the previous year's actual contribution totalling £23,006,715. These receipts were in respect of the sale of electricity to consumers (£24,035,534), fuel hedging contract receipts (£527,278) and electricity connection fees (£68,999);
 - (ii) The Additional Contribution amounting to £22,981,000 compared against an approved budget allocation of £16,267,000 and to the previous year's actual contribution amounting to £14,870,000; and
 - (iii) The Contribution from receipts received from the private sector for the provision of electrical services amounting to £1,554,607, compared to the approved budget allocation of £1,500,000.
- 1.2.1 Recurrent Account – Receipts: The Finance and Administration Director explained that the negative variance of £89,189 between the approved budget and actual receipts in the Contribution from revenues received by the Government was principally made up of the following:
- (i) Sale of Electricity arrears collections to consumers during the year amounting to £462,771 increased by £262,771 compared with the approved budget of £200,000, mainly attributable to the collection of arrears in respect of government departments and better than expected collection of arrears; and
 - (ii) On the other hand, receipts related to the fuel hedge contracts amounting to £527,278 fell short compared against the approved budget allocation of £875,000 by £347,722, mainly due to a significant adverse variance on the fuel hedge contract, which started in May 2012 as a consequence of lower than expected fuel prices, partly offset by a favourable variance in respect of the fuel hedge contract commenced in October 2011.

1.3.1 Recurrent Account – Payments: The total recurrent expenditure of the GEA in the financial year 2012-13 was £49,702,881, an increase of £5,779,881 (13.2%) compared with the approved budget total of £43,923,000 and £9,331,482 (23.1%) against the previous year's expenditure of £40,371,399. The Finance and Administration Director explained that the main variances between the approved budget and the actual expenditure for the financial year 2012-13 were as follows:

- (i) Fuel expenditure for the financial year under review totalled £15,363,356, an increase of £1,787,356 (13.2%) against the approved budget of £13,576,000 and by £1,148,003 (8.1%) against the previous financial year's expenditure of £14,215,353. The increase between the actual expenditure and the approved budget was largely attributable to extra fuel purchased as a consequence to the GEA paying fuel directly in order to generate electricity units by the Temporary Power Station North Mole and electricity units which would have been purchased from OESCO, since the latter had less available capacity than planned due to generating set failures; and
- (ii) Total expenditure in respect of the purchase of electricity for the financial year under review totalled £23,704,219, an increase of £4,137,219 (21.1%) compared with the approved budget of £19,567,000 and £7,523,687 (46.5%) compared against the previous year's expenditure totalling £16,180,532. The variance between the approved budget and actual expenditure was as a result of:
 - (a) Purchase of Electricity from OESCO - A favourable variance of just under £4,786,000 made up as follows:
 - (i) a positive volume variance in the region of £6,552,000 attributable to OESCO having less available capacity than planned due to generating set failures;
 - (ii) a positive purchase price/volume mix variance of around £157,000;
 - (iii) a positive cost variance of just over £106,000;
 - (iv) on the other hand, there was a negative variance amounting to around £1,691,000 due to OESCO and paid during the financial year 2012-13 as a result of the termination of the contract; and
 - (v) a further adverse purchase price variance of approximately £339,000.
 - (b) Purchase of Electricity from the MOD - An adverse variance of slightly over £870,000 in connection with payments in respect of the interconnector balance, which arose as a consequence of the supply of electricity units by the MOD to the GEA electricity network, and a further £456,000 paid in relation to electricity units supplied but not billed by the MOD to the GEA;
 - (c) Purchase of Electricity from Gibraltar Mechanical and Electrical Services Limited - An adverse variance of approximately

£2,314,000 in respect of the supply of electricity units from the ex MOD power station, partly attributable to payments in respect of prior years and partly due to a greater number of electricity units supplied. In addition, a negative variance of slightly over £1,435,000 in respect of the rental of the temporary generators, however the rental of the temporary generators are reflected separately in the accounts under internally generated electricity;

- (d) Purchase of Electricity from Temporary Power Station North Mole - An adverse variance of over £3,675,000 attributable to fuel purchased to operate the North Mole plant during the last three months of the financial year, which was not originally budgeted for, however, the MOD expenditure is reflected in the accounts under other costs; and
- (e) Purchase of Electricity from South District Power Station - An adverse variance of over £172,000 as a result of the operation of the South District Power plant consequent to the termination of the OESCO contract, which was not included in the original bid as the date of termination was not known at the time of the Estimates submission.

1.4.1 Commercial Works – Total expenditure in respect of Commercial Works amounted to £2,020,358, an increase of £820,358 (68.4%) compared against the approved estimate of £1,200,000. The Finance and Administration Director attributed the increase of expenditure amounting to nearly £1,311,000 related to numerous unbudgeted new projects partly offset by cost savings due to the non-start of budgeted projects totalling around £550,000.

1.5.1 Capital Account – Capital expenditure amounting to £910,958 was mainly attributable to expenditure in respect of infrastructure systems amounting to approximately £627,000; public lighting amounting to nearly £97,000; purchase of motor vehicles of nearly £63,000; plant and machinery of approximately £66,000; and office furniture, equipment and computers of around £45,000. The main charge attributable in connection with the infrastructure systems was in relation to costs incurred on the replacement of sub-stations totalling nearly £498,000.

1.6.1 Electricity Charges Outstanding – Arrears of Electricity Charges stood at £7,467,537 as at 31 March 2013 compared to £7,248,274 as at the end of the previous financial year, an increase of £219,263. However, a total of £162,917 was written-off during the year, so the effective increase in arrears of Electricity Charges was £382,180.

1.6.2 The Finance and Administration Director explained that part of the increase in arrears relates to the new Air Terminal account, which owed £190,000 in the year, which was not collected as a result of non-billing by the GEA. In addition, amounts due by consumers in receipt of social assistance increased year-on-year by nearly £100,000.

- 1.6.3 The sum written-off during the financial year amounting to £162,917 was in respect of amounts owed by companies that were either liquidated, had ceased, been struck-off or became statute-barred.



GIBRALTAR ELECTRICITY AUTHORITY

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

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MEMBERS OF THE GIBRALTAR ELECTRICITY AUTHORITY BOARD

The Hon Steven Linares served as Chairman throughout the financial year.

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

Mr Manolo Alecio
Mr Dilip Dayaram Tirathdas
Mr Charles Ferro MBE
Mr Michael Gil
Mr Anthony Lima MBE
Mr Guy Stagnetto
Mr Michael Caetano

Chief Executive GEA
Financial Secretary Government of Gibraltar
Retired Civil Servant
Chief Technical Officer Government of Gibraltar
Retired Civil Servant
Lawyer
Deputy Chief Executive GEA

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 2012-13 the net cash deficit on all GEA ordinary activities (generation, distribution and supply of electricity) was £23.142 million, which was reduced to £22.615 million by the income of the fuel hedge contract. There was a net cash outflow of £0.481 million from the provision of electrical services to the private and public sector. In addition capital expenditure of £0.911 million was incurred, consequently the total Government contribution to the Authority was £24.007 million.

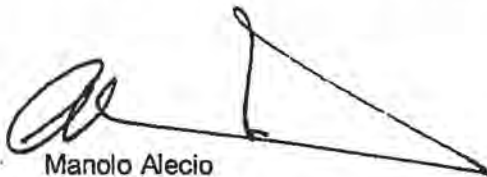
Around 46% of the electricity generated was obtained externally, predominantly the South District Power Station and (formally) OESCO Ltd, with the GMES via the ex ISGS Power Station and the temp power station at North Mole contributing approximately 13%, the remaining 54% being internally generated at Waterport Power Station together with the use of portable generating sets.

Electricity collections, excluding connection fees, for 2012-13 were £24.036 million.

As at 31 March 2013 arrears of electricity charges billed stood at £7.468 million compared to £7.248 million as at 31 March 2012. With no growth in sales the reduction in the overall debt is attributable to the collection of historic arrears and the containment in the growth of debt due to billing in the current financial year.

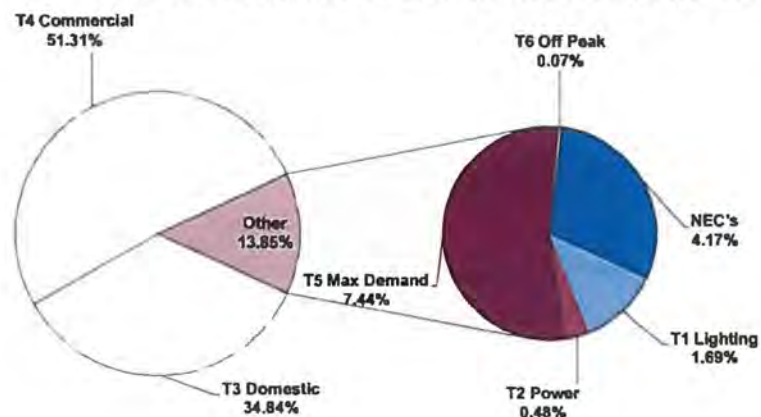
The volume of sales, based on units of electricity billed and ignoring the sales to the non entitled consumers supplied by GMES, reduced by approximately 0.6% from the previous financial year, whilst the amount invoiced increased by approximately 0.07%, this being due to changes in the amounts billed per tariff.

There was no increase in the tariffs in the financial year.

A handwritten signature in black ink, consisting of a stylized 'M' followed by a long horizontal stroke that ends in a small upward flick.

Manolo Alecio
Chief Executive

DISTRIBUTION/SALES OF ELECTRICITY DURING THE YEAR ENDED 31 MARCH 2013

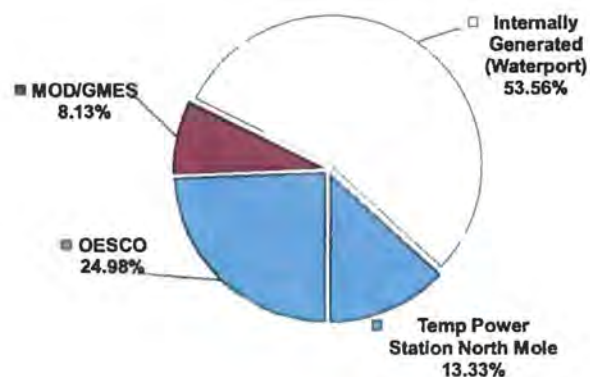


Tariffs

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

2013	£	Units	2012	£	Units
■ T1 Lighting	409,748	2,338,026	388,092	2,226,588	
■ T2 Power	117,445	712,973	198,905	1,254,255	
□ T3 Domestic	8,466,408	60,608,941	8,341,283	60,039,396	
□ T4 Commercial	12,467,726	96,469,674	12,505,620	97,620,110	
■ T5 Max Demand	1,808,425	14,165,873	1,819,286	14,199,890	
■ T6 Off Peak	16,970	155,021	17,451	159,907	
■ Non-Entitled Consumers	1,013,173	7,218,794	228,525	1,805,118	
	24,299,895	181,669,302	23,499,162	177,305,264	

SOURCES OF ELECTRICITY (UNITS)



- OESCO South District Power Station
- MOD/GMES
- Internally Generated (Waterport)
- Temp Power Station North Mole

2013	£	Units	2012	£	Units
■ OESCO South District Power Station	10,262,529	47,750,740	15,918,500	78,796,310	
■ MOD/GMES	3,783,681	15,533,251	2,021,909	11,822,709	
□ Internally Generated (Waterport)	20,358,000	102,384,350	19,024,094	101,101,394	
■ Temp Power Station North Mole	6,503,662	25,492,211	-	-	
	40,907,872	191,160,552	36,964,503	191,720,413	

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

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013	2013	2012	2012
		£	£	£	£
<u>RECURRENT ACCOUNT</u>					
<u>RECEIPTS</u>					
<u>Contributions from the Government of Gibraltar</u>					
Distribution/Sales of Electricity	2		24,035,534		22,771,207
Electricity Connection Fees			68,999		95,510
Miscellaneous Income			-		510
			24,104,533		22,867,227
Fuel Hedge Contracts Income			527,278		139,488
			<u>24,831,811</u>		<u>23,006,715</u>
<u>PAYMENTS</u>					
Sources of Electricity					
<u>Purchase of Electricity</u>					
OESCO	4	11,002,075		15,616,891	
MOD		-		563,641	
GMES/ex ISGS Power Station		4,634,852		-	
Temporary Power Station North Mole		3,675,067		-	
South District Power Station		<u>172,470</u>		<u>-</u>	
			(19,484,464)		(16,180,532)
<u>Internally Generated Electricity</u>					
Generation	8	19,304,597		17,977,953	
GMES/Hire of generators		2,893,355		-	
Distribution Network Services	9	3,154,307		2,809,770	
Administration	10	<u>752,141</u>		<u>706,877</u>	
			(26,104,400)		(21,494,600)
<u>Other Costs</u>					
MOD - Repayment of units supplied prior years		1,326,400		-	
Collection Expenses - AquaGib Ltd		<u>331,476</u>		<u>318,000</u>	
			(1,657,876)		(318,000)
NET PAYMENTS ON ORDINARY ACTIVITIES			<u>(22,614,929)</u>		<u>(14,986,417)</u>
Other Activities					
<u>Provision of Electrical Services to Government and the Gibraltar Health Authority</u>					
Income from Government Departments		1,309,711		1,338,480	
Less Expenditure Incurred	11	<u>(1,396,360)</u>		<u>(1,394,336)</u>	
			(86,649)		(55,876)
Income from Gibraltar Health Authority		1,131,712		1,069,022	
Less Expenditure Incurred	12	<u>(1,059,781)</u>		<u>(983,931)</u>	
			71,931		85,091
			<u>C/Fwd £ (22,629,647)</u>		<u>£ (14,957,202)</u>

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013	2013	2012	2012
		£	£	£	£
Other Activities (Cont)	B/Fwd		(22,629,647)		(14,957,202)
<u>Provision of Electrical Services to Private Sector</u>	13				
Contribution from the Government of Gibraltar-Income		1,554,607		1,382,811	
Less Expenditure Incurred		<u>(2,020,358)</u>		<u>(1,194,540)</u>	
			(465,751)		188,271
			<u>(23,095,398)</u>		<u>(14,768,931)</u>
Contribution from the Government of Gibraltar General Contribution			22,981,000		14,870,000
NET (PAYMENTS)/RECEIPTS			<u>£ (114,398)</u>		<u>£ 101,069</u>

CAPITAL ACCOUNT**RECEIPTS**

<u>Contribution from the Government of Gibraltar</u> General Contribution	1,026,000	25,000
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PAYMENTS

Works and Equipment	(910,958)	(125,343)
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NET RECEIPTS/(PAYMENTS)	<u>£ 115,042</u>	<u>£ (100,343)</u>
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NOTE

Recurrent Deficit	23,095,398	14,768,931
Capital Expenditure	<u>910,958</u>	<u>125,343</u>
	<u>£ 24,006,356</u>	<u>£ 14,894,274</u>
General Contribution from the Government of Gibraltar	£24,007,000	£14,895,000

BALANCE SHEET AS AT 31 MARCH 2013

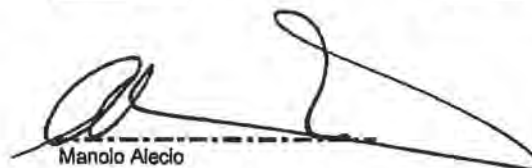
	<u>2013</u>	<u>2012</u>
	£	£
<u>ASSETS</u>		
Recurrent Account		
Imprest	20,060	60
Balance due to Government of Gibraltar	<u>(183,149)</u>	<u>(48,751)</u>
	<u>(163,089)</u>	<u>(48,691)</u>
Capital Account		
Balance held by Government of Gibraltar	<u>164,587</u>	<u>49,545</u>
	<u>£ 1,498</u>	<u>£ 854</u>

FINANCED BY**Recurrent Account**

Account Balance on 1 April 2012	(48,691)	(149,760)	
Net (Payments)/Receipts during the year	<u>(114,398)</u>	<u>101,069</u>	
Account Balance on 31 March 2013		(163,089)	(48,691)

Capital Account

Account Balance on 1 April 2012	49,545	149,888	
Net Receipts/(Payments) during the year	<u>115,042</u>	<u>(100,343)</u>	
Account Balance on 31 March 2013		<u>164,587</u>	<u>49,545</u>
General Fund Balance on 31 March 2013		<u>£ 1,498</u>	<u>£ 854</u>



Manolo Alecio
Chief Executive

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.

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.

2. DISTRIBUTION/SALES OF ELECTRICITY

	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>
	<u>Units</u>	<u>£</u>	<u>Units</u>	<u>£</u>
T1 Lighting	2,338,026	409,748	2,226,588	388,092
T2 Power	712,973	117,445	1,254,255	198,905
T3 Domestic	80,608,941	8,486,408	60,039,396	8,341,283
T4 Commercial	96,469,674	12,467,726	97,620,110	12,505,620
T5 Max Demand	14,165,873	1,808,425	14,199,890	1,819,288
T8 Off Peak	155,021	16,970	159,907	17,451
Total Billing	174,450,508	23,286,722	175,500,146	23,270,637
Non Entitled Consumers and South Dispersal	7,218,794	1,013,173	1,522,918	190,809
Total Distribution	181,669,302	24,299,895	177,023,064	23,461,446

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

3. CONSUMERS

	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>
	<u>Domestic</u>	<u>Non Domestic</u>	<u>Domestic</u>	<u>Non Domestic</u>
Average number of Accounts	14,829	3,575	14,519	3,551
Average Monthly Bill	£48	£341	£48	£350

4. SOURCES OF ELECTRICITY AND COSTS OF PRODUCTION

	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>
	<u>Total Direct Cost</u>	<u>Total Direct Costs</u>	<u>Total Direct Cost</u>	<u>Costs</u>
	<u>Pence/Unit</u>	<u>£</u>	<u>Pence/Unit</u>	<u>£</u>
OESCO Supplied	21.51	9,495,924	20.20	15,918,500
MOD	-	-	12.73	939,732
GMES: Ex ISGS Power Station	24.36	3,783,681	24.36	1,082,177
GMES: Temp Power Station North Mole	25.51	6,503,862	-	-
South District Power Station	23.41	843,447	-	-
Generated (Waterport) GEA	19.88	20,358,000 *	18.82	19,024,094 *
Total		40,984,714		36,964,503

* Includes cost of hire of generators

	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>
	<u>Units</u>	<u>%</u>	<u>Units</u>	<u>%</u>
	<u>Generated</u>	<u>Units Generated/</u>	<u>Generated</u>	<u>Units Generated/</u>
	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
OESCO Supplied	44,147,310	23%	78,796,310	41
MOD	-	-	7,379,611	4
GMES: Ex ISGS Power Station	15,533,251	8%	4,443,098	2
GMES: Temp Power Station North Mole	25,492,211	13%	-	-
South District Power Station	3,603,430	2%	-	-
Generated (Waterport) GEA	102,384,350	54%	101,101,394	53
Total	191,160,552		191,720,413	

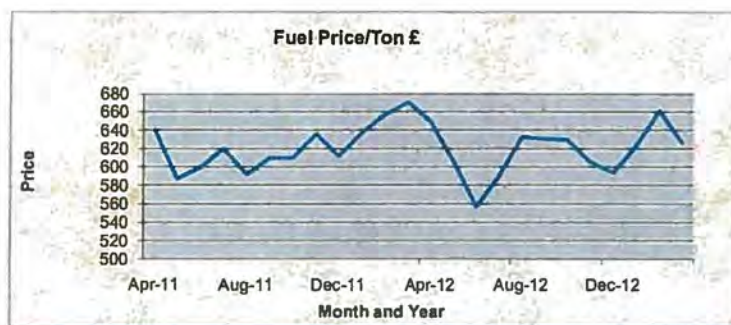
	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>
	<u>Units</u>	<u>%</u>	<u>Units</u>	<u>%</u>
Total Generated	191,160,552	100.00	191,720,413	100.00
Total Distribution	181,669,302	95.03	177,023,064	92.33

* Electricity Generated Not Billed 9,491,250 4.97 14,697,349 7.67

* In the Financial Year 2012-13 this does not include the Waterport Power Station house load.

GIBRALTAR ELECTRICITY AUTHORITY

5. FUEL PRICE



6. FUEL HEDGE CONTRACTS

New Fuel Hedge Contract

Date from May 2012 to April 2017
 Gasoil 0.1% CIF Cargo Med financial swap
 Total Volume 123,336 Mtonnes

Price £600/Mtonne

Existing Fuel Hedge Contract

Date from October 2011 to September 2016
 Gasoil 0.1% CIF Med in GBP
 Total Volume 119,874 Mtonnes.

GEA buy call option at £600/Mtonne
 GEA sell call option at £670/Mtonne
 GEA sell put option at £532/Mtonne

In the financial year up to 31 March 2013 a total of £527,278 was received from Barclays Bank PLC.
 This has been included as a revenue item and it has not been offset against fuel costs.

Also in the financial year up to 31 March 2013 a total of £222,240 was paid to Barclays Bank PLC.
 This amount has been included in the cost of fuel.

7. PROJECTED CONSUMPTION

Projected Consumption

Calendar Year	Expected Production Millions Kwh
2014	180.4
2015	182.2
2016	184.0

8. INTERNALLY GENERATED (WATERPORT) ELECTRICITY - GENERATION

<u>Generation Division</u>	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>
Direct Costs:				
Salaries		£1,517,196		£1,497,264
Overtime		£496,245		£450,832
Allowances		£843,875		£815,046
Employer's Social Insurance Contributions		£77,864		£78,885
Employer's Contributions				
Contributory Defined Contributions Pension Scheme		£55,612		£48,644
		<u>£2,990,792</u>		<u>£2,890,651</u>
Fuel		£15,363,356		£14,215,353
Materials		£380,957		£342,209
Lubricants		<u>£372,672</u>		<u>£370,375</u>
Total Direct costs		<u>£19,107,777</u>		<u>£17,818,588</u>
Overheads:				
General Expenses	£8,091		£8,402	
Electricity and Water	£20,360		£13,298	
Telephone Expenses	£15,820		£16,498	
Printing & Stationery	£1,754		£1,927	
Protective Clothing & Fire Prevention	£4,132		£3,123	
Computer & Office Equipment Expenses	£2,301		£2,204	
Training Expenses	£6,389		£5,067	
Transport Expenses	£905		£1,217	
Security Expenses	£77,526		£77,738	
Messengerial Expenses	£849		£1,188	
Cleaning Services	£13,504		£13,402	
Employer's and Public Liability Insurance	£11,377		£11,172	
Legal Fees	£31,342		£1,443	
Consultancy Fees	<u>£2,670</u>		<u>£2,686</u>	
Total Overheads		<u>£196,820</u>		<u>£159,385</u>
Total Costs		<u><u>£19,304,597</u></u>		<u><u>£17,977,953</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.

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

	2013 Electrical Network Distribution	2013 Consumer	2012 Electrical Network Distribution	2012 Consumer
Direct Costs:				
Salaries	£916,128	£651,461	£860,142	£620,613
Overtime	£95,257	£36,716	£102,138	£58,400
Allowances	£31,407	£67,693	£47,191	£55,474
Employer's Social Insurance Contributions	£49,598	£33,575	£46,773	£32,751
Employer's Contributions - Gibraltar Provident Trust (No. 2) Pension Scheme	£65,935	£31,090	£57,465	£27,711
	£1,158,325	£820,535	£1,113,709	£794,949
Materials	£221,851	£27,997	£81,055	£27,886
Public Lighting and Illuminations	£40,988	£26,361	£42,369	£8,549
Total Direct costs	£1,421,164	£874,893	£1,217,133	£831,384
Overheads:				
General Expenses	£4,822	£3,445	£5,006	£3,575
Electricity and Water	£12,129	£8,664	£7,922	£5,658
Telephone Expenses	£9,424	£6,731	£9,829	£7,021
Printing & Stationery	£1,757	£1,757	£1,928	£1,928
Protective Clothing & Fire Prevention	£2,462	£1,758	£1,861	£1,329
Computer & Office Equipment Expenses	£5,752	£5,752	£6,174	£4,851
Training Expenses	£6,389	£6,389	£5,068	£5,067
Transport Expenses	£6,790	£5,433	£9,115	£6,989
Messengerial Expenses	£650	£650	£1,187	£1,187
Cleaning Services	£8,045	£5,746	£7,985	£5,703
Employer's and Public Liability Insurance	£6,778	£4,841	£6,856	£4,754
Legal Fees	£18,672	£13,337	£859	£614
Consultancy Fees	£1,591	£1,136	£1,600	£1,143
Total Overheads	£85,261	£85,639	£85,190	£49,819
Total Costs	£1,506,425	£940,532	£1,282,323	£881,203

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

	2013 Electro-Technical	2013 Total	2012 Electro-Technical	2012 Total
Direct Costs:				
Salaries	£427,997	£1,995,586	£408,311	£1,889,066
Overtime	£93,145	£225,118	£80,818	£241,356
Allowances	£30,645	£129,745	£35,158	£137,823
Employer's Social Insurance Contributions	£20,716	£103,889	£20,716	£100,240
Employer's Contributions - Gibraltar Provident Trust (No. 2) Pension Scheme	£30,625	£127,650	£27,108	£112,284
	£803,128	£2,581,988	£572,111	£2,480,769
Materials	£60,278	£310,126	£39,546	£128,487
Public Lighting and Illuminations	-	£67,349	-	£50,918
Total Direct costs	£663,406	£2,959,463	£611,657	£2,660,174
Overheads:				
General Expenses	£2,239	£10,506	£2,324	£10,905
Electricity and Water	£5,631	£26,424	£3,677	£17,257
Telephone Expenses	£4,375	£20,530	£4,564	£21,414
Printing & Stationery	£1,757	£5,271	£1,928	£5,784
Protective Clothing & Fire Prevention	£1,143	£5,363	£864	£4,054
Computer & Office Equipment Expenses	£2,301	£13,805	£3,087	£14,112
Training Expenses	£6,389	£19,167	£5,088	£15,203
Transport Expenses	£3,169	£15,392	£3,949	£20,053
Messengerial Expenses	£650	£1,950	£1,187	£3,561
Cleaning Services	£3,735	£17,526	£3,707	£17,395
Employer's and Public Liability Insurance	£3,147	£14,766	£3,090	£14,500
Legal Fees	£8,669	£40,678	£399	£1,872
Consultancy Fees	£739	£3,466	£743	£3,488
Total Overheads	£43,944	£194,844	£34,587	£149,596
Total Costs	£707,350	£3,154,307	£646,244	£2,809,770

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

10. INTERNALLY GENERATED (WATERPORT) ELECTRICITY - ADMINISTRATION

	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>
Direct Costs:				
Salaries		£590,102		£561,320
Overtime		£6,483		£4,418
Allowances		£22,669		£22,500
Temporary Assistance		£1,957		£14,777
Employer's Social Insurance Contributions		£27,056		£27,288
Employer's Contributions - Gibraltar Provident Trust (No. 2) Pension Scheme		£45,442		£34,850
Total Direct Costs		£693,709		£665,153
Overheads:				
General Expenses	£2,756		£2,682	
Electricity and Water	£6,931		£4,244	
Telephone Expenses	£5,385		£5,266	
Printing & Stationery	£1,757		£1,928	
Protective Clothing and Fire Prevention	£1,407		£997	
Computer & Office Equipment Expenses	£12,655		£10,584	
Training Expenses	£6,389		£5,068	
Transport Expenses	£453		£608	
Messengerial Expenses	£650		£1,187	
Cleaning Services	£4,597		£4,277	
Employer's and Public Liability Insurance	£3,873		£3,566	
Legal Fees	£10,670		£460	
Consultancy Fees	£909		£857	
Total Overheads		£58,432		£41,724
Total Costs		£752,141		£706,877

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.

	<u>2013</u>	<u>2012</u>
Direct Costs:		
Salaries	£912,596	£908,347
Overtime	£159,200	£156,279
Allowances	£29,619	£44,972
Employer's Social Insurance Contributions	£49,576	£50,873
Employer's Contributions - Gibraltar Provident Trust (No. 2) Pension Scheme	£35,677	£28,056
	£1,186,668	£1,188,527
Materials	£126,363	£147,684
Total Direct Costs	Balance C/Fwd £1,313,031	£1,336,211

11. ELECTRICAL SERVICES - GOVERNMENT DEPARTMENTS (cont)

	2013	2013	2012	2012
Balance B/Fwd		£1,313,031		£1,336,211
Overheads:				
General Expenses	£5,167		£5,363	
Electricity and Water	£12,995		£8,488	
Telephone Expenses	£10,097		£10,531	
Printing & Stationery	£1,757		£1,928	
Protective Clothing & Fire Prevention	£2,637		£1,994	
Computer & Office Equipment Expenses	£2,876		£2,205	
Training Expenses	£6,389		£5,068	
Transport Expenses	£3,169		£3,040	
Messengerial Expenses	£650		£1,187	
Cleaning Services	£8,619		£8,555	
Employer's and Public Liability Insurance	£7,262		£7,131	
Legal Fees	£20,006		£921	
Consultancy Fees	£1,705		£1,714	
Total Overheads		£83,329		£58,125
Total Costs		£1,396,360		£1,394,336

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.

	2013	2013	2012	2012
Direct Costs:				
Salaries		£753,573		£727,503
Overtime		£78,735		£72,405
Allowances		£40,706		£40,435
Employer's Social Insurance Contributions		£37,388		£37,322
Employer's Contributions - Gibraltar				
Provident Trust (No. 2) Pension Scheme		£88,369		£62,834
		£998,771		£940,499
Miscellaneous Expenses		£1,989		£2,471
Total direct Costs		£1,000,760		£942,970
Overheads:				
General Expenses	£3,789		£3,933	
Electricity and Water	£9,530		£6,224	
Telephone Expenses	£7,405		£7,723	
Printing & Stationery	£1,757		£1,928	
Protective Clothing & Fire Prevention	£1,934		£1,462	
Training Expenses	£6,389		£5,068	
Messengerial Expenses	£650		£1,187	
Cleaning Services	£6,321		£6,274	
Employer's and Public Liability Insurance	£5,325		£5,230	
Legal Fees	£14,671		£675	
Consultancy Fees	£1,250		£1,257	
Total Overheads		£59,021		£40,961
Total Costs		£1,059,781		£983,931

13. ELECTRICAL SERVICES - PRIVATE SECTOR

	2013	2013	2012	2012
Payment received	£1,554,607		£1,382,811	
Less: Materials	<u>(£2,020,358)</u>		<u>(£1,194,540)</u>	
		(£465,751)		£188,271
As at 31 March 2013		<u>(£465,751)</u>		<u>£188,271</u>
Expenditure during year	<u>£2,020,358</u>		<u>£1,194,540</u>	
Advance payments b/fwd	£1,611,666		£1,580,919	
Payments during the year	£1,554,607		£1,382,811	
	<u>£3,166,273</u>		<u>£2,963,730</u>	
Advance payments c/fwd	(£582,334)		(£1,611,666)	
Surplus	<u>(£563,581)</u>		<u>(£157,524)</u>	
	<u>£2,020,358</u>		<u>£1,194,540</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.

15. PERSONAL EMOLUMENTS

	2013	2012
Gross Emoluments	Number of Staff	Number of Staff
£90,000-£95,000	2	-
£80,000-£90,000	2	6
£70,000-£80,000	6	2
£60,000-£70,000	34	21
£50,000-£60,000	16	33
£40,000-£50,000	40	29
£30,000-£40,000	58	63
£20,000-£30,000	13	17
£10,000-£20,000	7	2
<£10,000	1	2
	<u>179</u>	<u>175</u>

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

16. FIXED ASSETSCAPITAL EXPENDITURE

	<u>Infrastructure Systems</u>	<u>Motor Vehicles</u>	<u>Office Equipment</u>	<u>Furniture</u>
Brought Forward as at 1 April 2012	£1,384,576	£302,774	£110,880	£37,861
Additions 2012/2013	£724,975	£63,127	£22,398	£6,137
Total Cost	<u>£2,109,551</u>	<u>£365,901</u>	<u>£133,278</u>	<u>£43,998</u>
	<u>Plant and Machinery</u>	<u>Computers</u>	<u>Fixtures Fittings</u>	<u>Total</u>
Brought Forward as at 1 April 2012	£717,437	£323,866	£63,813	£2,941,207
Additions 2012/2013	£65,914	£16,008	£12,401	£910,958
Total Cost	<u>£783,351</u>	<u>£339,872</u>	<u>£76,214</u>	<u>£3,852,165</u>

17. DEBTORS

	2013	2012
Electricity Charges Billed	£7,467,537	£7,248,274
Electricity Connection Fees	£2,379	£2,218
Electricity Deposits due from consumers	£25,782	£24,491
Electricity Deposits held by Government	£1,116,356	£1,133,607
	<u>£8,612,054</u>	<u>£8,408,590</u>

The debt in respect of the consumers who are in receipt of social assistance was £622,401.60 as at 31 March 2013. Of this total only £392,361, the balance outstanding as at 31 March 2007, has been provided for.

The Bad Debts written off were primarily in respect of liquidated and struck-off companies.

Bills outstanding as at 1 April 2012	£7,248,274	£6,893,639
Billing for the year	£23,308,883	£23,287,375
Amounts received	(£22,904,542)	(£22,827,248)
Write offs	(£162,917)	(£88,754)
Adjustments	(£22,161)	(£16,738)
Bills outstanding as at 31 March 2013	<u>£7,467,537</u>	<u>£7,248,274</u>

Age structure of arrears		
Up to six months	£2,968,867	£2,401,718
Six months to one year	£156,185	£128,765
Greater than one year	£4,342,505	£4,719,791
Total	<u>£7,467,537</u>	<u>£7,248,274</u>

Other Debtors

	2013	2013	2012	2012
Gibdock Limited	758,438 units	£110,396	282,200 units	£112,915
Non Entitled Consumers	689,542 units	£86,389	-	-
Barclays Bank plc		£42,219		-
Commercial Works Debtors		£1,160,121		£1,251,377

18. STOCKS OF GASOIL

	2013	2013	2012	2012
	Tonnes	£	Tonnes	£
Opening Stock as at 1 April 2012	843.90	565,894	917.71	422,000
Purchases during the year	34,118.45	20,913,517	22,265.06	13,883,852
Consumed during the year	(33,636.41)	(20,649,255)	(22,338.87)	(13,739,958)
Closing Stock as at 31 March 2013	<u>1,325.94</u>	<u>830,156</u>	<u>843.90</u>	<u>565,894</u>

19. CASH

	2013	2012
Recurrent Account balance	(£163,089)	(£48,691)
Capital Account balance	£164,587	£49,545
	<u>£1,498</u>	<u>£854</u>

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013	2012
Giboll Ltd	£2,324,645	£1,181,599
Schneider Electric Co Ltd	£68,436	-
OESCO Limited	-	£1,506,150
MOD	-	£961,071
Gibraltar Mechanical and Electrical Services Limited	-	£791,286
DZL Tech Limited	-	£85,837
AquaGib Limited	-	£82,271
Wilkie Limited	-	£39,500
Other Creditors	£119,708	£107,410
	<u>£2,512,787</u>	<u>£4,755,124</u>
Other Liabilities		
GMES Ltd Hire Charges Generators	£220,433	£2,980,842
GMES Ltd Hire Charges Turbines	£1,310,226	-
GMES Ltd Cost of Electricity units ex ISGS Power Station	£211,799	£1,082,177
GMES Ltd Fuel for South District Power Station	£672,877	-
	<u>£2,415,335</u>	<u>£4,063,019</u>

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

	2013	2012
Electricity Deposits due to Consumers	£1,116,356	£1,133,607
Private Sector	£582,334	£1,611,666
Imprest due to Government	£20,060	£60
	<u>£1,718,750</u>	<u>£2,745,333</u>