



Gibraltar Audit Office

## Report of the Principal Auditor

on the Accounts of the  
Gibraltar Electricity Authority  
for the financial year ended  
31 March 2014

---

**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 2014 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 2014 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  
19 January 2015

Gibraltar Audit Office  
Elmslie House  
51/53 Irish Town  
Gibraltar

---

**GIBRALTAR ELECTRICITY AUTHORITY  
ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

**REPORT**

- 1.1.1 Recurrent Account – Contribution: The overall Government of Gibraltar recurrent contribution during the financial year 2013-14 to the Gibraltar Electricity Authority (GEA) amounted to £54,665,194 compared to an approved allocation of £43,241,000 and compared to £49,167,418 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 £25,276,549, compared to an approved budget allocation of £24,252,000 and to the previous year's actual contribution totalling £24,631,811. These receipts were in respect of the sale of electricity to consumers (£25,107,076), fuel hedging contract receipts (£94,818) and electricity connection fees (£74,655);
  - (ii) The Additional Contribution amounting to £28,058,700 compared against an approved budget allocation of £17,489,000 and to the previous year's actual contribution amounting to £22,981,000; and
  - (iii) The Contribution from receipts received from the private sector for the provision of electrical services amounting to £1,329,945, compared to the approved budget allocation of £1,500,000.
- 1.2.1 Recurrent Account – Receipts: The Finance and Administration Director explained that the favourable variance of £1,024,549 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 £984,823 increased by £784,823 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) In addition, receipts related to the fuel hedge contracts amounting to £94,818 compared against the approved budget allocation of £1,000 increased by £93,818, due to favourable variances for three months of the year in respect of the two fuel hedge contracts commenced in October 2011 and May 2012. It was thought at the time of the estimates calculation that most probably due to the low fuel prices, no income would be earned from the hedge and as it is a very volatile market a token estimate of £1,000 was set.

1.3.1 Recurrent Account – Payments: The total recurrent expenditure of the GEA in the financial year 2013-14 was £55,621,370, an increase of £11,223,370 (25.3%) compared with the approved budget total of £44,398,000 and £5,918,489 (11.9%) against the previous year's expenditure of £49,702,881. The Finance and Administration Director explained that the main variances between the approved budget and the actual expenditure for the financial year 2013-14 were as follows:

- (i) Fuel expenditure for the financial year under review totalled £7,832,311, a decrease of £15,289,689 against the approved budget of £23,122,000 and by £7,531,045 against the previous financial year's expenditure of £15,363,356. The approved budget includes £16,429,145 as fuel expenditure estimate for Gibraltar Mechanical and Electrical Services (GMES) Ltd which was wrongly budgeted under this expense when it should have formed part of the purchase of electricity estimate. This leaves a real comparable estimate of £6,692,855. The difference between actual figures and adjusted estimate is therefore an adverse variance of £1,139,456, largely attributable to extra fuel purchased in order to generate more electricity units than originally estimated of £645,689 and by a lower estimate figure set than the original bid difference of £459,550;
- (ii) Total expenditure in respect of the purchase of electricity for the financial year under review totalled £36,582,667, an increase of £26,487,667 (262.4%) compared with the approved budget of £10,095,000 and £12,878,448 (54.3%) compared against the previous year's expenditure totalling £23,704,219. The variance between the approved budget and actual expenditure was as a result of:
  - (a) Purchase of Electricity for GMES Ltd - An unbudgeted figure of £16,429,145, which as mentioned above, was allocated to another expense account;
  - (b) Purchase of Electricity from South District Power Station - An adverse variance of £5,489,474 made up as follows:
    - (i) more fuel was purchased as a result of 37,043,940 units generated instead of 23,970,408 units used in the estimates calculation resulting in a variance of £2,433,740;
    - (ii) a difference between the bid and the estimate of £1,262,351;
    - (iii) the rental of a cat generator for £1,415,289 which was not included in the budget; and
    - (iv) a variance of £378,094 attributable to repairs and maintenance costs.
  - (c) Purchase of Electricity from Ex ISGS Power Station - A favourable variance of £299,606 as a result of the GEA exporting more units than it imported from this power station; and

- (d) Additional Generating Capacity - An adverse variance of £4,868,654 made up as follows:
  - (i) a variance of £3,418,680 mainly attributable to a lower than expected fuel efficiency of the turbines;
  - (ii) a variance of £908,475 in respect of turbine rental payments for the period December 2012 to February 2013;
  - (iii) additional rental costs for the Turbines of £281,480 which were erroneously omitted at the time of the estimates calculation; and
  - (iv) a variance of £260,019 in respect of works done at North Mole which were not budgeted for.
- (iii) Total expenditure in respect of Lubricants for the financial year under review totalled £211,214, a decrease of £200,786 (48.7%) compared with the approved budget of £412,000. This saving is due to a lower volume of litres of lubricant actually used to that anticipated as a consequence of the overhauls of the engines which made them more efficient thereby using less lubricants.
- 1.4.1 Commercial Works – Total expenditure in respect of Commercial Works amounted to £1,682,487, an increase of £127,487 (8.2%) compared against the approved estimate of £1,555,000. The Finance and Administration Director attributed the increase of expenditure to a number of projects.
- 1.5.1 Capital Account – Capital expenditure amounting to £1,029,552 was mainly attributable to expenditure in respect of plant and machinery of approximately £410,000; infrastructure systems amounting to nearly £325,000; office furniture, equipment and computers of around £111,000; purchase of motor vehicles of approximately £83,000; and public lighting amounting to nearly £65,000.
- 1.6.1 Electricity Charges Outstanding – Arrears of Electricity Charges stood at £6,665,591 as at 31 March 2014 compared to £7,664,322 as at the end of the previous financial year, a decrease of £998,741. However, a total of £92,537 was written-off during the year, so the effective decrease in arrears of Electricity Charges was £1,015,435.
- 1.6.2 The Finance and Administration Director explained that the reasons for the major decrease in arrears is that the GEA are implementing tighter and more effective controls resulting in historically slow payers paying earlier and the fact that a lump sum of £438,168 was paid by Sir William Jackson Grove management company. Amounts due by consumers in receipt of social assistance increased year-on-year by nearly £15,000.
- 1.6.3 The sum written-off during the financial year amounting to £92,537 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 2014

## CONTENTS

Composition of the Board	1
The Chief Executive's Report	2
Sources and Distribution/Sales of Electricity	3
Receipts and Payments Account for the Year Ended 31 March 2014	4
Balance Sheet as at 31 March 2014	6
Notes to the Accounts for the Year Ended 31 March 2014	7-19

## 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	Chief Executive GEA
Mr Dilip Dayaram Tirathdas	Financial Secretary Government of Gibraltar
Mr Charles Ferro MBE	Retired Civil Servant (Now Deceased)
Mr Michael Gil	Chief Technical Officer Government of Gibraltar
Mr Hector Montado	Chief Technical Officer Government of Gibraltar
Mr Anthony Lima MBE	Retired Civil Servant
Mr Guy Stagnetto	Lawyer
Mr Michael Caetano	Deputy Chief Executive GEA

Mr Michael Gil has retired and his post has been taken by the new Chief Technical Officer Mr Hector Montado.

Mr Charles Ferro is now deceased.

**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 2013-14 the net cash deficit on all GEA ordinary activities (generation, distribution and supply of electricity) was £27.818 million, which was reduced to £27.723 million by the income of the fuel hedge contract. There was a net cash outflow of £0.340 million from the provision of electrical services to the private and public sector. In addition capital expenditure of £1.030 million was incurred, consequently the total Government contribution to the Authority was £29.093 million.

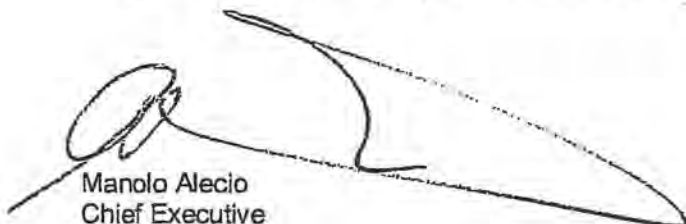
Around 73% of the electricity was generated externally, predominantly GMES mainly via the temp power station at North Mole contributing approximately 54%, with the South District Power Station contributing 19%, and the remaining 27% being generated internally at Waterport.

Electricity collections, excluding connection fees, for 2013-14 were £25.107 million.

As at 31 March 2014 arrears of electricity charges billed stood at £6.360 million compared to £7.468 million as at 31 March 2013. With very little 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.

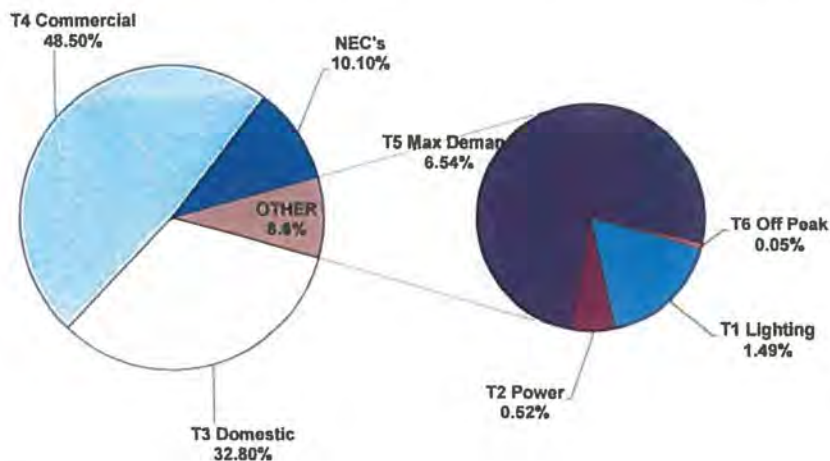
The volume of sales, based on units of electricity billed and ignoring the sales to the non entitled consumers supplied by GMES, increased by approximately 1.3% from the previous financial year, whilst the amount invoiced increased by approximately 0.70%, this being due to changes in the amounts billed per tariff.

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



Manolo Alecio  
Chief Executive

### DISTRIBUTION/SALES OF ELECTRICITY DURING THE YEAR ENDED 31 MARCH 2014



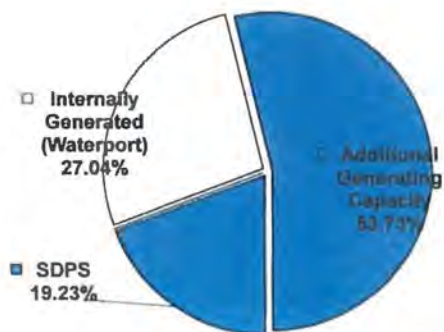
#### Tariffs

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

	2014		2013	
	£	Units	£	Units
T1 Lighting	389,113	2,217,146	409,748	2,338,026
T2 Power	135,347	828,570	117,445	712,973
T3 Domestic	8,553,282	61,039,248	8,466,408	60,608,941
T4 Commercial	12,649,863	99,262,341	12,467,726	96,469,674
T5 Max Demand	1,704,746	13,286,243	1,808,425	14,165,873
T6 Off Peak	14,918	136,046	16,970	155,021
Non Entitled Consumers	2,633,063	5,802,586	1,013,173	7,218,794
<b>Total</b>	<b>26,080,332</b>	<b>182,572,180</b>	<b>24,299,895</b>	<b>181,669,302</b>

33

### SOURCES OF ELECTRICITY (UNITS)



- BOESCO/South District Power Station
- BOO/GMES
- Internally Generated (Waterport)
- Additional Generating Capacity

	2014		2013	
	£	Units	£	Units
BOESCO/South District Power Station	8,288,739	37,043,940	10,339,371	47,750,740
BOO/GMES	-	-	3,783,681	15,533,251
Internally Generated (Waterport)	11,783,626	52,086,980	20,358,000	102,384,350
Additional Generating Capacity	24,951,005	103,513,558	6,503,662	25,492,211
<b>Total</b>	<b>45,023,370</b>	<b>192,644,478</b>	<b>40,984,714</b>	<b>191,160,552</b>

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 2014**

	<i>Notes</i>	<u>2014</u>	<u>2014</u>	<u>2013</u>	<u>2013</u>
<b>RECURRENT ACCOUNT</b>		£	£	£	£
<b>RECEIPTS</b>					
<u>Contributions from the Government of Gibraltar</u>					
Distribution/Sales of Electricity	2		25,107,076		24,035,534
Electricity Connection Fees			74,655		68,999
Miscellaneous Income			-		-
			<u>25,181,731</u>		<u>24,104,533</u>
Fuel Hedge Contracts Income			94,818		527,278
			<u>25,276,549</u>		<u>24,631,811</u>
<b>PAYMENTS</b>					
<b>Sources of Electricity</b>					
<u>Purchase of Electricity</u>					
OESCO	4			11,002,075	
GMES/ex ISGS Power Station	13	610,089		4,634,852	
Additional Generating Capacity	13	25,607,104		6,568,422	
South District Power Station	13	<u>10,365,474</u>		<u>172,470</u>	
			(36,582,667)		(22,377,819)
<u>Internally Generated Electricity</u>					
Generation	8	11,753,874		19,304,597	
Distribution Network Services	9	3,495,567		3,154,307	
Administration	10	<u>826,108</u>		<u>752,141</u>	
			(16,075,549)		(23,211,045)
<u>Other Costs</u>					
MOD-Repayment of units supplied prior years				1,328,400	
Collection Expenses - AquaGib Ltd		<u>341,570</u>		<u>331,476</u>	
			(341,570)		(1,657,876)
<b>NET PAYMENTS ON ORDINARY ACTIVITIES</b>			<u>(27,723,237)</u>		<u>(22,614,929)</u>
<b>Other Activities</b>					
<u>Provision of Electrical Services to Government and the Gibraltar Health Authority</u>					
Income from Government Departments		1,427,973		1,309,711	
Less Expenditure Incurred	11	<u>(1,503,247)</u>		<u>(1,396,360)</u>	
			(75,274)		(86,649)
Income from Gibraltar Health Authority		1,205,521		1,131,712	
Less Expenditure Incurred	12	<u>(1,118,337)</u>		<u>(1,059,781)</u>	
			<u>87,184</u>		<u>71,931</u>
			G/Fwd £ (27,711,327)	£	(22,629,647)

**GIBRALTAR ELECTRICITY AUTHORITY**

**RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2014**

	Notes	<u>2014</u>	<u>2014</u>	<u>2013</u>	<u>2013</u>
		£	£	£	£
Other Activities (Cont)			B/Fwd (27,711,327)		(22,629,647)
<u>Provision of Electrical Services to Private Sector</u>	14				
Contribution from the Government of Gibraltar-Income		1,329,945		1,554,607	
Less Expenditure Incurred		<u>(1,682,487)</u>	<u>(352,542)</u>	<u>(2,020,358)</u>	<u>(465,751)</u>
			(28,063,869)		(23,095,398)
Contribution from the Government of Gibraltar General Contribution			28,058,700		22,981,000
<b>NET PAYMENTS</b>			<u>£ (5,169)</u>		<u>£ (114,398)</u>
<b><u>CAPITAL ACCOUNT</u></b>					
<b>RECEIPTS</b>					
<u>Contribution from the Government of Gibraltar</u>					
General Contribution			1,034,000		1,026,000
<b>PAYMENTS</b>					
Works and Equipment			(1,029,552)		(910,958)
<b>NET RECEIPTS</b>			<u>£ 4,448</u>		<u>£ 115,042</u>
<b>NOTE</b>					
Recurrent Deficit			28,063,869		23,095,398
Capital Expenditure			<u>1,029,552</u>		<u>910,958</u>
			<u>£ 29,093,421</u>		<u>£ 24,006,356</u>
General Contribution from the Government of Gibraltar			£29,092,700		£24,007,000

GIBRALTAR ELECTRICITY AUTHORITY

BALANCE SHEET AS AT 31 MARCH 2014

	<u>2014</u>		<u>2013</u>
	£		£
<b><u>ASSETS</u></b>			
<b>Recurrent Account</b>			
Imprest	20,060		20,060
Balance due to Government of Gibraltar	<u>(188,318)</u>		<u>(183,149)</u>
	(168,258)		(163,089)
<b>Capital Account</b>			
Balance held by Government of Gibraltar	<u>169,035</u>		<u>164,587</u>
	£ <u><u>777</u></u>		£ <u><u>1,498</u></u>

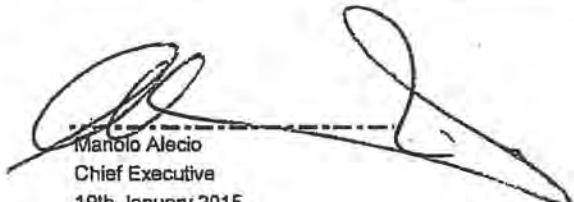
**FINANCED BY**

**Recurrent Account**

Account Balance on 1 April 2013	(163,089)		(48,691)
Net Payments during the year	<u>(5,169)</u>		<u>(114,398)</u>
Account Balance on 31 March 2014		(168,258)	(163,089)

**Capital Account**

Account Balance on 1 April 2013	164,587		49,545
Net Receipts during the year	<u>4,448</u>		<u>115,042</u>
Account Balance on 31 March 2014		<u>169,035</u>	<u>164,587</u>
General Fund Balance on 31 March 2014		£ <u><u>777</u></u>	£ <u><u>1,498</u></u>

  
 Mariano Alecio  
 Chief Executive  
 19th January 2015

## **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

	2014	2014	2013	2013
	Units	£	Units	£
T1 Lighting	2,217,146	389,113	2,338,026	409,748
T2 Power	828,570	135,347	712,973	117,445
T3 Domestic	61,039,248	8,553,282	60,608,941	8,466,408
T4 Commercial	99,262,341	12,649,863	96,469,674	12,467,726
T5 Max Demand	13,286,243	1,704,746	14,165,873	1,808,425
T6 Off Peak	136,046	14,918	155,021	16,970
Total Billing	176,769,594	23,447,269	174,450,508	23,286,722
Non Entitled Consumers and South Dispersal	5,802,586	2,633,063	7,218,794	1,013,173
Total Sales	182,572,160	26,080,332	181,669,302	24,299,895
Supplied to MOD	245,070			
Total Distribution	182,817,250			

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

## 3. CONSUMERS

	2014	2014	2013	2013
	Domestic	Non Domestic	Domestic	Non Domestic
Average number of Accounts	14,967	3,636	14,829	3,575
Average Monthly Bill	£47	£335	£48	£341

## 4. SOURCES OF ELECTRICITY AND COSTS OF PRODUCTION

	2014	2014	2013	2013
	Total Direct Cost Pence/Unit	Total Direct Costs £	Total Direct Cost Pence/Unit	Total Direct Costs £
OESCO Supplied	-	-	21.51	9,495,924
GMES: Ex ISGS Power Station	-	-	24.36	3,783,681
GMES: Additional Generating Capacity	24.10	24,951,005	25.51	6,503,662
GMES: South District Power Station	22.38	6,288,739	23.41	843,447
Generated (Waterport) GEA	22.62	11,783,626	19.88	20,358,000
Total		45,023,370		40,984,714

\* Includes cost of hire of Portman generators

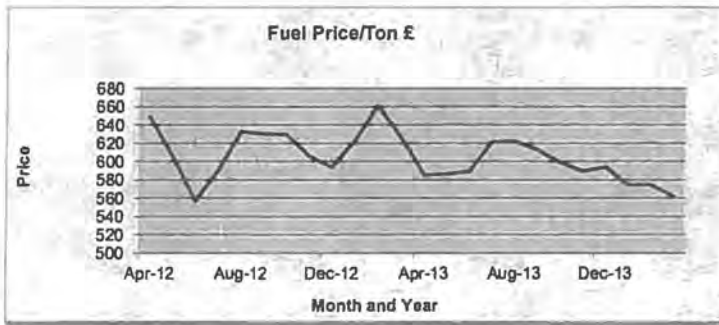
	2014	2014	2013	2013
	Units Generated	% Units Generated/ Total	Units Generated	% Units Generated/ Total
OESCO Supplied	-	-	44,147,310	23%
GMES: Ex ISGS Power Station	-	-	15,533,251	8%
GMES: Additional Generating Capacity	103,513,558	54%	25,492,211	13%
GMES: South District Power Station	37,043,940	19%	3,603,430	2%
Generated (Waterport) GEA	52,086,980	27%	102,384,350	54%
Total	192,644,478		191,160,552	

	2014	2014	2013	2013
	Units	%	Units	%
Total Generated	192,644,478	100	191,160,552	100
Total Distribution	182,817,250	95	181,669,302	95

+ Electricity Generated Not Billed 9,827,228 5 9,491,250 5

\* This does not include the Waterport Power Station house load.

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 £481,562 was paid to Barclays Bank PLC in respect of the fuel hedge contracts. This amount has been included in the cost of fuel.

7. PROJECTED CONSUMPTION

Projected Consumption

Calendar Year	Expected Production Millions Kwh
2015	195.0
2016	197.0
2017	199.0

## 8. INTERNALLY GENERATED (WATERPORT) ELECTRICITY - GENERATION

Generation Division	2014	2014	2013	2013
<b>Direct Costs:</b>				
Salaries		£1,543,217		£1,517,196
Overtime		£544,550		£496,245
Allowances		£829,029		£843,875
Employer's Social Insurance Contributions		£77,435		£77,864
Employer's Contributions				
Contributory Defined Contributions Pension Scheme		£81,600		£55,612
		<u>£3,055,831</u>		<u>£2,990,792</u>
Fuel		£7,832,311		£15,363,356
Materials		£472,570		£380,957
Lubricants		<u>£211,214</u>		<u>£372,672</u>
Total Direct costs		<u>£11,571,926</u>		<u>£19,107,777</u>
<b>Overheads:</b>				
General Expenses	£22,785		£8,091	
Electricity and Water	£9,476		£20,360	
Telephone Expenses	£17,268		£15,820	
Printing & Stationery	£2,275		£1,754	
Protective Clothing & Fire Prevention	£3,400		£4,132	
Computer & Office Equipment Expenses	£2,763		£2,301	
Training Expenses	£5,849		£5,389	
Transport Expenses	£1,013		£905	
Security Expenses	£77,391		£77,526	
Messengerial Expenses	£964		£649	
Cleaning Services	£13,475		£13,504	
Employer's and Public Liability Insurance	£11,634		£11,377	
Legal Fees	£10,985		£31,342	
Consultancy Fees	<u>£2,670</u>		<u>£2,670</u>	
Total Overheads		<u>£181,948</u>		<u>£196,820</u>
Total Costs		<u>£11,753,874</u>		<u>£19,304,597</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

	2014 Electrical Network Distribution	2014 Consumer	2013 Electrical Network Distribution	2013 Consumer
<b>Direct Costs:</b>				
Salaries	£913,493	£681,370	£916,128	£651,461
Overtime	£112,939	£50,939	£95,257	£35,716
Allowances	£44,910	£59,676	£31,407	£67,693
Employer's Social Insurance Contributions	£46,971	£34,289	£49,598	£33,575
Employer's Contributions - Gibraltar Provident Trust (No. 2) Pension Scheme	£88,637	£47,148	£65,935	£31,090
	<u>£1,186,950</u>	<u>£873,422</u>	<u>£1,158,325</u>	<u>£820,535</u>
Materials	£223,727	£48,431	£221,851	£27,997
Public Lighting and Illuminations	<u>£57,878</u>	<u>£87,433</u>	<u>£40,988</u>	<u>£26,361</u>
<b>Total Direct costs</b>	<u>£1,468,555</u>	<u>£1,009,286</u>	<u>£1,421,164</u>	<u>£874,893</u>
<b>Overheads:</b>				
General Expenses	£13,574	£9,696	£4,822	£3,445
Electricity and Water	£5,645	£4,032	£12,129	£8,664
Telephone Expenses	£10,287	£7,348	£9,424	£6,731
Printing & Stationery	£2,274	£2,274	£1,757	£1,757
Protective Clothing & Fire Prevention	£2,025	£1,447	£2,462	£1,758
Computer & Office Equipment Expenses	£7,603	£13,823	£5,752	£5,752
Training Expenses	£5,848	£5,848	£6,389	£6,389
Transport Expenses	£8,104	£7,597	£6,790	£5,433
Messengerial Expenses	£967	£967	£650	£650
Cleaning Services	£8,028	£5,734	£8,045	£5,746
Employer's and Public Liability Insurance	£6,931	£4,951	£6,778	£4,841
Legal Fees	£6,544	£4,674	£18,672	£13,337
Consultancy Fees	<u>£1,591</u>	<u>£1,136</u>	<u>£1,591</u>	<u>£1,136</u>
<b>Total Overheads</b>	<u>£79,421</u>	<u>£69,527</u>	<u>£85,261</u>	<u>£65,639</u>
<b>Total Costs</b>	<u>£1,547,976</u>	<u>£1,078,813</u>	<u>£1,506,425</u>	<u>£940,532</u>

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

	2014		2013	
	Electro-Technical	Total	Electro-Technical	Total
<b>Direct Costs:</b>				
Salaries	£470,005	£2,064,868	£427,997	£1,895,586
Overtime	£128,911	£292,789	£93,145	£225,118
Allowances	£32,356	£136,992	£30,645	£128,745
Employer's Social Insurance Contributions	£22,288	£103,548	£20,716	£103,889
Employer's Contributions - Gibraltar Provident Trust (No. 2) Pension Scheme	£38,889	£154,674	£30,625	£127,850
	£692,489	£2,752,861	£603,128	£2,581,988
Materials	£135,529	£407,687	£60,278	£310,126
Public Lighting and Illuminations	-	£145,311	-	£57,349
<b>Total Direct costs</b>	<b>£828,018</b>	<b>£3,305,859</b>	<b>£663,406</b>	<b>£2,959,463</b>
<b>Overheads:</b>				
General Expenses	£6,302	£29,572	£2,239	£10,506
Electricity and Water	£2,621	£12,298	£5,631	£26,424
Telephone Expenses	£4,776	£22,411	£4,375	£20,530
Printing & Stationery	£2,274	£6,822	£1,757	£5,271
Protective Clothing & Fire Prevention	£940	£4,412	£1,143	£5,363
Computer & Office Equipment Expenses	£2,785	£24,191	£2,301	£13,805
Training Expenses	£5,848	£17,544	£8,389	£18,167
Transport Expenses	£3,545	£18,246	£3,168	£15,392
Messengerial Expenses	£967	£2,901	£650	£1,950
Cleaning Services	£3,727	£17,489	£3,735	£17,526
Employer's and Public Liability Insurance	£3,218	£15,100	£3,147	£14,766
Legal Fees	£3,038	£14,256	£8,669	£40,578
Consultancy Fees	£739	£3,466	£739	£3,466
<b>Total Overheads</b>	<b>£40,760</b>	<b>£189,708</b>	<b>£43,944</b>	<b>£194,844</b>
<b>Total Costs</b>	<b>£868,778</b>	<b>£3,495,567</b>	<b>£707,350</b>	<b>£3,154,307</b>

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

	2014	2014	2013	2013
<b>Direct Costs:</b>				
Salaries		£653,706		£590,102
Overtime		£10,694		£6,483
Allowances		£18,625		£22,669
Temporary Assistance		£7,743		£1,957
Employer's Social Insurance Contributions		£25,491		£27,056
Employer's Contributions - Gibraltar Provident Trust (No. 2) Pension Scheme		£51,393		£45,442
<b>Total Direct Costs</b>		<b>£767,652</b>		<b>£693,709</b>
<b>Overheads:</b>				
General Expenses	£7,757		£2,756	
Electricity and Water	£3,226		£6,931	
Telephone Expenses	£5,676		£5,385	
Printing & Stationery	£2,274		£1,757	
Protective Clothing and Fire Prevention	£1,157		£1,407	
Computer & Office Equipment Expenses	£11,749		£12,655	
Training Expenses	£5,848		£6,389	
Transport Expenses	£506		£453	
Messengerial Expenses	£967		£650	
Cleaning Services	£4,587		£4,597	
Employer's and Public Liability Insurance	£3,961		£3,873	
Legal Fees	£3,739		£10,670	
Ex gratia payments	£5,898		-	
Consultancy Fees	£909		£909	
<b>Total Overheads</b>		<b>£58,456</b>		<b>£58,432</b>
<b>Total Costs</b>		<b>£826,108</b>		<b>£752,141</b>

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.

	2014	2013
<b>Direct Costs:</b>		
Salaries	£948,927	£912,596
Overtime	£187,403	£159,200
Allowances	£38,905	£29,619
Employer's Social Insurance Contributions	£50,147	£49,576
Employer's Contributions - Gibraltar Provident Trust (No. 2) Pension Scheme	£43,479	£35,677
	£1,268,861	£1,186,668
Materials	£159,262	£126,363
<b>Total Direct Costs</b>	<i>Balance C/Fwd</i> £1,428,123 *	£1,313,031

\* This expenditure is more than the income received from Government Departments of £1,427,973 as a consequence of adjustments to materials which were not charged to Government Departments.

## 11. ELECTRICAL SERVICES - GOVERNMENT DEPARTMENTS (cont)

	2014	2014	2013	2013
Balance B/Fwd		£1,428,123		£1,313,031
Overheads:				
General Expenses	£14,544		£5,167	
Electricity and Water	£8,048		£12,995	
Telephone Expenses	£11,022		£10,097	
Printing & Stationery	£2,274		£1,757	
Protective Clothing & Fire Prevention	£2,170		£2,637	
Computer & Office Equipment Expenses	£3,458		£2,876	
Training Expenses	£5,848		£6,389	
Transport Expenses	£4,052		£3,169	
Messengerial Expenses	£967		£650	
Cleaning Services	£8,601		£8,619	
Employer's and Public Liability Insurance	£7,426		£7,262	
Legal Fees	£7,011		£20,006	
Consultancy Fees	£1,705		£1,705	
Total Overheads		£75,124		£83,328
Total Costs		£1,503,247		£1,396,360

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.

	2014	2014	2013	2013
Direct Costs:				
Salaries		£784,308		£753,573
Overtime		£105,188		£78,735
Allowances		£38,457		£40,706
Employer's Social Insurance Contributions		£37,718		£37,368
Employer's Contributions - Gibraltar				
Provident Trust (No. 2) Pension Scheme		£98,716		£88,369
		£1,064,387		£998,771
Miscellaneous Expenses		£1,941		£1,989
Total direct Costs		£1,066,328		£1,000,760
Overheads:				
General Expenses	£10,666		£3,789	
Electricity and Water	£4,435		£9,530	
Telephone Expenses	£8,083		£7,405	
Printing & Stationery	£2,274		£1,757	
Protective Clothing & Fire Prevention	£1,591		£1,934	
Training Expenses	£5,848		£6,389	
Messengerial Expenses	£967		£650	
Cleaning Services	£6,307		£6,321	
Employer's and Public Liability Insurance	£5,446		£5,325	
Legal Fees	£5,142		£14,671	
Consultancy Fees	£1,250		£1,250	
Total Overheads		£52,009		£58,021
Total Costs		£1,118,337		£1,058,781

## 13. ELECTRICITY PURCHASED FROM THE GIBRALTAR MECHANICAL AND ELECTRICAL SERVICES LTD (GMES)

	2014		2013	
	Ex ISGS Power Station		Ex ISGS Power Station	
(i) GEA Share of fuel costs		£89,713		£1,822,795
GEA Share of fuel costs prior financial years		£50,353		£1,044,909
(ii) GEA Share of other Costs				
Spares, repairs and maintenance	£30,016		£241,546	
No14 Engine repairs	£269,429		-	
Cost of services	£7,174		£70,440	
Personal emoluments	£83,316		£811,264	
Costs prior financial years	£26,449		£643,888	
Paid to MOD re billing (Recoverable)	£53,639		-	
		£470,023		£1,767,148
		<u>£510,089</u>		<u>£4,634,852</u>
	2014		2013	
	Additional Generating Capacity		Additional Generating Capacity	
(i) Fuel Costs		£19,847,826		£3,675,067
(ii) Other Costs				
Rental costs North Mole Temp Power Plant	£5,496,728			£2,893,355
Repairs and maintenance North Mole Temp Power Plant	£198			
Legal cost	£1,490			
Infrastructure costs	£258,349			
EU ETS Verification	£2,515			
		£5,759,278		-
		<u>£25,607,104</u>		<u>£6,568,422</u>
	2014		2013	
	South District Power Station		South District Power Station	
(i) Fuel Costs		£5,572,091		£76,841
(ii) Other Costs				
Personal emoluments	£1,140,741		£95,629	
Repair and maintenance	£477,656		-	
Lubricants	£199,317		-	
Electricity and Water	£10,441		-	
General Expenses	£21,872		-	
Legal Fees	£6,188		-	
Insurance	£23,318		-	
Contract payments - Bolaños Ltd	£70,000		-	
Telephone	£12,022		-	
Health and safety	£22,055		-	
Security	£1,143		-	
Office equipment	£5,417		-	
Protective clothing	£3,898		-	
Tools	£1,078		-	
EU ETS Verification	£1,493		-	
		£1,998,637		£95,629
Exceptional items				
Termination OESCO Contract	£1,360,269		-	
OESCO staff pension	£21,188		-	
		£1,381,457		-
Portable Generators Rental costs	£1,396,433		-	
Repairs and maintenance portable generators	£18,856		-	
		£1,415,289		-
Total		<u>£10,365,474</u>		<u>£172,470</u>

The above statement has not been extracted from the accounts of GMES Ltd.

14. ELECTRICAL SERVICES - PRIVATE SECTOR

	2014	2014	2013	2013
Payment received	£1,329,945		£1,554,807	
Less: Materials	<u>(£1,682,487)</u>		<u>(£2,020,358)</u>	
As at 31 March 2014	<u>(£352,542)</u>		<u>(£465,751)</u>	
Expenditure during year	<u>£1,682,487</u>		<u>£2,020,358</u>	
Advance payments b/fwd	£582,334		£1,611,866	
Payments during the year	£1,242,645		£1,554,807	
	<u>£1,824,979</u>		<u>£3,166,273</u>	
Advance payments c/fwd	(£146,569)		(£582,334)	
Surplus	<u>(£83,123)</u>		<u>(£563,581)</u>	
	<u>£1,595,187</u>		<u>£2,020,358</u>	

15. 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.

16. PERSONAL EMOLUMENTS

Gross Emoluments	2014	2013
	Number of Staff	Number of Staff
£90,000-£95,000	4	2
£80,000-£90,000	5	2
£70,000-£80,000	3	6
£60,000-£70,000	41	34
£50,000-£60,000	17	16
£40,000-£50,000	41	40
£30,000-£40,000	50	58
£20,000-£30,000	10	13
£10,000-£20,000	3	7
<£10,000	6	1
	<u>180</u>	<u>179</u>

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

17. FIXED ASSETSCAPITAL EXPENDITURE

	<u>Infrastructure Systems</u>	<u>Motor Vehicles</u>	<u>Office Equipment</u>	<u>Furniture</u>
Brought Forward as at 1 April 2013	£2,109,551	£365,901	£133,278	£43,998
Additions 2013/2014	£389,618	£82,507	£13,211	£3,100
Total Cost	<u>£2,499,169</u>	<u>£448,408</u>	<u>£146,489</u>	<u>£47,098</u>
	<u>Plant and Machinery</u>	<u>Computers</u>	<u>Fixtures Fittings</u>	Total
Brought Forward as at 1 April 2013	£783,351	£339,872	£76,214	£3,852,165
Additions 2013/2014	£410,013	£96,569	£34,534	£1,029,552
Total Cost	<u>£1,193,364</u>	<u>£436,441</u>	<u>£110,748</u>	<u>£4,881,717</u>

## 18. DEBTORS

	2014	2013
Electricity Charges Billed	£6,359,565	£7,467,537
Electricity Connection Fees	£2,374	£2,379
Electricity Deposits due from consumers	£25,872	£25,782
Electricity Deposits held by Government	£1,230,199	£1,116,356
	<u>£7,618,009</u>	<u>£8,612,054</u>

The debt in respect of the consumers who are in receipt of social assistance was £637,229.60 as at 31 March 2014. Of this total only £392,361, the balance outstanding as at 31 March 2007, has been provided for.

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

Bills outstanding as at 1 April 2013	£7,467,537	£7,248,274
Billing for the year	£23,156,751	£23,308,883
Amounts received	(£24,218,164)	(£22,904,542)
Write offs	(£92,537)	(£162,917)
Adjustments	£45,978	(£22,161)
Bills outstanding as at 31 March 2014	<u>£6,359,565</u>	<u>£7,467,537</u>

Age structure of arrears		
Up to six months	£2,502,821	£2,968,867
Six months to one year	£92,751	£156,165
Greater than one year	£3,763,993	£4,342,505
Total	<u>£6,359,565</u>	<u>£7,467,537</u>

## Other Debtors

	2014	2014	2013	2013
Gibdock Limited	690,919 units	£92,445	758,438 units	£110,396
Non Entitled Consumers	1,716,686 units	£213,581	689,542 units	£86,389
Barclays Bank plc		-		£42,219
Commercial Works Debtors		£2,352,599		£1,160,121

## 19. STOCKS OF GASOIL

	2014	2014	2013	2013
	Tonnes	£	Tonnes	£
Opening Stock as at 1 April 2013	1,325.94	830,156	843.90	585,894
Purchases during the year	54,420.72	32,267,479	34,118.45	20,913,617
Consumed during the year	(54,811.52)	(32,575,158)	(33,636.41)	(20,649,255)
Closing Stock as at 31 March 2014	<u>935.14</u>	<u>522,477</u>	<u>1,325.94</u>	<u>830,156</u>

## 20. CASH

	2014	2013
Recurrent Account balance	(£168,258)	(£163,085)
Capital Account balance	£169,035	£164,587
	<u>£777</u>	<u>£1,498</u>

## 21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
Giboll Ltd	£2,404,385	£2,324,645
Barclays Bank Plc	£111,907	-
AquaGib Ltd	£88,319	-
Schneider Electric Co Ltd	-	£68,436
Other Creditors	£105,492	£119,705
	<u>£2,710,103</u>	<u>£2,512,787</u>
Other Liabilities		
GMES Ltd Hire Charges Generators	£98,000	£220,433
GMES Ltd Hire Charges Turbines	£374,019	£1,310,226
GMES Ltd Cost of Electricity units ex ISGS Power Station	-	£211,799
GMES Ltd Fuel for South District Power Station	£199,052	£672,677
	<u>£671,071</u>	<u>£2,415,335</u>

## 22. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014	2013
Electricity Deposits due to Consumers	£1,230,198	£1,116,356
Private Sector	£146,689	£582,334
Imprest due to Government	£20,060	£20,060
	<u>£1,396,927</u>	<u>£1,718,750</u>