

JERSEY GAS COMPANY LIMITED

REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

JERSEY GAS COMPANY LIMITED

CORPORATE INFORMATION

Incorporated under "Lois 1918 - 1965 Sur La Compagne Du Gaz", now repealed, continuing in existence under the provisions of the Jersey Gas Company (Jersey) Law 1989.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

D Cruddace (Appointed 27 November 2020)
G Fooks (Appointed 27 November 2020)
I J A Plenderleith (Resigned 23 June 2020)
R Yuille (Resigned 25 June 2020)
C Doyle (Resigned 25 February 2021)
D Owens
A Hough

Secretary

IEG Secretaries Limited

Auditor

Grant Thornton Limited
Lefebvre House
Lefebvre Street
St Peter Port
Guernsey
GY1 3TF

Registered Office

Energy House
La Rue Phillipe Durrell
La Collette
St Helier
Jersey
JE2 3NX

JERSEY GAS COMPANY LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 December 2020.

Principal 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 financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in the financial statements including the impact of Covid-19 on the Company.

Results

The results of the year are shown in the Statement of Comprehensive Income on page 5.

Dividend

The directors do not recommend a final dividend (2019: £nil). There were no interim dividends during the year (2019: £nil).

Directors

The directors who served the company during the year are shown on page 1.

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 Accounting Standards. 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

Grant Thornton Limited

By Order of the Board

Director Gareth Mervyn Fooks

Ashley Hough

Date: 27 April 2021

JERSEY GAS COMPANY LIMITED

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

Opinion

We have audited the financial statements of Jersey Gas Company Limited (the 'Company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ▶ give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- ▶ are in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ comply with the Jersey Gas Company (Jersey) Law, 1989.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Jersey, including the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report as set out on page 2, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Jersey Gas Company (Jersey) Law 1989 requires us to report to you if, in our opinion:

- ▶ proper accounting records have not been kept by the Company; or
- ▶ the financial statements are not in agreement with the accounting records; or
- ▶ we have not received proper returns adequate for our audit from branches not visited by us; or
- ▶ we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

JERSEY GAS COMPANY LIMITED

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Practice, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Use of our report

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

Cyril Swale

**For and on behalf of
Grant Thornton Limited**
Chartered Accountants
St Helier, Jersey

Date: 30 April 2021

JERSEY GAS COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

		2020	2019
	Note	£	£
Revenue		9,277,634	10,717,360
Cost of sales		(4,020,097)	(5,346,716)
Gross profit		5,257,537	5,370,644
Net operating expenses		(3,058,690)	(3,178,698)
Operating profit		2,198,847	2,191,946
Interest payable and similar charges	3	(2,113,260)	(2,029,605)
Other finance income	11	7,000	42,000
Gain/(loss) on disposal of property, plant and equipment		3,608	(2,267)
Profit on ordinary activities before taxation		96,195	202,074
Tax credit / (charge) on profit on ordinary activities	5	322,871	(489,115)
Profit/(Loss) for the financial year		419,066	(287,041)
Loss on remeasurement of net defined benefit asset	11	(883,000)	(930,000)
Other comprehensive expense		(883,000)	(930,000)
Total comprehensive loss		(463,934)	(1,217,041)

The notes on pages 9 to 18 form an integral part of these financial statements.

JERSEY GAS COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020	Note	2020 £	2019 £
Non-current assets			
Property, plant and equipment	6	25,429,902	26,247,575
Current assets			
Inventories	7	620,267	709,725
Trade and other receivables	8		
amounts falling due within one year		8,973,850	8,858,018
amounts falling due after one year		1,584,161	1,650,281
Cash		763,024	833,190
		<u>11,941,302</u>	<u>12,051,214</u>
Current liabilities			
Trade and other payables	9	34,094,980	35,402,971
		<u>34,094,980</u>	<u>35,402,971</u>
Net current liabilities		(22,153,678)	(23,351,757)
Total assets less current liabilities		3,276,224	2,895,818
Amounts falling due after more than one year			
Called up preference shares	10	358,904	358,904
Deferred tax	5	2,768,421	2,801,080
Unfunded pension obligation		52,481	52,482
		<u>3,179,806</u>	<u>3,212,466</u>
Pension (liability)/ asset	11	(580,000)	297,000
Net liabilities		(483,582)	(19,648)
Equity			
Called up share capital	10	915,000	915,000
Share premium account		962	962
Reserves		(1,399,544)	(935,610)
Shareholder's funds		<u>(483,582)</u>	<u>(19,648)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 27 April 2021.
These were signed on its behalf by:

Director	Gareth Mervyn Fooks	<hr/>
	27th April 2021	Ashley Hough
		27th April 2021

The notes on pages 9 to 18 form an integral part of these financial statements.

JERSEY GAS COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Retained Earnings	Total
	£	£	£	£
At 1 January 2019	915,000	962	281,431	1,197,393
Loss for the year	-	-	(287,041)	(287,041)
Other comprehensive loss	-	-	(930,000)	(930,000)
Total comprehensive loss	-	-	(1,217,041)	(1,217,041)
Dividends	-	-	-	-
At 31 December 2019	915,000	962	(935,610)	(19,648)
Profit for the year	-	-	419,066	419,066
Other comprehensive loss	-	-	(883,000)	(883,000)
Total comprehensive loss	-	-	(463,934)	(463,934)
Dividends	-	-	-	-
At 31 December 2020	915,000	962	(1,399,544)	(483,582)

The notes on pages 9 to 18 form an integral part of these financial statements.

JERSEY GAS COMPANY LIMITED

CASH FLOW STATEMENT

	2020	2019
	£	£
Cash flows from operating activities		
Operating profit	2,198,847	2,191,946
Depreciation and amortisation	1,369,819	1,410,221
Profit on sale of property, plant and equipment	3,608	-
Decrease/(increase) in inventory	89,458	(34,115)
Decrease/(increase) in trade and other receivables	(53,338)	(723,661)
(Decrease) in trade and other payables	(97,005)	(152,567)
Tax paid	(94,867)	(456,900)
	<hr/>	<hr/>
Net cash flows from operating expenses	3,416,522	2,234,924
	<hr/>	<hr/>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	3,608	-
Purchase of property, plant and equipment	(552,146)	(840,338)
	<hr/>	<hr/>
Net cash flows from investing activities	(548,538)	(840,338)
	<hr/>	<hr/>
Cash flow from financing activities		
Interest paid	(2,938,150)	(1,188,487)
	<hr/>	<hr/>
Net cash flows from financing activities	(2,938,150)	(1,188,487)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(70,166)	206,099
Cash and cash equivalents at beginning of period	833,190	627,091
	<hr/>	<hr/>
Cash and cash equivalents at end of period	763,024	833,190
	<hr/>	<hr/>

The notes on pages 9 to 18 form an integral part of these financial statements.

JERSEY GAS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General Information and Basis of Presentation

Jersey Gas Company Limited is a limited liability company incorporated in Jersey. The registered office is Energy House, La Rue Philippe Durell, La Collette, St Helier, Jersey, JE2 3NX.

The Company financial statements have been prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements are presented in sterling which is also the functional currency of the Company.

b. Going concern

As at 31 December 2020, the Company is in a net liability position. In order for the Company to meet its obligations as they fall due, the Company has received confirmation that the loans due to fellow group entities will not be called within one year from the date of signing these financial statements. The Company meets its day to day working capital requirements by cash generated through the normal course of business after debt financing. The Company and Group Budget, taking account of reasonably possible changes in trading performance including consideration of the impact of Covid-19, show 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.

c. Property, plant and equipment

Except for freehold buildings, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold buildings are stated at revalued amounts less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

The principal rates in use are:-	%
Freehold Buildings	0.0 - 2.0
Plant & Machinery	2.5 - 20.0
Motor Vehicles	14.0 - 25.0

d. Inventories

Physical inventory is stated at the lower of cost and estimated selling price less costs to complete and sell. Provision is made for obsolete, slow moving or defective items where appropriate. Work in progress has been valued at cost of direct materials and labour. Gas stocks are calculated using the first-in first-out method.

e. Revenue recognition

Revenue 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. Revenue is generated from the sale and distribution of of LPG and the installation and maintenance of boilers.

f. 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.

JERSEY GAS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (Continued)

g. Employee benefits

The Company operates two pension schemes; a defined benefit scheme and a defined contribution scheme. The defined benefit scheme is closed to new members and has ceased to accrue pensionable service.

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments, which are included as part of staff costs. Past service costs are recognised immediately in the Statement of Comprehensive Income if the benefits have vested. The net interest cost on the net defined benefit liability is charged to the Statement of Comprehensive Income and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets are recognised immediately in other comprehensive income.

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 credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined contribution schemes the amount charged to the statement of comprehensive income in respect of pension costs and other retirement benefits is the contributions payable in the year.

h. Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

i. Cash

Cash is represented by cash in hand with financial institutions, repayable without penalty on notice of not more than 24 hours. Cash and cash equivalents are highly liquid investments and are readily convertible to known amounts of cash with insignificant risk of change in value.

2 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Revenue recognition - unread meter income

Revenue in respect of unread meter income is accrued at the balance sheet date. Unread meter income is estimated by considering the unit outputs in the last 3 months of the year, applying a sales / output ratio and multiplying this by the average unit cost. A time factor in respect of the billing cycle is then applied. This estimate is subject to uncertainty given the assumptions that are made in the calculation.

Pension

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of the plan, such estimates are subject to significant uncertainty.

Taxation

Taxation in the financial statements is based on actual or expected tax computations submitted to local tax authorities, which includes management's interpretations of laws that have been enacted or substantively enacted by the balance sheet date. Tax authorities may subsequently challenge the assumptions made by management in the tax computation, therefore taxation is subject to potential uncertainty given the assumptions that are made in the calculations.

JERSEY GAS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 Interest payable and similar charges

	2020	2019
	£	£
Preference share dividends	11,844	23,688
Interest payable on deposits	905	12,188
Interest payable to fellow group undertakings (see note 9)	2,063,861	1,969,749
Other finance charges	36,650	23,980
	<u>2,113,260</u>	<u>2,029,605</u>

4 Profit on ordinary activities before taxation

	2020	2019
	£	£
Profit on ordinary activities before taxation is stated after charging:		
Depreciation on property, plant and equipment	1,369,819	1,410,221
Operating lease rentals		
- Land & buildings	272,107	237,752
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	26,360	12,800
	<u>2,113,260</u>	<u>2,029,605</u>

5 Tax on profit on ordinary activities

a) Analysis of charge in the year

	2020	2019
	£	£
Current tax:		
States of Jersey income tax charge on the results for the year	88,890	474,988
Over provision in previous periods	(380,102)	(34,998)
	<u>(291,212)</u>	<u>439,990</u>
Total current tax (credit)/ charge (note 5b)	(291,212)	439,990
Deferred taxation movement	(32,659)	41,125
Deferred taxation in respect of FRS 102 Section 28	1,000	8,000
	<u>(322,871)</u>	<u>489,115</u>
Tax (credit)/ charge on profit on ordinary activities	(322,871)	489,115

JERSEY GAS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 Tax on profit 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.

	2020 £	2019 £
Profit on ordinary activities before tax	96,195	202,074
Profit on ordinary activities multiplied by standard rate of income tax in Jersey 20% (2019: 20%)	19,239	40,415
Effects of:		
Over provision in previous years	(380,102)	(34,998)
Capital allowances in excess of depreciation	70,373	47,158
(Loss) / profit on disposal of property, plant and equipment	(722)	453
Non-deductible interest	-	393,950
Other tax adjustments	-	(6,988)
Current tax (credit)/ charge for the year (note 5a)	(291,212)	439,990

c) Provision for deferred tax

Deferred tax is provided as follows:

	2020 £	2019 £
Capital allowances in excess of depreciation	2,784,558	2,811,576
Other timing differences	(16,137)	(10,496)
Provision for deferred tax	2,768,421	2,801,080

6 Property, plant and equipment

	Freehold Land and Buildings £	Plant & Machinery £	Motor Vehicles £	Total £
Cost or Valuation				
At 1 January 2020	1,319,616	44,484,423	665,850	46,469,889
Additions	-	552,146	-	552,146
Disposals	-	(8,965)	-	(8,965)
At 31 December 2020	1,319,616	45,027,604	665,850	47,013,070
Depreciation				
At 1 January 2020	56,698	19,534,988	630,628	20,222,314
Charge for the year	32,990	1,309,745	27,084	1,369,819
Disposals	-	(8,965)	-	(8,965)
At 31 December 2020	89,688	20,835,768	657,712	21,583,168
Net Book Value at 31 December 2020	1,229,928	24,191,836	8,138	25,429,902
Net Book Value at 31 December 2019	1,262,918	24,949,435	35,222	26,247,575

JERSEY GAS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 Inventories

	2020 £	2019 £
Raw materials, consumables and finished goods	569,434	674,946
Work in progress	50,833	34,779
	<u>620,267</u>	<u>709,725</u>

Inventory recognised as an expense in the period was £2,694 (2019: £9,618).

8 Trade and other receivables

	2020 £	2019 £
Amounts falling due within one year:		
Trade receivables	964,218	1,361,481
Amounts due from fellow group undertakings	6,486,005	6,322,110
Unread meter income	986,189	896,665
Other receivables	111,778	111,572
Prepayments and accrued income	425,660	166,190
	<u>8,973,850</u>	<u>8,858,018</u>
Amounts falling due after more than one year:		
Trade receivables	897,150	821,122
Other receivables	687,011	829,159
	<u>1,584,161</u>	<u>1,650,281</u>
	<u>10,558,011</u>	<u>10,508,299</u>

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

9 Trade and other payables

	2020 £	2019 £
Amounts falling due within one year:		
Trade payables	895,533	943,076
Amounts due to fellow group undertakings (non interest bearing)	421,583	1,230,980
Amounts due to fellow group undertakings (interest bearing)	32,000,000	32,000,000
Other payables	328,757	347,057
Accruals and deferred income	272,314	290,155
GST	87,903	116,715
States Income Tax	88,890	474,988
	<u>34,094,980</u>	<u>35,402,971</u>

The amounts due to fellow group undertakings and to the immediate parent company are unsecured and repayable on demand. Interest bearing borrowings from group undertakings have been charged interest at weighted average interest rates between 6.02%-6.35% for the year.

JERSEY GAS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 Share capital

	2020	2019
	£	£
Authorised:		
Equity Shares:		
Ordinary Shares of £1 each	915,000	915,000
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
	<u>360,000</u>	<u>360,000</u>
Allotted, called up and fully paid:		
Equity Shares:		
Ordinary Shares of £1 each	915,000	915,000
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
	<u>358,904</u>	<u>358,904</u>

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 shares respectively.

JERSEY GAS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 Employee benefits

The Company provides 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 insurance company.

Contributions to the scheme are charged to the Statement of Comprehensive Income 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 2018. 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 4.5% (2015: 4.8%), the yield after retirement would be 2.2% (2015: 3.0%) and salary increases would average 4.0% (2015: 4.15%) per annum.

The most recent actuarial valuation at 1 July 2018 showed that the value of the scheme's assets was £6,260,000 (2015: £5,871,000) and the surplus was £386,000 (2015: £445,000). This equates to approximately 107% (2015: 108%) of the benefits that had accrued to members, after allowing for expected future increases in earnings. The Company has nil contributions (2015: nil) and employees have ceased contributions (2015: 0%).

The valuation used for FRS 102 Section 28 disclosures (Section 28) 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 Section 28 in order to assess the liabilities of the scheme at 31 December 2020. Scheme assets are stated at the market value at 31 December 2020 of the insurance policies in which they are invested.

The Company has closed the defined benefit scheme to new members and to future accrual of pensionable service and provides a defined contribution retirement benefit scheme for all qualifying employees. There were contributions of £76,150 (2019: £76,750) 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 key assumptions used are:	2020	2019
Discount rate	1.4%	1.9%
Pensionable salary growth	2.0%	2.0%

Amounts recognised in the Statement of Comprehensive Income in respect of this defined benefit scheme are as follows:

	2020	2019
	£	£
Analysis of amount charged to operating profit:		
Net interest	7,000	42,000
Total operating income	7,000	42,000
Recognised in other comprehensive income	(883,000)	(930,000)
Total expense relating to defined benefit scheme	(876,000)	(888,000)

JERSEY GAS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 Employee benefits

The amount included in the statement of financial position arising from the Company's obligations in respect of its defined benefit retirement scheme is as follows:

	2020 £	2019 £
Present value of defined benefit obligations	(6,564,000)	(5,597,000)
Fair value of scheme assets	5,839,000	5,968,000
Related deferred tax	145,000	(74,000)
	<hr/>	<hr/>
Net asset recognised in the statement of financial position	(580,000)	297,000
	<hr/> <hr/>	<hr/> <hr/>

	2020 £	2019 £
Movements in the present value of defined benefit obligations were as follows:		
At 1 January	5,597,000	4,903,000
Interest cost	106,000	126,000
Actuarial losses	861,000	1,343,000
Benefits paid	-	(775,000)
	<hr/>	<hr/>
At 31 December	6,564,000	5,597,000
	<hr/> <hr/>	<hr/> <hr/>

	2020 £	2019 £
Movements in the fair value of scheme assets were as follows:		
At 1 January	5,968,000	6,394,000
Interest income	113,000	168,000
Return on scheme assets	(242,000)	181,000
Benefits paid	-	(775,000)
	<hr/>	<hr/>
At 31 December	5,839,000	5,968,000
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The assets of the scheme are invested in insurance policies.

JERSEY GAS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 Commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land & Buildings	
	2020 £	2019 £
Operating leases which expire:		
Within one year	289,679	272,107
Within two to five years	1,248,490	1,224,529
In over five years	13,274,255	13,587,895
	<u>14,812,424</u>	<u>15,084,531</u>

13 Related party transactions

The total remuneration for key management personnel for the year is set out below.

	2020 £	2019 £
Directors remuneration	84,567	82,620

During the year the Company sold goods in the ordinary course of business to Kosangas (Jersey) Limited, a fellow group undertaking, for £302,521 (2019: £386,567).

The following balances were owed to fellow group undertakings at the year end:

Company	2020	2019	Nature
IEG Holdings Limited	90	2,158	Recharge of management expenses
Guernsey Gas Limited	-	4,402	Recharge of costs incurred
Islands Energy Group Limited	13,918	51,067	Recharge of management expenses
Kosangas (Jersey) Limited	54,419	188,780	Recharge of costs incurred
Manx Gas Limited	353,156	984,573	Recharge of costs incurred
Kosangas (Guernsey) Limited	-	-	Recharge of costs incurred
Manx Gas Limited	27,000,000	27,000,000	Borrowings (note 9)
Kosangas (Jersey) Limited	5,000,000	5,000,000	Borrowings (note 9)

The following balances were owed by fellow group undertakings at the year end:

Company	2020	2019	Nature
IEG Holdings Limited	5,871,970	6,045,059	Recharge of management expenses and borrowings (note 8)
Guernsey Gas Limited	-	-	Recharge of costs incurred
Kosangas (Guernsey) Limited	-	32,164	Recharge of costs incurred
Kosangas (Jersey) Limited	224,012	-	Recharge of costs incurred
Manx Gas Limited	390,023	244,887	Recharge of costs incurred

14 Ultimate parent

The Company's immediate parent company is IEG Jersey Holdings Limited, a company incorporated in Guernsey. The Company's ultimate parent is Seabird Acquisitions Topco Limited, which is registered in Jersey. The smallest group in which the results of the Company are consolidated is Seabird Acquisitions Holdco Limited, which is incorporated in Jersey.

JERSEY GAS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 Subsequent events

COVID-19 is an ongoing situation and as of the date of approval of these financial statements, the assessment of this situation will need continued attention and will evolve over time. From the view of the Directors, COVID-19 is considered to be a non-adjusting subsequent event and as a result, no adjustment is made in these financial statements. The Directors will be closely monitoring the latest market developments relating to COVID-19 and the possible future impact on the Company. COVID-19 may have an impact on the short term commercial revenues of the Company however the Directors consider the Company is in a position to continue in business.

