

17/3 (48)

JERSEY GAS COMPANY LIMITED

REPORT AND ACCOUNTS

31st DECEMBER 1993

STATES · GREFFE  
REGISTERED  
- 8. SEP. 1994  
DGO ✓  
① P M ✓  
② E H - CEO PSD ✓

## JERSEY GAS COMPANY LIMITED

Incorporated under "Lois 1918 - 1965 Sur La Compagne Du Gaz", now repealed, continuing in existence under the provisions of the Jersey Gas Company (Jersey) Law 1989.

Directors	P FAIRCLOUGH, B.Sc., C.Eng., M.I. Gas E. 27 Les Cherfs, Cobo, Castel, Guernsey
	A SPRUCE Sans Pareil, Rue Sauvage, St Sampsons, Guernsey
	R B GRAHAM, F.C.A. Cote du Nord, Clos des Emrais, Castel, Guernsey
	D H BIRD Dandie, Le Dell Clos, Le Foulon, St Peter Port, Guernsey
	M J WILLIAMS, B.Sc., C.Eng., M.I. Gas E. Kyrenia, Les Osmonds, St Sampsons, Guernsey
	R St C STADDON (appointed 10.5.93) 1 Port de L'Ecluse, Mont Les Vaux, St Brelade, Jersey
	C VANE (appointed 10.5.93) 9 Thornton Villas, Upper Kingscliff, St Helier, Jersey
Secretary	K J OLLIVIER
Auditors	BURNETT SWAYNE Charter Court Third Avenue Southampton
Bankers	National Westminster Bank PLC 23 Broad Street St Helier JERSEY
Registered Office	Thomas Edge House Tunnell Street St Helier JERSEY

## JERSEY GAS COMPANY LIMITED

## NOTICE OF MEETING

NOTICE is hereby given that the Annual General Meeting of the Company will be held at Thomas Edge House, Tunnell Street, St Helier, Jersey on Monday 25th April 1994 at 3.00 p.m. for the following purpose:-

1. Election of Chairman.
2. Read Notice convening the Meeting.
3. Approve the minutes of the Annual General Meeting held on 30th April 1993.
4. Receive the Directors' Report and Accounts for the year to 31st December 1993.
5. Declare a Dividend.
6. Election of Directors.
7. Auditors' Report.
8. Appoint Auditors and to fix their remuneration.
9. Transact any other ordinary business of the company.

By Order of the Board

K J OLLIVIER

Secretary

Thomas Edge House  
Tunnell Street  
St Helier  
JERSEY

April 1994

## JERSEY GAS COMPANY LIMITED

## REPORT OF THE DIRECTORS

The Directors submit their report and the audited accounts for the year ended 31st December 1993.

Activities

The principal activity of the company is gas production, distribution and related activities.

Results

The results of the period are shown in the profit and loss account on page 6.

Dividend

The profit for the year after taxation amounted to £403,317 (1992 loss £766,634). It is recommended that this be allocated as follows:-

	1993	1992
Preference Dividends	11844	11844
Ordinary Dividends	-	7320
Transfer to/(from) Reserves	391473	( 785798 )
	-----	-----
	403317	( 766634 )
	=====	=====

Directors

Messrs P Fairclough and A Spruce retire in accordance with By-Law 66 and, being eligible, offer themselves for re-election. Mr R Staddon and Mr C Vane retire in accordance with By-Law 69, and being eligible, offer themselves for re-election.

Directors Responsibilities

The directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period and are in accordance with applicable laws.

In preparing those financial statements the directors are required to select suitable accounting policies and then apply them consistently, make judgements that are reasonable and prudent and prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business. The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements have been properly prepared in accordance with generally accepted accounting principles and the Jersey Gas Company (Jersey) Law 1989. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

JERSEY GAS COMPANY LIMITED

REPORT OF THE DIRECTORS (continued)

Auditors

The auditors, Burnett Swayne, have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

By Order of the Board

Director

Director

April 1994

## JERSEY GAS COMPANY LIMITED

## AUDITORS REPORT TO THE MEMBERS OF JERSEY GAS COMPANY LIMITED

We have audited the financial statements on pages 6 to 19 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 and 11.

Respective Responsibilities of the Directors and Auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1993 and of its profit for the year then ended and comply with the provisions regarding the financial administration of the company contained in article 37 of the Jersey Gas Company (Jersey) Law 1989.

Burnett Swayne  
Chartered Accountants and Registered Auditors  
Southampton

April 1994

## JERSEY GAS COMPANY LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31st DECEMBER 1993

	Note	1993 £	Restated 1992 £
TURNOVER	1(iv) & 2	6239118	6077790
Cost of Sales		4732238	4118493
GROSS PROFIT		1506880	1959297
Net Operating Expenses:			
Administration Costs		731170	1533774
Exceptional Costs	3	-	860777
		731170	2394551
OPERATING PROFIT/(LOSS)		775710	( 435254 )
Loss on sale of properties		217372	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST		558338	( 435254 )
Interest (net)	4	( 2012 )	( 14668 )
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	5	560350	( 420586 )
Taxation	6	157033	346048
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		403317	( 766634 )
Dividends	7	11844	19164
RETAINED PROFIT/(LOSS) FOR PERIOD		391473	( 785798 )
		=====	=====

All of the company's operations are classed as continuing.

The notes on pages 10 to 19 form part of these financial statements. A statement of movements on reserves is given in note 17.

## JERSEY GAS COMPANY LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31st DECEMBER 1993

	1993 £	1992 £
Profit/(Loss) for the financial year	403317	( 766634 )
Unrealised surplus on revaluation of properties	485364	-
	-----	-----
Total recognised profits/(losses) relating to the year	888681	( 766634 )
	=====	=====

NOTE OF HISTORICAL COST PROFITS AND LOSSES  
FOR THE YEAR ENDED 31ST DECEMBER 1993

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalent.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS  
FOR THE YEAR ENDED 31ST DECEMBER 1993

	1993 £	1992 £
Profit/(Loss) for the financial year	403317	( 766634 )
Dividends	( 11844 )	( 19164 )
Other recognised gains relating to the year	485364	-
	-----	-----
Opening shareholders' funds	876837	( 785798 )
	7215929	8001727
	-----	-----
Closing shareholders' funds	8092766	7215929
	=====	=====

## JERSEY GAS COMPANY LIMITED

## BALANCE SHEET AT 31st DECEMBER 1993

	Note	1993 £	1992 £
FIXED ASSETS			
Tangible Assets	1(ii) & 8	9294540	9450310
CURRENT ASSETS			
Stock and Work in Progress	1(iii) & 9	447849	602429
Debtors	10	1938593	851027
Cash at Bank and in Hand		12252	7106
		2398694	1460562
CURRENT LIABILITIES: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors	11	1225565	1035909
Bank Overdraft & Short Term Loans	12	300000	328150
States Income Tax	6	34564	1124
Proposed Dividends	7	5922	5960
		1566051	1371143
NET CURRENT ASSETS		832643	89419
TOTAL ASSETS LESS CURRENT LIABILITIES		10127183	9539729
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
States Income Tax		117805	34565
Creditors	13	1566501	1977752
Provision for Liabilities & Charges	15	350111	311483
		2034417	2323800
NET ASSETS		8092766	7215929
CAPITAL AND RESERVES			
Called up Share Capital	16	1273904	1273904
Share Premium Account	17	962	962
Revaluation Reserve	17	1576783	1170374
Capital Reserve	17	2850100	2850100
Profit & Loss Account	17	2391017	1920589
		8092766	7215929

The accounts on pages 6 to 19 were approved by the board of directors on 15th April 1994 and were signed on its behalf by:-

Directors

The notes on pages 10 to 19 form part of the Financial Statements.

## JERSEY GAS COMPANY LIMITED

CASH FLOW STATEMENT  
FOR THE YEAR ENDING 31st DECEMBER 1993

	1993	1992
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	637372	319359
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest Received	3500	18925
Interest Paid	( 1993 )	( 4257 )
Dividends Paid	( 11882 )	( 64876 )
	-----	-----
Net Cash (Outflow) from returns on investments and servicing of finance	( 10375 )	( 50208 )
		-----
TAXATION		
States Income Tax Paid	( 1725 )	-
	-----	-----
Net Cash (Outflow) from Taxation	( 1725 )	-
		-----
INVESTING ACTIVITIES		
Purchase of tangible fixed assets	( 329456 )	( 619255 )
Sale of tangible fixed assets	15080	342351
	-----	-----
Net Cash (Outflow) from Investing Activities	( 314376 )	( 276904 )
	-----	-----
Net Cash Inflow/(Outflow) before Financing	310896	( 7753 )
		-----
FINANCING		
Repayment of Loans	( 277600 )	( 120000 )
	-----	-----
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	33296	( 127753 )
	=====	=====

Note 19 forms part of this statement.

## JERSEY GAS COMPANY LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1993

## 1. ACCOUNTING POLICIES

## (i) Basis of Presentation

The accounts have been prepared under the historical cost convention, and comply with applicable accounting standards. Comparative figures have been restated in accordance with Financial Reporting Statement No 3.

## (ii) Depreciation

Depreciation is provided at rates calculated to write off the cost of fixed assets on the straight line method over their estimated useful lives.

The principal rates in use are:-

	%
Sites & Buildings	NIL
Plant & Machinery	10-33
Vehicles	20-25

## (iii) Stock and Work in Progress

Stock has been valued at the lower of cost and net realisable value. Work in progress has been valued at cost of direct materials and labour.

## (iv) Turnover

Turnover represents the value of sales and services invoiced to customers. The company does not account for gas sales until meters are read.

## (v) Deferred Taxation

Deferred taxation is provided using the liability method in respect of the taxation effect on all timing differences to the extent that it is probable the liabilities will crystallise in the future.

## (vi) Pension Contributions

Pension contributions are charged against profits on the basis of contributions paid and not in accordance with SSAP24. The company scheme is currently adequately funded on a current funding level basis and it has been practice to apply any overfunding in the improvement of benefits to members on retirement. It is therefore considered inappropriate to create any accruals or prepayments as recommended by the Statement of Accounting Practice.

## JERSEY GAS COMPANY LIMITED

## NOTES TO THE ACCOUNTS (continued)

## (vii) Finance and Operating Leases

Fixed assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their useful lives. The capital element of future payments is treated as a liability and the interest element is charged to profit and loss account as it accrues. Costs in respect of operating leases are charged to operating profit as they are incurred.

## 2. TURNOVER

	1993 £	1992 £
The company turnover comprises:-		
Trading Activities	6181048	6016756
Rents	58070	61034
	-----	-----
	6239118	6077790
	=====	=====

## 3. EXCEPTIONAL COSTS

	1993 £	1992 £
Pension costs (see note 18)	-	201000
Redundancy costs	-	322997
Cost of aborted rights issues and other professional advice	-	336780
	-----	-----
	-	860777
	=====	=====

## 4. INTEREST

	1993 £	1992 £
Interest Payable		
Loans & overdrafts wholly repayable within 5 years	1388	4257
Bank	100	-
Finance Leases	-	-
	-----	-----
	1488	4257
Less: Interest receivable	( 3500 )	( 18925 )
	-----	-----
	( 2012 )	( 14668 )
	=====	=====

## JERSEY GAS COMPANY LIMITED

## NOTES TO THE ACCOUNTS (continued)

5.	PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	1993	1992
		£	£
	Profit/(Loss) on ordinary activities before taxation is stated after charging/(crediting):		
	Loss on sale of land & buildings	217372	-
	Depreciation	518205	496765
	(Profit)/Loss on disposal of other fixed assets	3017	( 15626 )
	Operating Lease Rentals		
	- Land & Buildings	43358	35291
	- Plant & Machinery	3363	-
	Auditors Remuneration	12750	12500
	Net Rental Income	( 54738 )	( 61034 )
	Exceptional Items	-	860777
		=====	=====
6.	TAXATION	1993	1992
		£	£
	The taxation charge for the year comprises:		
	States of Jersey Income Tax at 20% (1992 20%) on the results for the year	117805	34565
	Deferred Taxation	38628	311483
	Under/(Over) Provision in Previous Years	600	-
		-----	-----
		157033	346048
		=====	=====
7.	DIVIDENDS	1993	1992
	Ordinary Shares paid	-	7320
	5% Cumulative Preference Shares	38	-
	3% Cumulative Preference Shares	1884	1884
	5% Cumulative A Preference Shares	4000	4000
		-----	-----
		5922	13204
		=====	=====
	Ordinary Shares proposed	-	-
	5% Cumulative Preference Shares	38	76
	3% Cumulative Preference Shares	1884	1884
	5% Cumulative A Preference Shares	4000	4000
		-----	-----
		5922	5960
		-----	-----
		11844	19164
		=====	=====

## JERSEY GAS COMPANY LIMITED

## NOTES TO THE ACCOUNTS (continued)

## 8. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Plant & Machinery £	Motor Vehicles £	Total £
Cost or Valuation				
At 31.12.1992	5223981	6436551	204945	11865477
Additions	36457	263125	56432	356014
Disposals	( 460847 )	( 8500 )	( 64180 )	( 533527 )
Revaluation Adjustment	406409	-	-	406409
At 31.12.1993	5206000	6691176	197197	12094373
Depreciation				
At 31.12.1992	74517	2219826	120824	2415167
Accounts Charge	4438	475325	38442	518205
Disposals	-	( 850 )	( 53734 )	( 54584 )
Revaluation adjustment	( 78955 )	-	-	( 78955 )
At 31.12.1993	-	2694301	105532	2799833
Net Book Value 31.12.1993	5206000	3996875	91665	9294540
Net Book Value 31.12.1992	5149464	4216725	84121	9450310

The freehold properties were revalued on 31st December 1993 by Lovell & Partners Limited on the basis of open market value. The value of the freehold property under the historical cost accounting rules was £3,629,217 (1992 £4,053,607).

## 9. STOCKS

	1993 £	1992 £
Work in Progress	60935	74219
Other Stock	386914	528210
	447849	602429

JERSEY GAS COMPANY LIMITED  
 NOTES TO THE ACCOUNTS (continued)

## 10. DEBTORS

	1993 £	1992 £
Amounts falling due within one year:		
Trade Debtors	715699	536446
Amounts due from Group Companies	840000	249150
Other Debtors	251235	13719
Prepayments and Accrued Income	96659	16712
	-----	-----
	1903593	851027
Amounts falling due after more than one year		
Loan	35000	35000
	-----	-----
	1938593	851027
	=====	=====

## 11. CREDITORS

	1993 £	1992 £
Amounts falling due within one year:		
Trade Creditors	466011	424192
Amounts due to Group Companies	150000	-
Other Creditors	109524	74961
Accruals and Deferred Income	196263	148424
Provision for Pensions	303767	388332
	-----	-----
	1225565	1035909
	=====	=====

## 12. BANK OVERDRAFT AND LOANS

	1993 £	1992 £
Repayable within one year:		
Bank - Overdrafts	-	28150
States of Jersey Loan	300000	300000
	-----	-----
	300000	328150
	=====	=====

## 13. CREDITORS

	1993 £	1992 £
Amounts falling due after more than one year:		
States of Jersey Loan	900000	1200000
Other Loans	107400	85000
Provision for pensions	559101	642085
Other Creditors	-	50667
	-----	-----
	1566501	1977752
	=====	=====

## JERSEY GAS COMPANY LIMITED

## NOTES TO THE ACCOUNTS (continued)

## 14. STATES OF JERSEY LOANS

	1993 £	1992 £
Amount payable within one year	300000	300000
Payable in one to two years	300000	300000
Payable in two to five years	600000	900000
	-----	-----
	1200000	1500000
	=====	=====

The States of Jersey loan is interest free, and is secured on the company's freehold property, with the exception of three houses occupied by employees.

## 15. PROVISION FOR LIABILITIES AND CHARGES

	1993 £	1992 £
Deferred taxation provided in the accounts is as follows:-		
Accelerated Capital Allowances	522684	527700
Other Timing Differences	( 172573 )	( 216217 )
	-----	-----
	350111	311483
	=====	=====

## 16. SHARE CAPITAL

	1993 £	1992 £
Authorised:		
Ordinary Shares of £1 each	915000	915000
5% Cumulative Preference Shares of £1 each	3000	3000
3% Cumulative Preference Shares of £1 each	157000	157000
5% Cumulative 'A' Preference Shares of £1 each	200000	200000
	-----	-----
	1275000	1275000
	=====	=====
Allotted, Called Up and Fully Paid:		
Ordinary Shares of £1 each	915000	915000
5% Cumulative Preference Shares of £1 each	1904	1904
3% Cumulative Preference Shares of £1 each	157000	157000
5% Cumulative 'A' Preference Shares of £1 each	200000	200000
	-----	-----
	1273904	1273904
	=====	=====

## JERSEY GAS COMPANY LIMITED

## NOTES TO THE ACCOUNTS (continued)

## 17. RESERVES

	Share Premium £	Revaluation Reserve £	Capital Reserve £	Profit & Loss a/c £
At 31.12.1992	962	1170374	2850100	1920589
Retained Profit for Period	-	-	-	391473
Revaluation Surplus	-	485364	-	-
Transfer amounts previously written off	-	( 78955 )	-	78955
	-----	-----	-----	-----
At 31.12.1993	962	1576783	2850100	2391017
	=====	=====	=====	=====

## 18. PENSION SCHEME

The company operates a defined benefit pension scheme. The scheme is funded and the assets held separately from those of the company and are invested with an insurance company. The contribution rate is determined with the advice of independent qualified actuaries on the basis of triennial valuations using both the current and projected unit method with a twenty year control period. The results of the most recent valuations which were conducted as at 1st July 1992 were as follows:

**Main Assumptions**

Annual Rate of return on investments	9.0%
Annual rate of salary increases	8.0%
Market value of scheme assets (£000)	1538
Level of funding being the actuarial value of assets expressed as a percentage of the benefits accrued to members:	
on current salaries	161%
after allowing for future assumed salary increases	94%

**Compliance with SSAP24 would give rise to the  
following adjustments to the accounts**

Deferred Assets/(Liabilities) (£000)	(99)
Increase/(Decrease) in annual contributions (£000)	(5)

There are no deficiencies when the levels of funding are calculated on a current unit method. Any deficiencies calculated on the projected unit method will be eliminated by current contributions over the control period.

An additional contribution of £201,000 was provided by the company in 1992 to be paid into the scheme over the next two years. This costs represents the additional contribution required to augment the benefits of the scheme in respect of staff who were required to accept early retirement.

## JERSEY GAS COMPANY LIMITED

## NOTES TO THE ACCOUNTS (continued)

## 18. PENSION SCHEME (continued)

The company has certain past employees whose pensions have not been funded by any schemes.

The provision for the present value of the capital costs of these pension amounts to £661,868 (1992 £764,085). The provision made in 1992 was based upon the cost of purchasing an annuity to fund the obligations. The reduction in the provision of £102,217 has been credited against the amounts paid to pensioners in 1993.

Pension costs comprise:	1993 £	1992 £
Funded scheme - normal	109161	195196
- exceptional	-	201000
Unfunded scheme	15607	121855
	-----	-----
	124768	518051
	=====	=====

## 19. CASH FLOW STATEMENT

Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities	1993 £	1992 £
Operating Profit/(Loss)	775710	( 435254 )
Depreciation	518205	496765
(Profit)/Loss on Sale of Tangible Fixed Assets	3017	( 15626 )
(Increase)/Decrease in Stocks	154580	( 16257 )
(Increase)/Decrease in Debtors	( 844091 )	52
Increase/(Decrease) in Creditors	29951	289679
	-----	-----
Net Cash Inflow from operating activities	637372	319359
	=====	=====
Analysis of Changes in Cash and Cash Equivalents during the Year		
Balance at 31st December 1992	( 21044 )	106709
Net Cash Inflow/(Outflow)	33296	( 127753 )
	-----	-----
Balance at 31st December 1993	12252	( 21044 )
	=====	=====

## JERSEY GAS COMPANY LIMITED

## NOTES TO THE ACCOUNTS (continued)

## 19. CASH FLOW STATEMENT (continued)

Analysis of the Balance of Cash and  
Cash Equivalent as shown in the  
Balance Sheet

	1993	1992	1991	Change 1993	Change 1992
	£	£	£	£	£
Cash at Bank and in Hand	12252	7106	106709	5146	( 99603 )
Bank Overdrafts	-	( 28150 )	-	28150	( 28150 )
	-----	-----	-----	-----	-----
	12252	( 21044 )	106709	33296	( 127753 )
	=====	=====	=====	=====	=====

## Analysis of Changes in Financing

	Loans	
	1993	1992
	£	£
Balance at 1st January 1993	1585000	1705000
Cash Inflow/(Outflow)	( 277600 )	( 120000 )
	-----	-----
Balance at 31st December 1993	1307400	1585000
	=====	=====

## 20. COMMITMENTS

	1993	1992
	£	£
Capital Commitments:-		
Expenditure contracted but not provided for:	106256	-
Expenditure authorised but not contracted for:	-	361000
	-----	-----
	106256	361000
	=====	=====

## Lease Commitments:-

At 31st December 1993 the company had annual commitments under non-cancellable operating leases as set out below:

	Land & Buildings		Other	
	1993	1992	1993	1992
	£	£	£	£
Operating leases which expire:				
Within two to five years	-	-	4795	-
In over five years	47390	35291	-	-
	-----	-----	-----	-----
	47390	35291	4795	-
	=====	=====	=====	=====

## JERSEY GAS COMPANY LIMITED

## NOTES TO THE ACCOUNTS (continued)

## 21. CONTINGENT LIABILITIES

The company has given an unlimited guarantee to National Westminster Bank PLC for all monies owing to the bank by Guernsey Gas Light Company Limited, which as at 31st December 1993 was £7,500,000.

## 22. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Guernsey Gas Light Company Limited, a Guernsey registered company.