



Gibraltar Audit Office

**Report of the Principal Auditor**

on the Accounts of the  
Gibraltar Electricity Authority  
for the financial year ended  
31 March 2012

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**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 2012 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.

#### **Respective responsibilities of the Gibraltar Electricity Authority and the Principal Auditor**

The Gibraltar Electricity Authority is responsible for the preparation of the financial statements and for being satisfied that they are properly presented.

My responsibility is to audit, certify and report on the financial statements in accordance with 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 reported in the financial statements has 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 receipts and payments for the financial year ended 31 March 2012 and the assets and liabilities as at the end of that period.

### **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:

- adequate accounting records have not been kept; 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; or
- I have not received all of the information and explanations I require for my audit.

### **Report**

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



J C Posso  
Principal Auditor  
29 November 2012

Gibraltar Audit Office  
23 John Mackintosh Square  
Gibraltar

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**GIBRALTAR ELECTRICITY AUTHORITY**  
**ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012**

**REPORT**

- 1.1.1 *Recurrent Account – Contribution:* The overall Government of Gibraltar recurrent contribution during the financial year 2011-12 to the Gibraltar Electricity Authority (GEA) amounted to £39,259,526. This sum is comprised of the General Contribution (£14,870,000) and revenues received by the Government of Gibraltar in respect of the sale of electricity to consumers (£22,771,207), fuel hedging contract receipts (£139,488), electricity connection fees (£95,510) and miscellaneous income (£510). In addition, the total recurrent contribution included receipts from the private sector for the provision of electrical services amounting to £1,382,811. In accordance with the provisions of the Public Finance (Control and Audit) (Amendment) Act 2011 the recurrent revenues of Government Agencies, Authorities and certain other entities are paid into and thus constitute the revenue of the Consolidated Fund as from 1 April 2009. The approved budget allocation in respect of the Government of Gibraltar's General Contribution to the GEA for the financial year 2011-12 was £9,056,000.
- 1.2.1 *Recurrent Account – Receipts:* Sale of Electricity collections to consumers during the year amounting to £22,771,207 increased by £371,207 (1.7%) compared with the approved budget of £22,400,000 and a year-on-year increase of £580,963 (2.6%) compared to the previous year's revenue of £22,190,244. This was mainly attributable to a sales volume variance amounting to £609,000 as a consequence of a greater than expected quantity of units billed of approximately 4.6 million units and a favourable sale price variance of around £25,000. On the other hand, there was a decrease in the collection of arrears of approximately £263,000 against the approved budget.
- 1.2.2 The sum of £139,488 received in accordance with the fuel hedge contract as a result of the market fuel price in three of the months being above the buy call option level set by the contract.
- 1.2.3 However, receipts from the private sector in connection with the provision of electrical services amounting to £1,382,811 fell short of the approved budget allocation of £1,500,000 by £117,189 mainly attributable to the delay in the payment of a budgeted high value project, which was offset by the revenue received from two unbudgeted projects.
- 1.3.1 *Recurrent Account – Payments:* The total recurrent expenditure of the GEA in the financial year 2011-12 was £41,565,939, an increase of £6,083,939 (17.1%) compared with the approved budget total of £35,482,000 and £6,578,951 (18.8%) against the previous year's expenditure of £34,986,988.

The main variances between the approved budget and the actual expenditure for the financial year 2011-12 were as follows:

1.3.2 Personal Emoluments – Total Personal Emoluments during the financial year 2011-12 amounted to £7,584,342 (1.6%), an increase of £119,343 against the approved budget of £7,465,000. The Finance and Administration Director explained that the increase between the actual expenditure and the approved budget was attributable to the following:

- (i) Excess expenditure in overtime payments amounting to over £95,000 due to emergency overtime work at both the electro-technical and network divisions due to faults in the distribution system, the effect of the 2.7% pay increase, overtime work as a result of unbudgeted sickness absence by shift workers, a difference between the bid and approved budget and extra hours worked at the consumer division as a consequence of higher workloads;
- (ii) There was an adverse variance in allowances of around £61,000 mainly attributable to a difference of around £112,000 between the budget submission and the approved budget allocation, unbudgeted payments of nearly £34,000 in public illuminations bonuses, and excess payments in weekend premia and standby allowances totalling approximately £25,000, offset by savings in attendance related bonuses and substitution allowance amounting to nearly £109,000;
- (iii) Excess expenditure in temporary assistance of just under £10,000 attributable to the temporary employment of a finance and administration officer to assist in administration work; and
- (iv) On the other hand, there was a saving of nearly £47,000 in salaries as a result of a delay in filling two posts for the whole of the financial year and a further three posts for part of the financial year.

1.3.3 Fuel – Fuel expenditure for the financial year under review totalled £14,215,353, an increase of £5,015,353 (54.5%) against the approved budget of £9,200,000 and by £5,549,237 (64.0%) against the previous financial year's expenditure of £8,666,116. The Finance and Administration Director informed me that the increase between the actual expenditure and the approved budget was attributable to the following:

- (i) An adverse fuel price variance of around £2,048,000 due to a higher than expected mean price of fuel for the year. The estimated price was based on £510.53 per metric tonne when the price increased throughout the year with a mean price for the year of £622.66 per metric tonne and a maximum price of £670.57 per metric tonne in March 2012;
- (ii) A negative fuel purchase volume variance of approximately £2,148,000 as a consequence of Waterport Power Station generating over 18.4 million more units than estimated, mainly as result of failures experienced by OESCO's generating sets;
- (iii) An adverse sales price/volume mix variance of over £477,000; and

(iv) There was an increase of over £337,000 between the estimated and actual bills paid.

1.3.4 Purchase of Electricity – Expenditure in respect of the purchase of electricity from OESCO for the financial year under review totalled £15,616,891, an increase of £616,891 (4.1%) compared with the approved budget of £15,000,000, and £1,027,536 (7.0%) against the previous year's expenditure of £14,589,355. The Finance and Administration Director explained that the variance between the approved budget and actual expenditure was as a result of:

- (i) An adverse purchase price variance in the region of £2,624,000 during the financial year compared against the estimate submission attributable to a higher than expected mean price of fuel. As mentioned in 1.3.3(i) above, the estimated price was based on £510.53 per metric tonne when the price increased throughout the year with a mean price for the year of £622.66 per metric tonne and a maximum price of £670.57 per metric tonne in March 2012;
- (ii) In addition, there was an increase of around £315,000 in respect of other OESCO costs and the approved estimate being approximately £31,000 less than the estimate submission;
- (iii) On the other hand, there was a decrease of around 12.9 million electricity units between the estimated and actual units purchased from OESCO, generating a decrease in the purchase volume variance of approximately £1,884,000, as a result of a lower installed capacity due to failures experienced by OESCO's generating sets;
- (iv) A favourable sales price/volume mix variance of around £370,000; and
- (v) A favourable variance of approximately £95,000 between the estimated and actual bills paid to OESCO.

1.3.5 Lubricants – The over-expenditure of lubricants amounting to £73,375 (24.7%) was principally due to a greater quantity of lubricants purchased as a consequence of the extra electricity units generated by Waterport Power Station and the purchase of additional oils required by the electro-technical division for use in the sub stations.

1.3.6 Materials – The total cost of materials during the year amounting to £618,380 increased by £68,380 (12.4%) against the approved budget of £550,000. The increase was mainly due to unbudgeted works in the generation division; the consumer division in respect of extra illuminations; and additional electrical materials required by the electrical services division for works carried out in government departments.

1.4.1 Commercial Works – Total expenditure under this item amounting to £1,194,540 increased by £194,540 (19.5%) against the approved estimate of £1,000,000. The Finance and Administration Director mainly attributed the increase between the approved budget and the actual expenditure to the

expenditure of five of the major projects being over £190,000 over the budget allocation.

- 1.5.1 *Capital Account* – Expenditure amounting to £125,343 was attributable to expenditure in public lighting amounting to nearly £65,000, office furniture, equipment and computers of around £28,000, plant and machinery of approximately £22,000 and infrastructure systems amounting to almost £8,000.
- 1.6.1 *Electricity Charges Outstanding* – Arrears of Electricity Charges stood at £7,248,274 as at 31 March 2012 compared to £6,893,369 as at the end of the previous financial year, an increase of £354,905. However, a total of £88,754 was written-off during the year and the sum of £247,589 was collected in respect of historic arrears, so the effective increase was £691,248.
- 1.6.2 The Finance and Administration Director explained that the increase in arrears was partly due to a significant increase in consumption/billing during the last two months of the year, compared to the last two months of the previous year, which had a corresponding effect in amounts outstanding of almost £353,000. In addition, amounts due by consumers in receipt of social assistance increased year-on-year by nearly £100,000. Although the GEA appears to have acceptable procedures in the management, control and collection of electricity charges arrears, a number of consumers continue to default, as evidenced by the remainder of the year-on-year increase amounting to approximately £238,000.
- 1.6.3 The write-off of £88,754 during the financial year was in respect of amounts owed mainly by companies that have ceased, been struck-off or liquidated.





# **GIBRALTAR ELECTRICITY AUTHORITY**

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ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

## 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 2012	4
Balance Sheet as at 31 March 2012	6
Notes to the Accounts for the Year Ended 31 March 2012	7

## MEMBERS OF THE GIBRALTAR ELECTRICITY AUTHORITY BOARD

The Hon Joe Holliday served as Chairman from the start of the financial year until 30<sup>th</sup> November 2011.

The Hon Steven Linares served as Chairman from 9<sup>th</sup> December 2011 until the end of 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
Mr Michael Gil	Chief Technical Officer Government of Gibraltar
Mr Anthony Lima MBE	Retired Civil Servant
Mr Guy Stagnetto	Lawyer
Mr Michael Caetano	Deputy Chief Executive GEA (As from 15 <sup>th</sup> April 2011)

# GIBRALTAR ELECTRICITY AUTHORITY

## The Chief Executive's Report

The accounts of the Gibraltar Electricity Authority (GEA) have been prepared on a cash basis, in accordance with the Gibraltar Electricity Authority Act 2003.

The Financial Statements are, nevertheless, supported by detailed notes, which include information on accruals such as electricity arrears due to the Authority and amounts payable by the Authority at the year end. Details of the Authority's capital expenditure are also included in the notes to the accounts.

In 2011-12 the net cash deficit on all GEA ordinary activities (generation, distribution and supply of electricity) was £15.126 million, which was reduced to £14.986 million by the income of the fuel hedge contract. There was a net cash inflow of £0.217 million from the provision of electrical services to the private and public sector. In addition capital expenditure of £0.125 million was incurred, consequently the extra Government contribution to the Authority was £14.895 million.

Around 47% of the electricity generated was purchased externally, predominantly OESCO Ltd, with the MOD contributing approximately 4% and the new company Gibraltar Mechanical and Electrical Services Ltd (GMES Ltd) which took over the MOD generating station in December 2011 contributing approximately 2%, the remaining 53% being internally generated at Waterport Power Station together with the use of portable generating sets.

The comparative costs of generation are as follows:

	Total Direct Cost Pence/Unit	Marginal Cost Pence/Unit
Sales	13.26	N/A
Purchases from OESCO	20.20	17.94
Generated by WPS	18.82	15.80

The Total Direct Costs shown above include only costs of generation (including the cost of hire of the portable generators) and exclude costs of transmission and other overheads.

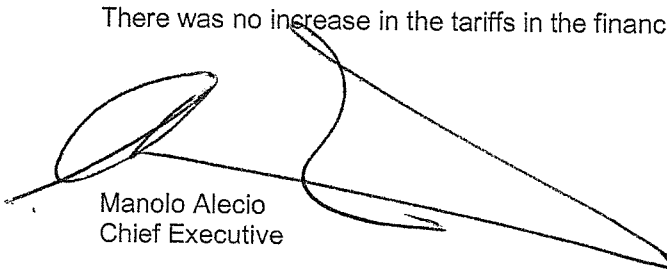
The marginal costs of purchases from OESCO Ltd are greater than the marginal cost of electricity generated by Waterport, mainly because the price of fuel has increased and the assumed specific fuel consumption used to calculate the Fuel Cost Adjustment from OESCO Ltd is greater than the specific fuel consumption achieved by Waterport Power Station.

Electricity collections, excluding connection fees, for 2011-12 were £22.771 million.

As at 31 March 2012 arrears of electricity charges billed stood at £7.248 million compared to £6.893 million as at 31 March 2011. This is mainly attributable in part to an increase in working capital requirements as a result of an increase in the billing and in part to an increase in the level of current debt.

The volume of sales, based on units of electricity billed and ignoring the sales to the non entitled consumers supplied by GMES, grew by approximately 5% from the previous financial year, whilst the amount invoiced grew by approximately 5.6%.

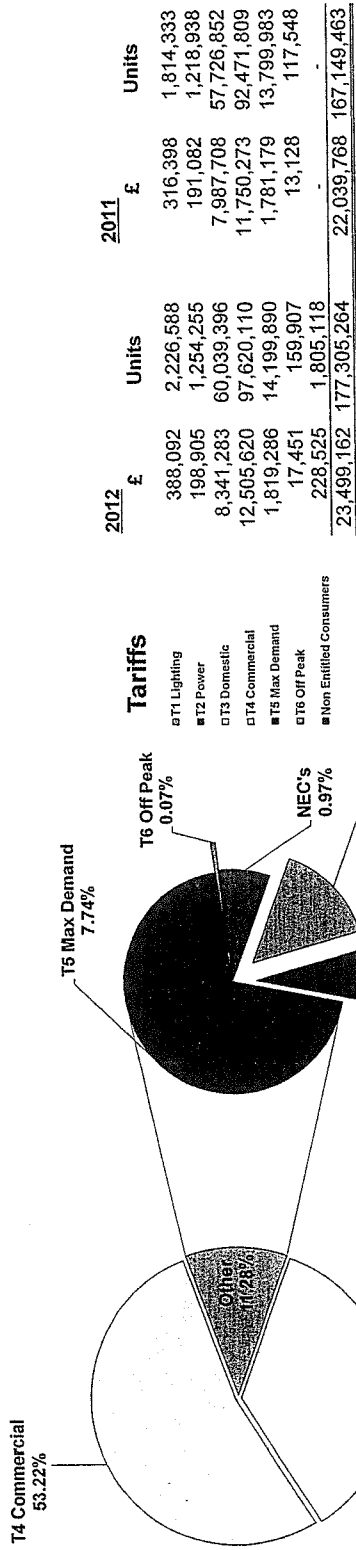
There was no increase in the tariffs in the financial year.



Manolo Alecio  
Chief Executive

25 Nov 2012

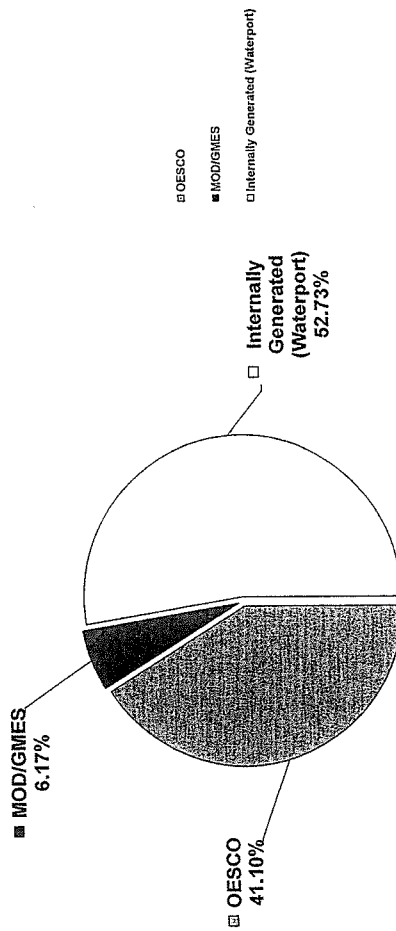
## DISTRIBUTION/SALES OF ELECTRICITY DURING THE YEAR ENDED 31 MARCH 2012



	2012	2011
	£	£
T1 Lighting	388,092	2,226,588
T2 Power	198,905	1,254,255
T3 Domestic	8,341,283	60,039,396
T4 Commercial	12,505,620	97,620,110
T5 Max Demand	1,819,286	14,199,890
T6 Off Peak	17,451	159,907
Non Entitled Consumers	228,525	1,805,118
<b>Total</b>	<b>23,499,162</b>	<b>177,305,264</b>

	2012	2011
	£	£
T1 Lighting	15,918,500	78,796,310
MOD/GMES	2,021,909	11,822,709
Internally Generated (Waterport)	20,496,673	101,101,394
<b>Total</b>	<b>38,437,082</b>	<b>191,720,413</b>

## SOURCES OF ELECTRICITY



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 2012**

<b>RECURRENT ACCOUNT</b>	<i>Notes</i>	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2011</u>
		£	£	£	£
<b>RECEIPTS</b>					
<u>Contributions from the Government of Gibraltar</u>					
Distribution/Sales of Electricity	2		22,771,207		22,190,244
Electricity Connection Fees			95,510		117,175
Miscellaneous Income			510		1,355
Fuel Hedge Contracts Income			<u>139,488</u>		<u>605,000</u>
			<u>23,006,715</u>		<u>22,913,774</u>
<b>PAYMENTS</b>					
<b>Sources of Electricity</b>					
<u>Purchase of Electricity</u>					
OESCO	4	15,616,891		14,589,355	
MOD		<u>563,641</u>		<u>514,398</u>	
			(16,180,532)		(15,103,753)
<u>Internally Generated Electricity</u>					
Generation	8	17,977,953		12,258,507	
Distribution Network Services	9	2,809,770		2,861,102	
Administration	10	<u>706,877</u>		<u>630,411</u>	
			(21,494,600)		(15,750,020)
<u>Other Costs</u>					
Collection Expenses - AquaGib Ltd		<u>318,000</u>		<u>303,277</u>	
			(318,000)		(303,277)
<b>NET PAYMENTS ON ORDINARY ACTIVITIES</b>			<u>(14,986,417)</u>		<u>(8,243,276)</u>
<b>Other Activities</b>					
<u>Provision of Electrical Services to Government and the Gibraltar Health Authority</u>					
Income from Government Departments		1,338,460		1,254,710	
Less Expenditure Incurred	11	<u>(1,394,336)</u>		<u>(1,330,001)</u>	
			(55,876)		(75,291)
Income from Gibraltar Health Authority		1,069,022		985,055	
Less Expenditure Incurred	12	<u>(983,931)</u>		<u>(922,152)</u>	
			85,091		62,903
			<i>C/Fwd</i> £ (14,957,202)		£ (8,255,664)

GIBRALTAR ELECTRICITY AUTHORITY

**RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012**

	<i>Notes</i>	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2011</u>
		£	£	£	£
<b>Other Activities (Cont)</b>			<i>B/Fwd</i> (14,957,202)		(8,255,664)
<u>Provision of Electrical Services to Private Sector</u>	13				
Contribution from the Government of Gibraltar-Income		1,382,811		1,772,292	
Less Expenditure Incurred		<u>(1,194,540)</u>		<u>(1,577,785)</u>	
			188,271		194,507
			<u>(14,768,931)</u>		<u>(8,061,157)</u>
<u>Contributions from the Government of Gibraltar</u>					
Exceptional Income : Sale of Fuel Hedge Contracts			-		3,650,000
General Contribution			14,870,000		4,332,000
<b>NET RECEIPTS/(PAYMENTS)</b>			<u>£ 101,069</u>		<u>£ (79,157)</u>

**CAPITAL ACCOUNT**

**RECEIPTS**

Contribution from the Government of Gibraltar					
General Contribution			25,000		335,000

**PAYMENTS**

Works and Equipment			(125,343)		(256,500)
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<b>NET (PAYMENTS)/RECEIPTS</b>			<u>£ (100,343)</u>		<u>£ 78,500</u>
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**NOTE**

Exceptional Income:Sale of Fuel Hedge Contracts			-		(3,650,000)
Recurrent Deficit			14,768,931		8,061,157
Capital Expenditure			125,343		256,500
			<u>£ 14,894,274</u>		<u>£ 4,667,657</u>
General Contribution from the Government of Gibraltar			£14,895,000		£4,667,000

**GIBRALTAR ELECTRICITY AUTHORITY**

**BALANCE SHEET AS AT 31 MARCH 2012**

	<u>2012</u>		<u>2011</u>
	£		£
<b><u>ASSETS</u></b>			
<b>Recurrent Account</b>			
Imprest	60		60
Balance due to Government of Gibraltar	<u>(48,751)</u>		<u>(149,820)</u>
	(48,691)		(149,760)
<b>Capital Account</b>			
Balance held by Government of Gibraltar	<u>49,545</u>		<u>149,888</u>
	<u>£ 854</u>		<u>£ 128</u>

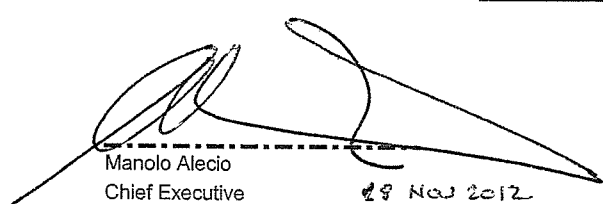
**FINANCED BY**

**Recurrent Account**

Account Balance on 1 April 2011	(149,760)		(70,603)
Net Income/(Payments) during the year	<u>101,069</u>		<u>(79,157)</u>
Account Balance on 31 March 2012		(48,691)	(149,760)

**Capital Account**

Account Balance on 1 April 2011	149,888		71,388
Net (Payments)/Receipts during the year	<u>(100,343)</u>		<u>78,500</u>
Account Balance on 31 March 2012		<u>49,545</u>	<u>149,888</u>
General Fund Balance on 31 March 2012		<u>£ 854</u>	<u>£ 128</u>

  
 Manolo Alecio  
 Chief Executive

29 Nov 2012



# GIBRALTAR ELECTRICITY AUTHORITY

Notes to the Accounts for the year ended 31 March 2012

## 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.

The income received from the sale of the fuel hedging contracts has been separately presented as income in the accounts and has not been used to derive the recurrent deficit, with the comparative figures for the previous financial year being restated in line with this new policy.

### **Other Activities**

Revenue from the provision of electricity related services to Government Departments is based on actual Direct Costs incurred and that of the Gibraltar Health Authority is based on the Direct Costs incurred together with a 15% management charge, which does not include pensions, social insurance costs and miscellaneous expenses.

### **Taxation**

The GEA is exempt from the payment of company taxes.

GIBRALTAR ELECTRICITY AUTHORITY

2. DISTRIBUTION/SALES OF ELECTRICITY

	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2011</u>
	<u>Units</u>	<u>£</u>	<u>Units</u>	<u>£</u>
T1 Lighting	2,226,588	388,092	1,814,333	316,398
T2 Power	1,254,255	198,905	1,218,938	191,082
T3 Domestic	60,039,396	8,341,283	57,726,852	7,987,708
T4 Commercial	97,620,110	12,505,620	92,471,809	11,750,273
T5 Max Demand	14,199,890	1,819,286	13,799,983	1,781,179
T6 Off Peak	159,907	17,451	117,548	13,128
Total Billing	<u>175,500,146</u>	<u>23,270,637</u>	<u>167,149,463</u>	<u>22,039,768</u>
Supplied to Non Entitled Consumers by GMES	1,522,918	190,809	-	-
Total Distribution	<u>177,023,064</u>	<u>23,461,446</u>	<u>167,149,463</u>	<u>22,039,768</u>

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

3. CONSUMERS

	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2011</u>
	Domestic	Non Domestic	Domestic	Non Domestic
Average number of Accounts	14,519	3,551	13,841	3,500
Average Monthly Bill	£48	£350	£48	£335

4. SOURCES OF ELECTRICITY AND COSTS OF PRODUCTION

	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2011</u>
	Total Direct Cost Pence/Unit	Total Direct Costs £	Total Direct Cost Pence/Unit	Total Direct Costs £
OESCO Supplied	20.20	15,918,500	15.78	14,770,101
MOD	12.73	939,732	12.30	523,304
GMES	24.36	1,082,177	-	-
Generated (Waterport) GEA	18.82	19,024,094 *	15.11	12,479,103
Total		<u>36,964,503</u>		<u>27,772,508</u>

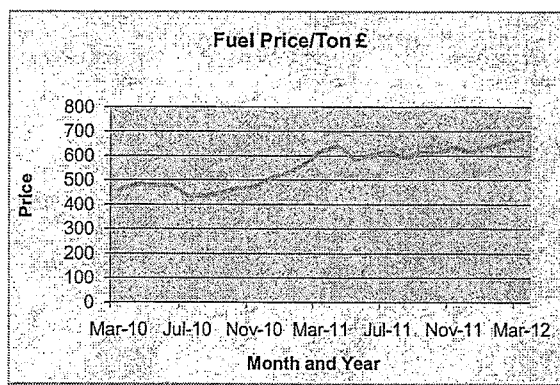
\* Includes cost of hire of generators

	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2011</u>
	Units Generated	Units Generated/ Total	Units Generated	Units Generated/ Total
OESCO Supplied	78,796,310	41	93,619,810	52
MOD	7,379,611	4	4,254,309	2
GMES	4,443,098	2	-	-
Generated (Waterport) GEA	101,101,394	53	82,605,318	46
Total	<u>191,720,413</u>		<u>180,479,437</u>	

	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2011</u>
	Units	%	Units	%
** Total Generated and Supplied	191,720,413	100.00	180,479,437	100.00
Total Distribution	177,023,064	92.33	167,149,463	92.61
Electricity Generated Not Billed	14,697,349	7.67	13,329,974	7.39

\*\* Including Waterport Power Station house-load of 4,610,910 units

5. FUEL PRICE



6. FUEL HEDGE CONTRACTS

The GEA entered into a fuel hedge contract with Barclays Plc in October 2011 as follows

- 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 2012 a total of £139,488 was received from Barclays Bank PLC under this contract. This has been included as a revenue item and it has not been offset against fuel costs.

7. CAPACITY AND PROJECTED CONSUMPTION EXCLUDING THE MOD AND GMES

	Year End 31/03/2012		Year End 31/03/2011	
	Units Produced	% of Total	Units Produced	% of Total
Waterport Power Station	101,101,394	56.20%	82,605,318	46.87%
OESCO	78,796,310	43.80%	93,619,810	53.13%
<b>Total</b>	<b>179,897,704</b>		<b>176,225,128</b>	

Projected Consumption

Calendar Year	Expected Production Millions Kwh
2013	181.8
2014	185.4
2015	189.2

GIBRALTAR ELECTRICITY AUTHORITY

8. INTERNALLY GENERATED (WATERPORT) ELECTRICITY - GENERATION

Generation Division	2012	2012	2011	2011
Direct Costs:				
Salaries		£1,497,264		£1,446,476
Overtime		£450,832		£431,892
Allowances		£815,046		£773,370
Employer's Social Insurance Contributions		£78,865		£76,627
Employer's Contributions				
Gibraltar Provident Trust (No. 2) Pension Scheme		£48,644		£43,365
		<u>£2,890,651</u>		<u>£2,771,730</u>
Fuel		£14,215,353		£8,666,116
Materials		£342,209		£359,896
Lubricants		£370,375		£281,764
Total Direct costs		<u>£17,818,588</u>		<u>£12,079,506</u>
Overheads:				
General Expenses	£8,402		£14,952	
Electricity and Water	£13,298		£12,610	
Telephone Expenses	£16,498		£15,588	
Printing & Stationery	£1,927		£1,670	
Protective Clothing & Fire Prevention	£3,123		£3,983	
Computer & Office Equipment Expenses	£2,204		£1,782	
Training Expenses	£5,067		£5,697	
Transport Expenses	£1,217		£1,471	
Security Expenses	£77,738		£73,854	
Messengerial Expenses	£1,188		£897	
Cleaning Services	£13,402		£12,591	
Employer's and Public Liability Insurance	£11,172		£11,052	
Legal Fees	£1,443		£20,195	
Consultancy Fees	£2,686		£2,659	
Total Overheads		<u>£159,365</u>		<u>£179,001</u>
Total Costs		<u><u>£17,977,953</u></u>		<u><u>£12,258,507</u></u>

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

GIBRALTAR ELECTRICITY AUTHORITY

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

	2012		2011	
	Electrical Network Distribution	Consumer	Electrical Network Distribution	Consumer
<b>Direct Costs:</b>				
Salaries	£860,142	£620,613	£875,004	£597,755
Overtime	£102,138	£58,400	£105,280	£54,297
Allowances	£47,191	£55,474	£45,826	£50,464
Employer's Social Insurance Contributions	£46,773	£32,751	£47,011	£31,504
Employer's Contributions - Gibraltar Provident Trust (No. 2) Pension Scheme	£57,465	£27,711	£54,070	£20,160
	£1,113,709	£794,949	£1,127,191	£754,180
Materials	£61,055	£27,886	£90,933	£19,612
Public Lighting and Illuminations	£42,369	£8,549	£52,663	£6,165
<b>Total Direct costs</b>	<b>£1,217,133</b>	<b>£831,384</b>	<b>£1,270,787</b>	<b>£779,957</b>
<b>Overheads:</b>				
General Expenses	£5,006	£3,575	£8,777	£6,500
Electricity and Water	£7,922	£5,658	£7,401	£5,482
Telephone Expenses	£9,829	£7,021	£9,150	£6,777
Printing & Stationery	£1,928	£1,928	£1,669	£1,670
Protective Clothing & Fire Prevention	£1,861	£1,329	£2,337	£1,732
Computer & Office Equipment Expenses	£6,174	£4,851	£5,345	£4,900
Training Expenses	£5,068	£5,067	£5,696	£5,696
Transport Expenses	£9,115	£6,989	£11,032	£8,826
Messengerial Expenses	£1,187	£1,187	£896	£897
Cleaning Services	£7,985	£5,703	£7,390	£5,474
Employer's and Public Liability Insurance	£6,656	£4,754	£6,487	£4,805
Legal Fees	£859	£614	£11,854	£8,781
Consultancy Fees	£1,600	£1,143	£1,561	£1,156
<b>Total Overheads</b>	<b>£65,190</b>	<b>£49,819</b>	<b>£79,595</b>	<b>£62,696</b>
<b>Total Costs</b>	<b>£1,282,323</b>	<b>£881,203</b>	<b>£1,350,382</b>	<b>£842,653</b>

GIBRALTAR ELECTRICITY AUTHORITY

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

	2012		2011	
	Electro-Technical	Total	Electro-Technical	Total
<b>Direct Costs:</b>				
Salaries	£408,311	£1,889,066	£414,016	£1,886,775
Overtime	£80,818	£241,356	£70,161	£229,738
Allowances	£35,158	£137,823	£32,671	£128,961
Employer's Social Insurance Contributions	£20,716	£100,240	£21,209	£99,724
Employer's Contributions - Gibraltar Provident Trust (No. 2) Pension Scheme	£27,108	£112,284	£28,477	£102,707
	£572,111	£2,480,769	£566,534	£2,447,905
Materials	£39,546	£128,487	£58,546	£169,091
Public Lighting and Illuminations	-	£50,918	-	£58,828
<b>Total Direct costs</b>	<b>£611,657</b>	<b>£2,660,174</b>	<b>£625,080</b>	<b>£2,675,824</b>
<b>Overheads:</b>				
General Expenses	£2,324	£10,905	£4,226	£19,503
Electricity and Water	£3,677	£17,257	£3,563	£16,446
Telephone Expenses	£4,564	£21,414	£4,406	£20,333
Printing & Stationery	£1,928	£5,784	£1,669	£5,008
Protective Clothing & Fire Prevention	£864	£4,054	£1,125	£5,194
Computer & Office Equipment Expenses	£3,087	£14,112	£3,118	£13,363
Training Expenses	£5,068	£15,203	£5,696	£17,088
Transport Expenses	£3,949	£20,053	£5,149	£25,007
Messengerial Expenses	£1,187	£3,561	£896	£2,689
Cleaning Services	£3,707	£17,395	£3,558	£16,422
Employer's and Public Liability Insurance	£3,090	£14,500	£3,123	£14,415
Legal Fees	£399	£1,872	£5,707	£26,342
Consultancy Fees	£743	£3,486	£751	£3,468
<b>Total Overheads</b>	<b>£34,587</b>	<b>£149,596</b>	<b>£42,987</b>	<b>£185,278</b>
<b>Total Costs</b>	<b>£646,244</b>	<b>£2,809,770</b>	<b>£668,067</b>	<b>£2,861,102</b>

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

**GIBRALTAR ELECTRICITY AUTHORITY**

**10. INTERNALLY GENERATED (WATERPORT) ELECTRICITY - ADMINISTRATION**

	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2011</u>
Direct Costs:				
Salaries		£561,320		£506,842
Overtime		£4,418		£3,439
Allowances		£22,500		£18,842
Temporary Assistance		£14,777		£5,058
Employer's Social Insurance Contributions		£27,288		£25,206
Employer's Contributions - Gibraltar Provident Trust (No. 2) Pension Scheme		£34,850		£23,032
Total Direct Costs		<u>£665,153</u>		<u>£582,419</u>
Overheads:				
General Expenses	£2,682		£4,876	
Electricity and Water	£4,244		£4,112	
Telephone Expenses	£5,266		£5,083	
Printing & Stationery	£1,928		£1,669	
Protective Clothing and Fire Prevention	£997		£1,298	
Computer & Office Equipment Expenses	£10,584		£8,463	
Training Expenses	£5,068		£5,696	
Transport Expenses	£608		£736	
Messengerial Expenses	£1,187		£896	
Cleaning Services	£4,277		£4,106	
Employer's and Public Liability Insurance	£3,566		£3,604	
Legal Fees	£460		£6,586	
Consultancy Fees	£857		£867	
Total Overheads		<u>£41,724</u>		<u>£47,992</u>
Total Costs		<u><u>£706,877</u></u>		<u><u>£630,411</u></u>

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

**11. ELECTRICAL SERVICES - GOVERNMENT DEPARTMENTS**

Income represents the actual Direct Costs incurred by the Electrical Building Services Division in the provision of their services to Government.

	<u>2012</u>	<u>2011</u>
Direct Costs:		
Salaries	£908,347	£879,437
Overtime	£156,279	£143,979
Allowances	£44,972	£35,185
Employer's Social Insurance Contributions	£50,873	£49,334
Employer's Contributions - Gibraltar Provident Trust (No. 2) Pension Scheme	£28,056	£21,459
	<u>£1,188,527</u>	<u>£1,129,394</u>
Materials	£147,684	£125,375
Total Direct Costs	<i>Balance C/Fwd</i> £1,336,211 *	<u>£1,254,769</u>

\* This expenditure is less than the income received from Government Departments of £1,338,460 as a consequence of a refund of pension contribution carried out after the financial year end which was not deducted in this financial year from the amount charged to the Government Departments

GIBRALTAR ELECTRICITY AUTHORITY

11. ELECTRICAL SERVICES - GOVERNMENT DEPARTMENTS (cont)

	<u>2012</u>	<u>2011</u>	<u>2011</u>
<i>Balance B/Fwd</i>		£1,336,211	£1,254,769
Overheads:			
General Expenses	£5,363		£9,753
Electricity and Water	£8,488		£8,223
Telephone Expenses	£10,531		£10,168
Printing & Stationery	£1,928		£1,670
Protective Clothing & Fire Prevention	£1,994		£2,597
Computer & Office Equipment Expenses	£2,205		£2,227
Training Expenses	£5,068		£5,696
Transport Expenses	£3,040		£3,678
Messengerial Expenses	£1,187		£896
Cleaning Services	£8,555		£8,211
Employer's and Public Liability Insurance	£7,131		£7,208
Legal Fees	£921		£13,171
Consultancy Fees	£1,714		£1,734
Total Overheads		£58,125	£75,232
Total Costs		<u>£1,394,336</u>	<u>£1,330,001</u>

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

12. ELECTRICAL SERVICES - GIBRALTAR HEALTH AUTHORITY

Income is based on the Direct Costs incurred by the Technomedical Division together with a 15% management charge, which does not include Pensions, Social Insurance Costs and miscellaneous expenses.

	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2011</u>
Direct Costs:				
Salaries		£727,503		£692,286
Overtime		£72,405		£43,098
Allowances		£40,435		£37,585
Employer's Social Insurance Contributions		£37,322		£36,470
Employer's Contributions - Gibraltar				
Provident Trust (No. 2) Pension Scheme		£62,834		£58,523
		<u>£940,499</u>		<u>£867,962</u>
Miscellaneous Expenses		£2,471		£1,148
Total direct Costs		£942,970		£869,110
Overheads:				
General Expenses	£3,933		£7,151	
Electricity and Water	£6,224		£6,031	
Telephone Expenses	£7,723		£7,456	
Printing & Stationery	£1,928		£1,669	
Protective Clothing & Fire Prevention	£1,462		£1,904	
Training Expenses	£5,068		£5,696	
Messengerial Expenses	£1,187		£896	
Cleaning Services	£6,274		£6,022	
Employer's and Public Liability Insurance	£5,230		£5,286	
Legal Fees	£675		£9,659	
Consultancy Fees	£1,257		£1,272	
Total Overheads		£40,961		£53,042
Total Costs		<u>£983,931</u>		<u>£922,152</u>



GIBRALTAR ELECTRICITY AUTHORITY

13. ELECTRICAL SERVICES - PRIVATE SECTOR

	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2011</u>
Payment received	£1,382,811		£1,772,292	
Less: Materials	<u>(£1,194,540)</u>		<u>(£1,577,785)</u>	
		<u>£188,271</u>		<u>£194,507</u>
As at 31 March 2012		<u>£188,271</u>		<u>£194,507</u>
Expenditure during year	<u>£1,194,540</u>		<u>£1,577,785</u>	
Advance payments b/fwd	£1,580,919		£1,692,536	
Payments during the year	£1,382,811		£1,772,292	
	<u>£2,963,730</u>		<u>£3,464,828</u>	
Advance payments c/fwd	<u>(£1,611,666)</u>		<u>(£1,580,919)</u>	
Surplus	<u>£1,194,540</u>		<u>£1,577,785</u>	

14. OVERHEADS

Overheads have been apportioned on the following basis:

- General Expenses; Electricity & Water; Telephone Expenses; Protective Clothing & Fire Prevention; Cleaning Services; Employer's & Public Liability Insurance; Legal Fees; Consultancy Fees: on the staff complement of each Division.
- Printing & Stationery; Messengerial Expenses: on the number of Divisions.
- Computer & Office Equipment Expenses: on the number of personal computers held by each Division.
- Training Expenses: equally to all Divisions.
- Transport Expenses: on the number of vehicles held by each Division.
- Security Expenses: 100% allocated to the Generation Division.
- Miscellaneous Expenses: 100% allocated to the Technomedical Division.
- Compensation and Legal Costs: 100% allocated to the Administration Division.

GIBRALTAR ELECTRICITY AUTHORITY

15. PERSONAL EMOLUMENTS

	<u>2012</u>	<u>2011</u>
Gross Emoluments	Number of Staff	Number of Staff
£80,000- £90,000	6	4
£70,000- £80,000	2	2
£60,000- £70,000	21	6
£50,000- £60,000	33	43
£40,000- £50,000	29	27
£30,000- £40,000	63	69
£20,000- £30,000	17	20
£10,000- £20,000	2	6
<£10,000	2	6
	<u>175</u>	<u>183</u>

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

16. FIXED ASSETS

CAPITAL EXPENDITURE

	<u>Infrastructure Systems</u>	<u>Motor Vehicles</u>	<u>Office Equipment</u>	<u>Furniture</u>
Brought Forward as at 1 April 2011	£1,312,153	£301,792	£91,925	£37,506
Additions 2011/2012	£72,423	£982	£18,955	£355
Total Cost	<u>£1,384,576</u>	<u>£302,774</u>	<u>£110,880</u>	<u>£37,861</u>
	<u>Plant and Machinery</u>	<u>Computers</u>	<u>Fixtures Fittings</u>	<u>Total</u>
Brought Forward as at 1 April 2011	£695,315	£314,864	£62,309	£2,815,864
Additions 2011/2012	£22,122	£9,002	£1,504	£125,343
Total Cost	<u>£717,437</u>	<u>£323,866</u>	<u>£63,813</u>	<u>£2,941,207</u>

GIBRALTAR ELECTRICITY AUTHORITY

17. DEBTORS

	<u>2012</u>	<u>2011</u>
Electricity Charges Billed	£7,248,274	£6,893,369
Electricity Connection Fees	£2,218	£2,258
Electricity Deposits due from consumers	£24,491	£24,526
Electricity Deposits held by Government	<u>£1,133,607</u>	<u>£1,109,996</u>
	<u>£8,408,590</u>	<u>£8,030,149</u>

The debt in respect of the consumers who are in receipt of social assistance was £522,615 as at 31 March 2012. Of this total only £392,361, the balance outstanding as at 31 March 2007, has been provided for.

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

Bills outstanding as at 1 April 2011	£6,893,639	£7,202,419
Billing for the year	£23,287,375	£22,055,939
Amounts received	(£22,827,248)	(£22,215,307)
Write offs	(£88,754)	(£133,510)
Adjustments	(£16,738)	(£16,172)
Bills outstanding as at 31 March 2012	<u>£7,248,274</u>	<u>£6,893,369</u>

Age structure of arrears

Up to six months	£2,401,718	£2,401,718
Six months to one year	£126,765	£143,627
Greater than one year	<u>£4,719,791</u>	<u>£4,348,024</u>
Total	<u>£7,248,274</u>	<u>£6,893,369</u>

Other Debtors

	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2011</u>
Amount due from MOD (In respect of units invoiced to non entitled consumers)	2,307,552 units	£295,367	Nil	Nil
Gibdock Limited	282,200 units	£112,915	Nil	Nil

18. STOCKS OF GASOIL

	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2011</u>
	Tonnes	£	Tonnes	£
Opening Stock as at 1 April 2011	917.71	422,000	970.05	410,205
Purchases during the year	22,265.06	13,883,852	18,257.26	9,071,300
Consumed during the year	<u>(22,338.87)</u>	<u>(13,739,958)</u>	<u>(18,309.60)</u>	<u>(9,059,505)</u>
Closing Stock as at 31 March 2012	<u>843.90</u>	<u>565,894</u>	<u>917.71</u>	<u>422,000</u>

GIBRALTAR ELECTRICITY AUTHORITY

19. CASH

	<u>2012</u>	<u>2011</u>
Recurrent Account balance	(£48,691)	(£149,760)
Capital Account balance	£49,545	£149,888
	<u>£854</u>	<u>£128</u>

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2012</u>	<u>2011</u>
OESCO Limited	£1,506,150	£1,204,592
Giboil Ltd	£1,181,599	£1,496,153
MOD	£961,071	£96,748
Gibraltar Mechanical and Electrical Services Limited	£791,286	-
DZL Tech Limited	£85,837	-
AquaGib Limited	£82,271	£78,025
Wilkie Limited	£39,500	-
Other Creditors	£107,410	£134,697
	<u>£4,755,124</u>	<u>£3,010,215</u>

There is also a liability of £2,980,842 due to GMES Ltd which has not yet been invoiced in respect of the cost of the portable generators, and also £1,082,177 in respect of the cost of electricity units purchased.

There are also further liabilities due to the MOD of £546,000 in respect of the supply of electricity to Gunwharf and approximately £240,000 in respect of the GEA share of costs of No14 engine repairs

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

	<u>2012</u>	<u>2011</u>
Electricity Deposits due to Consumers	£1,133,607	£1,109,996
Private Sector	£1,611,666	£1,580,919
Imprest due to Government	£60	£60
	<u>£2,745,333</u>	<u>£2,690,975</u>