

JERSEY GAS COMPANY LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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Incorporated under "Lois 1918 - 1965 Sur La Compagne Du Gaz", now repealed, continuing in existence under the provisions of the Jersey Gas Company (Jersey) Law 1989.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	MRS D C MORGAN, F.C.A. (resigned 31 December 2013) A R NICHOLLS B.Sc. (Hons) C.Eng, MIGEM S J CROSSMAN, B.Sc. (Hons) C.Eng, MIGEM N E SHAW, B.Sc. (Hons) C.Eng, MIGEM (resigned 31 December 2013) K J OLLIVIER J S DAVIES R S GARDNER B.Eng(Hons), C.Eng, MIGEM, AMIMechE P K WRIGHT, B.Com CA (appointed 22 August 2013)
Secretary	K J OLLIVIER
Auditor	Ernst & Young LLP Royal Chambers St Julians Avenue St Peter Port Guernsey
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 15 May 2014 at 10.30 a.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 5 June 2013.
- 4 Receive the Directors' Report and Accounts for the year ended 31 December 2013.
- 5 Declare a Dividend.
- 6 Election of Directors.
- 7 To receive the Auditor's Report for the year ended 31 December 2013.
- 8 Appoint Auditor 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

24 April 2014

JERSEY GAS COMPANY LIMITED

REPORT OF THE DIRECTORS

The Directors submit their report and the audited accounts for the year ended 31 December 2013.

Activities

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

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Results

The results of the year are shown in the profit and loss account on page 5.

Dividend

The profit for the year after taxation amounted to £655,879 (2012: £1,804,820).
It is recommended that this be allocated as follows:-

	2013	2012
	£	£
Ordinary dividends	852,732	-
Transfer (from)/to reserves	(196,853)	1,804,820
	<u>655,879</u>	<u>1,804,820</u>

Directors

P K Wright, A R Nicholls and K J Olivier retire in accordance with By-Law 66 and R Gardner and J Davies retire in accordance with By-Law 69 and, being eligible, offer themselves for re-election.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Jersey Gas Company (Jersey) Law 1989 requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with 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.

Auditor

[Redacted] rent auditor, a resolution to appoint [Redacted] forthcoming Annual General Meeting.

[Redacted] Director

24 April 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JERSEY GAS COMPANY LIMITED

We have audited the financial statements of Jersey Gas Company Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards.

This report is made solely to the company's members, as a body, in accordance with Article 37 of the Jersey Gas Company (Jersey) Law 1989. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

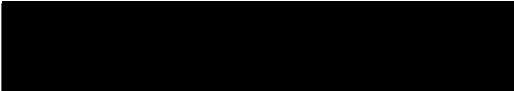
In our opinion the financial statements:

- ▶ give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Accounting Standards; and
- ▶ have been prepared in accordance with the requirements of the Jersey Gas Company (Jersey) Law 1989

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- ▶ proper accounting records have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the financial statements are not in agreement with the accounting records and returns; or
- ▶ we have not received all the information and explanations we require for our audit.


Ernst & Young LLP
St Peter Port
Guernsey
25 April 2014

JERSEY GAS COMPANY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

		2013	2012
	Note	£	£
TURNOVER	1(iv)	13,209,973	12,559,308
Cost of sales		(10,557,708)	(11,084,572)
GROSS PROFIT		2,652,265	1,474,736
Net operating expenses	2	(739,312)	(1,581,905)
OPERATING PROFIT / (LOSS)		1,912,953	(107,169)
Interest payable and similar charges	3	(22,009)	(20,927)
Interest receivable		80	-
Loss on disposal of freehold property		(135,253)	-
Other finance expenses	14	(28,000)	(18,000)
Other income	16	-	1,795,899
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	1,727,771	1,649,803
Tax (charge) / credit on profit on ordinary activities	5	(1,071,892)	155,017
PROFIT FOR THE FINANCIAL YEAR		655,879	1,804,820

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

A reconciliation of movements in shareholder's funds is set out in note 13 to the financial statements.

A statement of movement on reserves is given in note 12.

The notes on pages 8 to 17 form an integral part of these financial statements.

JERSEY GAS COMPANY LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £	2012 £
Profit for the financial year		655,879	1,804,820
Actuarial gain / (loss) (net of tax)	14	1,027,000	(471,200)
Deficit on revaluation of property		(1,904,029)	-
Dividends		(852,732)	-
Total recognised (losses) / gains for the year		<u>(1,073,882)</u>	<u>1,333,620</u>
Prior year adjustment (note 1)		813,877	
Total losses recognised since last annual report		<u>(260,005)</u>	

The notes on pages 8 to 17 form an integral part of these financial statements.

JERSEY GAS COMPANY LIMITED

BALANCE SHEET AT 31 DECEMBER 2012

	Note	2013 £	2012 As restated £
FIXED ASSETS			
Tangible fixed assets	6	26,129,013	24,855,987
CURRENT ASSETS			
Stock and work in progress	7	768,808	1,150,812
Debtors:			
amounts falling due within one year	8	3,739,849	7,342,856
amounts falling due after one year	8	497,969	523,917
Cash at bank and in hand		534,409	526,013
		5,541,035	9,543,598
CURRENT LIABILITIES			
Creditors	9	7,297,401	8,746,938
		7,297,401	8,746,938
NET CURRENT LIABILITIES			
		(1,756,366)	796,660
TOTAL ASSETS LESS CURRENT LIABILITIES			
		24,372,647	25,652,647
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Called up preference shares	11	358,904	358,904
Accruals and deferred income		41,428	82,856
Provisions for liabilities and charges	10	2,404,897	1,419,116
		2,805,229	1,860,876
NET ASSETS EXCLUDING PENSION LIABILITY			
		21,567,418	23,791,771
Net pension liability	14	521,000	1,656,000
Unfunded pension obligation	14	114,346	129,817
		635,346	1,785,817
NET ASSETS INCLUDING PENSION LIABILITY			
		20,932,072	22,005,954
CAPITAL AND RESERVES			
Called up share capital	11	915,000	915,000
Share premium account		962	962
Reserves	12	20,016,110	21,089,992
SHAREHOLDER'S FUNDS			
	13	20,932,072	22,005,954

Board of Directors and authorised for issue on 24 April 2014.

Director

The notes on pages 8 to 17 form an integral part of these financial statements.

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2013

1 ACCOUNTING POLICIES

The significant policies adopted in the preparation of the accounts are as follows:

(i) Basis of Presentation and change in accounting policy

The accounts have been prepared on a consistent basis with previous years, using the historical cost convention modified for revaluations of land and buildings, and comply with applicable United Kingdom accounting standards.

The Company acts as a guarantor under the IEG Holdings Limited Facility Agreement. The Company has received assurances from the Directors of IEG Holdings Limited that its forecasts, taking account of reasonably possible changes in trading performance, show that IEG Holdings Limited should meet its debt covenants for the forthcoming year.

The Company has received assurances from the immediate parent company that the loans will not be recalled within a period of one year from the date of signing of the accounts. The Company meets its day to day working capital requirements by cash generated through the normal course of business. The Company's forecasts, taking account of reasonably possible changes in trading performance, show that the Company should have adequate resources to continue in operational existence for the foreseeable future. Thus the Directors are of the opinion that the Company can continue to adopt the going concern basis in preparing the financial statements.

In preparing the financial statements for the current year the company has changed its accounting policy for turnover in respect of unread meter income. Turnover in respect of unread meter income is now accrued at the balance sheet date. Previously the company recognised turnover from gas supply when the customer was invoiced. The Company considers that this new policy will result in the financial report providing more relevant information as the unread meter income meets the definition of turnover and an asset. Consequently, accrued income in the company balance sheet has increased by £1,017,346 as at 1 January 2012, 31 December 2012 and 31 December 2013, with deferred a deferred tax liability arising of £203,469 as at 1 January 2012, 31 December 2012 and 31 December 2013.

(ii) Tangible Fixed Assets

Tangible fixed assets, excluding land and buildings, are stated at cost less depreciation and provision for impairment. Land and buildings are stated at revalued amount less depreciation and provision for impairment. Depreciation on tangible fixed assets is calculated on a straight line basis to write down their cost (or valuation) to their estimated residual values over the period of their estimated useful economic lives, at the following rates:-

The principal rates in use are:-	%
Land	0
Buildings	2.0
Plant & machinery	2.5 - 20.0
Motor vehicles	14.0 - 25.0

No depreciation is provided in respect of freehold land. No depreciation is provided in respect of domestic housing which have been let because the residual value is not less than cost.

A full valuation of all freehold property is carried out every five years with an interim valuation in year three of each period. All valuations are undertaken by qualified external valuers. Individual freehold properties are revalued with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated costs relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit or loss account. Ancillary costs in relation to the acquisition of domestic housing for 'F' category employees are not capitalised on the basis that they will not be recovered on the subsequent sale to employees.

(iii) Stock and Work in Progress

Stock is valued at the lower of cost and net realisable value. Work in progress is valued at cost of direct materials and labour. Provision is made for obsolete, slow moving or defective stock.

(iv) Turnover

Turnover is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and taxes. Turnover is accounted for on an accruals basis and includes the estimated value of unbilled units of gas at the year end. This is a change of accounting policy from previous years as disclosed in note 1 (i).

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

1 ACCOUNTING POLICIES (Continued)

(v) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full in respect of timing differences arising from the recognition of gains and losses for tax purposes in different periods from those in which they are included in the financial statements. Provisions are made at rates expected to apply when they crystallise based on laws which have been enacted or substantially enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(vi) Pension Costs

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resultant defined benefit asset or liability, net of related deferred tax, is presented separately after other net assets on the face of the balance sheet.

(vii) Operating Leases

Rentals under operating leases are charged on a straight-line basis over the lease term.

(viii) Grants Receivable

Grants that relate to tangible fixed assets are treated as deferred income in the balance sheet which are credited to the profit and loss account over the related assets useful economic lives. Other grants are credited to profit and loss account when received to match against related expenditure.

(ix) Cash Flow Exemption

The Company is exempt from producing a cash flow statement under Financial Reporting Standard 1, "Cash Flow Statements", on grounds that a consolidated cash flow statement is included in the financial statements of its ultimate parent undertaking.

(x) Historical cost profits and losses

The Company is unable to produce a note of historical profits and losses given that full historical cost information is unavailable.

2 NET OPERATING EXPENSES

	2013	2012
	£	£
Administration costs	979,866	1,927,391
Rental income	(240,554)	(345,486)
	<u>739,312</u>	<u>1,581,905</u>

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

3 INTEREST PAYABLE AND SIMILAR CHARGES

	2013	2012
	£	£
Interest payable and similar charges	22,009	20,927
	<u>22,009</u>	<u>20,927</u>

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013	2012
	£	£
Profit on ordinary activities before taxation is stated after charging / (crediting):		
Depreciation on tangible fixed assets	1,274,578	1,017,870
Amortisation of grant income	(41,428)	(41,428)
Profit on disposal of other fixed assets	16,333	-
Operating lease rentals		
- Land & buildings	134,004	134,004
Fees payable to the Company's auditor for the audit of the Company's annual accounts	22,781	24,500
	<u>22,781</u>	<u>24,500</u>

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

a) ANALYSIS OF CHARGE IN THE YEAR

	2013	2012
	£	£
Current tax:		
States of Jersey income tax charge on the results for the year	60,359	-
Over provision in previous periods	(248)	(23,947)
Total current tax credit (note 5b)	<u>60,111</u>	<u>(23,947)</u>
Deferred taxation movement	985,781	(167,070)
Deferred taxation in respect of Financial Reporting Standard 17	26,000	36,000
Tax charge / (credit) on profit on ordinary activities	<u>1,071,892</u>	<u>(155,017)</u>

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

5 TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES (continued)

b) FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The differences between the total current tax shown above and the amount calculated by applying the standard rate of tax to the profit before tax is as follows.

	2013	2012
	£	£
Profit on ordinary activities before tax	1,727,771	1,649,803
Profit on ordinary activities multiplied by standard rate of income tax in Jersey 20% (2012: 20%)	345,554	329,961
Effects of:		
Disallowable expenses	-	4,000
Over provision in previous years	(248)	(23,947)
Capital allowances in excess of depreciation	(273,695)	-
Depreciation in excess of capital allowances	-	88,050
Pension adjustment	(26,800)	(36,800)
Non-taxable income	15,498	(376,211)
Other tax adjustments	(198)	(9,000)
Current tax credit charge for the year (note 5a)	60,111	(23,947)

6 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Plant & Machinery £	Motor Vehicles £	Total £
Cost or Valuation				
At 1 January 2013	11,714,860	24,265,807	895,106	36,875,773
Additions	2,000	5,164,722	79,902	5,246,624
Revaluations	(2,045,860)	-	-	(2,045,860)
Disposals	(795,000)	(26,875)	(111,277)	(933,152)
At 31 December 2013	8,876,000	29,403,654	863,731	39,143,385
Depreciation				
At 1 January 2013	101,308	11,461,931	456,547	12,019,795
Charge for the year	40,523	1,067,382	166,664	1,274,578
Adjustments on revaluations	(141,831)	-	-	(141,831)
Disposals	-	(26,875)	(111,277)	(138,152)
At 31 December 2013	-	12,502,438	511,934	13,014,372
Net Book Value at 31 December 2013	8,876,000	16,901,216	351,797	26,129,013
Net Book Value at 31 December 2012	11,613,552	12,803,876	438,559	24,855,987

The freehold properties were last valued externally by Cushman & Wakefield LLP as at 31 December 2013 on the basis of existing use value, depreciated replacement cost and market value (where appropriate) in accordance with the RICS Valuation standards. The valuations on the basis of depreciated replacement cost are subject to the adequate potential profitability of the business compared with the value of the total assets employed, as determined by the Directors.

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

7 STOCK AND WORK IN PROGRESS

	2013	2012
	£	£
Raw materials, consumables and finished goods	755,863	1,130,323
Work in progress	12,945	20,489
	<u>768,808</u>	<u>1,150,812</u>

8 DEBTORS

	2013	2012
	£	£
Amounts falling due within one year:		
Trade debtors	1,468,086	1,132,908
Amounts due from fellow group undertakings	924,890	2,548,689
Unread meter income	1,017,346	1,017,346
Other debtors	102,440	2,359,417
Prepayments and accrued income	209,357	202,292
GST	17,730	33,559
States Income Tax	-	48,645
	<u>3,739,849</u>	<u>7,342,856</u>
Amounts falling due after more than one year:		
Trade debtors	459,199	459,098
Other debtors	38,770	64,819
	<u>497,969</u>	<u>523,917</u>
	<u>4,237,818</u>	<u>7,866,773</u>

Amounts due from fellow group undertakings are interest free, unsecured and repayable on demand.

9 CREDITORS

	2013	2012
	£	£
Amounts falling due within one year:		
Trade creditors	1,390,044	2,171,902
Amounts due to immediate parent company	4,480,000	4,480,000
Amounts due to fellow group undertakings	66,958	629,352
Other creditors	477,558	889,207
Accruals and deferred income	822,482	576,477
States Income Tax	60,359	-
	<u>7,297,401</u>	<u>8,746,938</u>

The amounts due to the immediate parent company are interest free, unsecured and repayable on demand.
The amounts due to fellow group undertakings are interest free, unsecured and repayable on demand.

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

10 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Tax £
At 1 January 2013 as previously stated	1,215,647
Prior year adjustment (note 1)	203,469
	<hr/>
At 1 January 2013 as restated	1,419,116
Charge to profit and loss account (note 5)	985,781
	<hr/>
At 31 December 2013	2,404,897
	<hr/> <hr/>

Deferred taxation provided in the accounts is as follows:-

	2013 £	2012 £
Capital allowances in excess of depreciation	2,235,393	1,249,810
Deferred tax on unread meter income (note 1)	203,469	203,469
Other timing differences	(33,965)	(34,163)
	<hr/>	<hr/>
	2,404,897	1,419,116
	<hr/> <hr/>	<hr/> <hr/>

11 CALLED UP SHARE CAPITAL

	2013 £	2012 £
Authorised:		
Equity Shares:		
Ordinary Shares of £1 each	915,000	915,000
	<hr/>	<hr/>
Preference Shares:		
5% Cumulative Preference Shares of £1 each	3,000	3,000
3% Cumulative Preference Shares of £1 each	157,000	157,000
5% Cumulative 'A' Preference shares of £1 each	200,000	200,000
	<hr/>	<hr/>
	360,000	360,000
	<hr/> <hr/>	<hr/> <hr/>
Allocated, called up and fully paid		
Equity Shares:		
Ordinary Shares of £1 each	915,000	915,000
	<hr/>	<hr/>
Preference Shares:		
5% Cumulative Preference Shares of £1 each	1,904	1,904
3% Cumulative Preference Shares of £1 each	157,000	157,000
5% Cumulative 'A' Preference shares of £1 each	200,000	200,000
	<hr/>	<hr/>
	358,904	358,904
	<hr/> <hr/>	<hr/> <hr/>

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

11 CALLED UP SHARE CAPITAL (Continued)

The three categories of preference shares are not entitled to participate in the profits of the Company, other than to the extent of their fixed dividend.

The ordinary shares rate and abate equally in respect of any distribution, but are specifically excluded from the fixed preference dividend distributions.

Voting Rights:

5% Cumulative Preference Shares	One vote for every share up to a maximum of five hundred shares, and then one vote for every five shares held thereafter.
3% Cumulative Preference Shares and 5% Cumulative 'A' Preference Shares	One vote for every ten shares held.

Rights on winding up of the Company:

If the Company was to be wound up, the assets available for distribution amongst the members shall be applied in the following order:-

- (i) Repay to all members the amounts paid up on shares held;
- (ii) Any excess to be distributed amongst the holders of ordinary shares in proportion to the amount which at the time of going into liquidation, had been actually paid up on their said shares respectively.

12 RESERVES

	Revaluation Reserve £	Capital Reserves £	Profit & Loss Account £	Total £
At 1 January 2013 as previously stated	7,181,588	2,850,100	10,244,427	20,276,115
Prior year adjustments (note 1)	-	-	813,877	813,877
At 1 January 2013 as restated	<u>7,181,588</u>	<u>2,850,100</u>	<u>11,058,304</u>	<u>21,089,992</u>
Profit for the year	-	-	655,879	655,879
Dividends	-	-	(852,732)	(852,732)
Deficit on revaluation of properties	(1,904,029)	-	-	(1,904,029)
Transfer of realised reserves	(591,788)	-	591,788	-
Amount recognised in Statement of Total Recognised Gains and Losses	-	-	1,027,000	1,027,000
At 31 December 2013	<u>4,685,771</u>	<u>2,850,100</u>	<u>12,480,239</u>	<u>20,016,110</u>

13 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2013 £	2012 £
Profit for the financial year	655,879	1,804,820
Dividends	(852,732)	-
Retained profit for the year	<u>(196,853)</u>	<u>1,804,820</u>
Actuarial gain / (loss) (net)	1,027,000	(471,200)
Surplus on revaluation of properties	(1,904,029)	-
Net increase in shareholder's funds	<u>(1,073,882)</u>	<u>1,333,620</u>
Opening shareholder's funds as previously stated	22,005,954	19,858,457
Prior year adjustments (note 1)	-	813,877
Closing shareholder's funds	<u>20,932,072</u>	<u>22,005,954</u>

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

14 PENSIONS

The Company operates a funded pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company, being invested with an assurance company.

Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the service life of employees with the Company.

The contributions are determined by a qualified actuary on the basis of triennial valuations, using the Projected Unit Method. The most recent full actuarial valuation was at 1 July 2012. The assumptions that have the most significant effect on the results of the valuation are those relating to the yield up to retirement, the yield after retirement and the rates of increase in salaries. It was assumed that the yield up to retirement would be 5.1% (2009: 5.75%), the yield after retirement would be 3.5% (2009: 4.25%) and salary increases would average 4.0% (2009: 4.5%) per annum.

The most recent actuarial valuation at 1 July 2012 showed that the value of the scheme's assets was £4,664,000 (2009: £4,218,000) and the deficit was £2,184,000 (2009: £1,422,000). This equates to approximately 68% (2009: 66%) of the benefits that had accrued to members, after allowing for expected future increases in earnings. The report has recommended contributions of the Company and employees at 17.9% and 5% of earnings respectively with an additional £217,500 per year from the Company to eliminate the deficit. This will be adopted by the Company from 1 July 2013. Currently the rates are 15.5% and 5% respectively.

The valuation used for Financial Reporting Standard 17 (FRS17) disclosures has been based on the most recent actuarial valuation of the scheme detailed above and updated by the scheme actuaries to take account of the requirements of FRS17 in order to assess the liabilities of the scheme at 31 December 2013. Scheme assets are stated at the market value at 31 December 2013 of the insurance policies in which they are invested and the expected rate of return is based on long term expectations.

The Company has closed the defined benefit scheme to new members and in the current year the Company has opened a defined contribution retirement benefit scheme for all qualifying employees. There were contributions of £nil (2012: £315) payable to the scheme by the Company in the current year and at the balance sheet date there were no outstanding or prepaid contributions.

The financial assumptions used to calculate scheme liabilities under FRS 17 are:

	Dec 2013	Dec 2012	Dec 2011	Dec 2010	Jun 2010
Valuation method - Projected Unit					
Discount rate	4.3%	4.0%	4.7%	5.4%	5.5%
Inflation rate assumption	3.7%	3.4%	3.6%	4.0%	3.9%
Rate of increase in pensionable salaries	4.0%	3.9%	4.6%	5.0%	4.9%
Rate of increase in pensions in payment - limited price indexation	0.0%	0.0%	0.0%	0.0%	0.0%

The assets and liabilities of the scheme together with the expected rates of return on scheme assets are shown below:

	Dec 2013	Dec 2012	Dec 2011	Dec 2010	Jun 2010
% Rate of return	5.0%	5.0%	5.8%	5.8%	5.8%
Unfunded with profits policy £	5,311,000	5,375,552	5,039,580	4,364,800	3,563,000
% Rate of return	1.5%	1.5%	3.5%	3.5%	3.5%
Other assets £	27,000	32,448	30,420	35,200	58,000
Total market value of assets £	5,338,000	5,408,000	5,070,000	4,400,000	3,621,000
Present value of scheme liabilities £	(5,989,000)	(7,478,000)	(6,736,000)	(5,627,000)	(5,301,000)
(Deficit) / surplus in scheme £	(651,000)	(2,070,000)	(1,666,000)	(1,227,000)	(1,680,000)
Related deferred tax £	130,000	414,000	333,200	245,400	336,000
Net pension (liability) / asset £	(521,000)	(1,656,000)	(1,332,800)	(981,600)	(1,344,000)
Unfunded pension obligation £	(114,346)	(129,817)	(174,819)	(172,345)	(176,618)
Total net pension liability £	(635,346)	(1,785,817)	(1,507,619)	(1,153,945)	(1,520,618)

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

14 PENSIONS (continued)

The assets of the scheme are invested in insurance policies.

Amounts included in the profit and loss account:

	2013	2012
	£	£
Analysis of amount charged to operating profit:		
Current service cost	(389,000)	(399,000)
Total operating charge	(389,000)	(399,000)

Analysis of the amount included within other finance costs:

	£	£
Expected return on pension scheme assets	256,000	300,000
Interest on pension scheme liabilities	(284,000)	(318,000)
Net financing return	(28,000)	(18,000)

Amounts included in the STRGL:

	2013	2012
	£	As restated £
Movement in surplus during the year:		
Deficit in scheme at the beginning of the year	(2,070,000)	(1,666,000)
Movement in the year:		
Current service costs	(389,000)	(399,000)
Contributions paid by the employer	551,000	601,000
Other finance expense	(28,000)	(18,000)
Actuarial gain / (loss)	1,285,000	(588,000)
Deficit in scheme at the end of the year	(651,000)	(2,070,000)

History of experience gains and losses:

	Dec 2013	Dec 2012	Dec 2011	Dec 2010	Jun 2010
Difference between expected and actual return on scheme assets:					
Amount £	179,000	(320,000)	57,000	89,000	41,000
% of scheme assets	3%	-6.00%	1.12%	2.02%	1.13%
Experience gains and losses on scheme liabilities					
Amount £	919,000	281,000	(28,000)	194,000	(326,000)
% of scheme liabilities	15.34%	3.76%	-0.42%	3.45%	-6.15%
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities					
Amount £	187,000	(549,000)	(631,000)	(167,000)	(1,543,000)
% of scheme liabilities	3.12%	-7.34%	-9.37%	2.97%	29.11%
Amount recognised in STRGL prior to tax					
Amount £	1,285,000	(588,000)	(602,000)	116,000	(1,828,000)
% of scheme assets	24.07%	-10.87%	-11.87%	2.64%	-50.48%

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

15 COMMITMENTS

	2013	2012
	£	£
Capital Commitments:-		
Expenditure contracted but not provided for	185,218	673,794
	<u>185,218</u>	<u>673,794</u>

The Company had annual commitments under non-cancellable operating leases as set out below:

	Land & Buildings	
	2013	2012
	£	£
Operating leases which expire:		
Within one year	-	-
Within two to five years	-	-
In over five years	123,273	123,273
	<u>123,273</u>	<u>123,273</u>
	<u>123,273</u>	<u>123,273</u>

16 OTHER INCOME

In the prior year other income of £1,795,899 related to insurance proceeds received in excess of book cost for an asset that was damaged and fully written off during 2012. No additional income was recognised in 2013 relating to this incident.

17 RELATED PARTY TRANSACTIONS

As all the issued share capital of the Company is owned by a group whose consolidated financial statements are publicly available it is not required to disclose transactions with other group undertakings that would otherwise be required under Financial Reporting Standard 8 'Related Party Disclosures'.

18 ULTIMATE PARENT UNDERTAKING

The Company's immediate parent company is IEG Jersey Holdings Limited, a company incorporated in Guernsey. The Company's ultimate parent undertaking is Brookfield Infrastructure Partners L.P., which is registered in Bermuda. The smallest group in which the results of the Company are consolidated is IEG Holdings Limited, which is incorporated in Jersey, and the largest group in which the results of the Company are consolidated is Brookfield Infrastructure Partners L.P. Brookfield Infrastructure Partners L.P.'s accounts can be obtained from:

Brookfield Infrastructure Partners L.P.
 Canon's Court
 22 Victoria Street
 Hamilton
 HM 12
 Bermuda