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JERSEY GAS COMPANY LIMITED

REPORT AND ACCOUNTS

31st DECEMBER 1996

JERSEY GAS COMPANY LIMITED

Incorporated under "Lois 1918 - 1965 Sur La Compagne Du Gaz", now repealed, continuing in existence under the provisions of the Jersey Gas Company (Jersey) Law 1989.

Directors	P FAIRCLOUGH, B.Sc., C.Eng., M.I. Gas E. 27 Les Cherfs, Cobo, Castel, Guernsey
	A SPRUCE Sans Pareil, Rue Sauvage, St Sampsons, Guernsey
	R B GRAHAM, F.C.A. Cote du Nord, Clos des Emrais, Castel, Guernsey
	D H BIRD Dandie, Le Dell Clos, Le Foulon, St Peter Port, Guernsey
	M J WILLIAMS, B.Sc., C.Eng., M.I. Gas E. Kyrenia, Les Osmonds, St Sampsons, Guernsey
	R St C STADDON 1 Port de L'Ecluse, Mont Les Vaux, St Brelade, Jersey
	C VANE 16 Thornton Villas, Upper Kingscliff, St Helier, Jersey
Secretary	K J OLLIVIER
Auditors	BURNETT SWAYNE Charter Court Third Avenue Southampton
Bankers	National Westminster Bank PLC 23 Broad Street St Helier JERSEY
Registered Office	Thomas Edge House Tunnell Street St Helier JERSEY

JERSEY GAS COMPANY LIMITED

NOTICE OF MEETING

NOTICE is hereby given that the Annual General Meeting of the Company will be held at Thomas Edge House, Tunnell Street, St Helier, Jersey on 30th April 1997 at 3.00 p.m.

for the following purpose:-

1. Election of Chairman.
2. Read Notice convening the Meeting.
3. Approve the minutes of the Annual General Meeting held on 30th April 1996.
4. Receive the Directors' Report and Accounts for the year to 31st December 1996.
5. Declare a Dividend.
6. Election of Directors.
7. Auditors' Report.
8. Appoint Auditors and to fix their remuneration.
9. Transact any other ordinary business of the company.

By Order of the Board

K J OLLIVIER

Secretary

Thomas Edge House
Tunnell Street
St Helier
JERSEY

28 March 1997

JERSEY GAS COMPANY LIMITED
REPORT OF THE DIRECTORS

The Directors submit their report and the audited accounts for the year ended 31st December 1996.

Activities

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

Results

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

Dividend

The profit for the year after taxation amounted to £1,182,911 (1995 £682,998). It is recommended that this be allocated as follows:-

	1996	1995
	£	£
Preference Dividends	11844	11844
Ordinary Dividends	1000000	-
Transfer to Reserves	171067	671154
	-----	-----
	1182911	682998
	=====	=====

Directors

Messrs C Vane and P Fairclough retire in accordance with By-Law 66 and, being eligible, offer themselves for re-election.

Directors Responsibilities

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

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

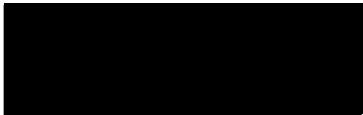
JERSEY GAS COMPANY LIMITED

REPORT OF THE DIRECTORS (continued)

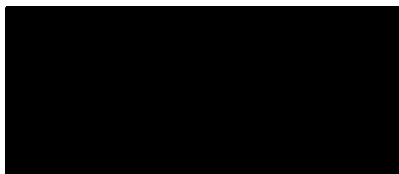
Auditors

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

By Order of the Board



Director



Director

28 March 1997

JERSEY GAS COMPANY LIMITED

AUDITORS REPORT TO THE MEMBERS OF JERSEY GAS COMPANY LIMITED

We have audited the financial statements on pages 6 to 21 which have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and the accounting policies set out on pages 11 and 12.

Respective Responsibilities of the Directors and Auditors

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


Basis of Opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1996 and of its profit for the year then ended and comply with the provisions regarding the financial administration of the company contained in article 37 of the Jersey Gas Company (Jersey) Law 1989.


Burnett Swayne
Chartered Accountants and Registered Auditors
Southampton

15 April 1997

JERSEY GAS COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER 1996

	Note	1996 £	1995 £
TURNOVER	1(v) & 2	6556786	5972517
Cost of Sales		4500039	4166959
GROSS PROFIT		2056747	1805558
Net Operating Expenses:			
Administration Costs		819152	945126
		819152	945126
OPERATING PROFIT		1237595	860432
Profit on disposal of fixed assets	3	156000	-
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		1393595	860432
Interest (net)	4	(783)	(372)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	1394378	860804
Taxation	6	211467	177806
PROFIT FOR THE FINANCIAL YEAR		1182911	682998
Dividends	7	1011844	11844
RETAINED PROFIT FOR THE YEAR		171067	671154

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

The notes on pages 11 to 21 form part of these financial statements. A statement of movements on reserves is given in note 17.

JERSEY GAS COMPANY LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31st DECEMBER 1996

	1996	1995
	£	£
Profit for the financial year	1182911	682998
Unrealised surplus on revaluation of properties	197939	-
	-----	-----
Total recognised profits relating to the year	1380850	682998
	=====	=====

NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31ST DECEMBER 1996

	1996	1995
	£	£
Reported profit on ordinary activities before taxation	1394378	860804
Realisation of property revaluation gains of previous years	172374	-
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	1100	1100
	-----	-----
Historical cost profit on ordinary activities before taxation	1567852	861904
	-----	-----
Historical cost profit retained after taxation and dividends	344541	672254
	-----	-----

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31ST DECEMBER 1996

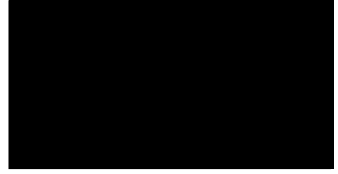
	1996	1995
	£	£
Profit for the financial year	1182911	682998
Dividends	(1011844)	(11844)
Other recognised gains relating to the year	197939	-
	-----	-----
Opening shareholders' funds	369006	671154
	9426215	8755061
	-----	-----
Closing shareholders' funds	9795221	9426215
	=====	=====

JERSEY GAS COMPANY LIMITED		1996	1995
BALANCE SHEET AT 31st DECEMBER 1996			
	Note	£	£
FIXED ASSETS			
Tangible Assets	1(ii) & 8	10902752	10089853
CURRENT ASSETS			
Stock and Work in Progress	1(iv) & 9	491142	491128
Debtors	10	2265408	3042396
Cash at Bank and in Hand		36990	26408
		-----	-----
		2793540	3559932
		=====	=====
CURRENT LIABILITIES: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors	11	1458030	2222473
Bank Overdraft & Short Term Loans	12	300000	350000
States Income Tax		141648	137613
Proposed Dividends	7	5922	5922
		-----	-----
		1905600	2716008
		=====	=====
NET CURRENT ASSETS		887940	843924
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		11790692	10933777
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
States Income Tax		178512	140598
Creditors	13	912200	466500
Provision for Liabilities & Charges	15	904759	900464
		-----	-----
		1995471	1507562
		-----	-----
NET ASSETS		9795221	9426215
		=====	=====
CAPITAL AND RESERVES			
Equity Shareholders Funds			
Called up Share Capital	16	915000	915000
Share Premium Account	17	962	962
Revaluation Reserve	17	1561248	1536783
Capital Reserve	17	2850100	2850100
Profit & Loss Account	17	4109007	3764466
		-----	-----
		9436317	9067311
Non Equity Shareholders Funds			
Called Up Share Capital	16	358904	358904
		-----	-----
		9795221	9426215
		=====	=====

The accounts on pages 6 to 21 were approved by the board of directors on 28th March 1997 and were signed on its behalf by:-



Directors



The notes on pages 11 to 21 form part of these financial statements.



JERSEY GAS COMPANY LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDING 31st DECEMBER 1996

	1996	1995
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	1524275	1275602
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest Received	2761	2305
Interest Paid	(1797)	(562)
Dividends Paid	(1011844)	(11844)
	-----	-----
Net Cash (Outflow) from returns on investments and servicing of finance	(1010880)	(10101)

TAXATION		
States Income Tax Paid	(136563)	(117804)
	-----	-----
Net Cash (Outflow) from Taxation	(136563)	(117804)

INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(1598039)	(752344)
Sale of tangible fixed assets	601789	8260
	-----	-----
Net Cash (Outflow) from Investing Activities	(996250)	(744084)
	-----	-----
Net Cash (Outflow)/Inflow before Financing	(619418)	403613
FINANCING		
Loan Advances	-	106500
Repayment of Loans	(350000)	(300000)
Grants received	-	961400
Loans to ultimate parent undertaking	980000	(1060000)
	-----	-----
	630000	(292100)
	-----	-----
INCREASE IN CASH AND CASH EQUIVALENTS	10582	111513
	=====	=====

Note 19 forms part of this statement.

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1996

1. ACCOUNTING POLICIES

(i) Basis of Presentation

The accounts have been prepared under the historical cost convention, and modified by the revaluation of land and buildings, in accordance with applicable accounting standards.

(ii) Tangible Fixed Assets

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

The principal rates in use are:-

	%
Land & Buildings	
- freehold building	2
Plant & Machinery	5-33
Vehicles	20-25

(iii) Investment Properties

In accordance with SSAP 19, investment properties are revalued annually and any material surplus or deficit is transferred to a revaluation reserve. No amortisation is provided on the properties.

Where a revaluation deficit arises on a property, and this is considered by the directors to be a permanent deficit, then the deficit is charged to the profit and loss account.

Independent professional valuations are undertaken every three years and annual reviews of these valuations are carried out by qualified internal staff.

(iv) Stock and Work in Progress

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

(v) Turnover

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

(vi) Deferred Taxation

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

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

(vii) Pension Contributions

The Company operates a defined benefit pension scheme. The funds are valued every three years by a professionally qualified independent actuary, the rates of contribution payable are determined by the actuary. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period the Company benefits from the employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme.

The Company has certain past employees for whom pensions have not been funded externally. A provision for the capital cost of funding these pensions is renewed annually. The charge against profits represents the pensions paid net of any movement in the provision.

(viii) Finance and Operating Leases

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

(ix) Grants Receivable

Grants that relate to fixed asset expenditure are treated as deferred income in the balance sheet which is then credited to the profit and loss account over the related assets useful life. Other grants are credited to profit and loss account when received.

2.	TURNOVER	1996	1995
		£	£
	The company turnover comprises:-		
	Trading Activities	6372280	5804861
	Rents	184506	167656
		-----	-----
		6556786	5972517
		=====	=====
3.	PROFIT ON DISPOSAL OF FIXED ASSETS	1996	1995
		£	£
	Profit on disposal of investment properties	156000	-
		=====	=====

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

4.	INTEREST	1996	1995
		£	£
	Interest Payable		
	Loans & overdrafts wholly repayable within 5 years	1978	1933
	Bank	-	-
		-----	-----
		1978	1933
	Less: Interest receivable	(2761)	(2305)
		-----	-----
		(783)	(372)
		=====	=====
5.	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1996	1995
		£	£
	Profit on ordinary activities before taxation is stated after charging/(crediting):		
	Release of provision for diminution in value of property	(35000)	-
	Depreciation	523499	577929
	Amortisation of grant income	(41,428)	-
	(Profit)/Loss on disposal of other fixed assets	(52739)	(3357)
	Operating Lease Rentals		
	- Land & Buildings	66198	55198
	- Plant & Machinery	11080	10545
	Auditors Remuneration		
	- Audit	16500	16000
	- Other Services	-	-
	Net Rental Income	(179735)	(152422)
		=====	=====
6.	TAXATION	1996	1995
		£	£
	The taxation charge for the year comprises:		
	States of Jersey Income Tax at 20% (1995 20%) on the results for the year	178512	140598
	Deferred Taxation	32955	37208
		-----	-----
		211467	177806
		=====	=====

JERSEY GAS COMPANY LIMITED
NOTES TO THE ACCOUNTS (continued)

7. DIVIDENDS	1996	1995			
	£	£			
Equity Shares:					
Ordinary Shares paid	1000000	-			
Non-Equity Shares:					
5% Cumulative Preference Shares	38	38			
3% Cumulative Preference Shares	1884	1884			
5% Cumulative A Preference Shares	4000	4000			
	-----	-----			
	1005922	5922			
	=====	=====			
Equity Shares:					
Ordinary Shares proposed	-	-			
Non-Equity Shares:					
5% Cumulative Preference Shares	38	38			
3% Cumulative Preference Shares	1884	1884			
5% Cumulative A Preference Shares	4000	4000			
	-----	-----			
	5922	5922			
	-----	-----			
	1011844	11844			
	=====	=====			
8. TANGIBLE FIXED ASSETS					
	Investment	Freehold			
	Properties	Land and	Plant &	Motor	Total
	£	Buildings	Machinery	Vehicles	£
Cost or Valuation		£	£	£	£
At 31.12.1995	3962820	1794200	8045783	195277	13998080
Additions	70225	-	1531762	-	1601987
Disposals	(309000)	-	(581022)	(15500)	(905522)
Revaluation adjustment	(947545)	1095800	-	-	148255
	-----	-----	-----	-----	-----
At 31.12.1996	2776500	2890000	8996523	179777	14842800
	-----	-----	-----	-----	-----
Depreciation					
At 31.12.1995	-	56456	3713573	138198	3908227
Accounts Charge	-	28228	472407	22864	523499
Disposals	-	-	(391932)	(15062)	(406994)
Revaluation adjustment	-	(84684)	-	-	(84684)
	-----	-----	-----	-----	-----
At 31.12.1996	-	-	3794048	146000	3940048
	-----	-----	-----	-----	-----
Net Book Value					
31.12.1996	2776500	2890000	5202475	33777	10902752
	=====	=====	=====	=====	=====
Net Book Value					
31.12.1995	3962820	1737744	4332210	57079	10089853
	=====	=====	=====	=====	=====

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

8. TANGIBLE FIXED ASSETS (continued)

The freehold properties, including those occupied by the company and investment properties, have been valued externally by Healey & Baker, International Real Estate Consultants, as at 31st December 1996 on the basis of existing use value and open market value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

9. STOCKS	1996	1995
	£	£
Work in Progress	68744	59806
Other Stock	422398	431322
	-----	-----
	491142	491128
	=====	=====

10. DEBTORS	1996	1995
	£	£
Amounts falling due within one year:		
Trade Debtors	757097	685304
Amounts due from Group Companies	1070000	2050000
Other Debtors	126450	37474
Prepayments and Accrued Income	74804	110950
	-----	-----
	2028351	2883728
Amounts falling due after more than one year:		
Trade Debtors	197285	115681
Loans	39772	42987
	-----	-----
	237057	158668
	-----	-----
	2265408	3042396
	=====	=====

11. CREDITORS	1996	1995
	£	£
Amounts falling due within one year:		
Trade Creditors	826461	709296
Amounts due to Group Companies	175000	150000
Other Creditors	84382	1042077
Accruals and Deferred Income	288478	232780
Provision for Pensions	83709	88320
	-----	-----
	1458030	2222473
	=====	=====

JERSEY GAS COMPANY LIMITED
NOTES TO THE ACCOUNTS (continued)

12.	BANK OVERDRAFT AND LOANS	1996	1995
		£	£
	Repayable within one year:		
	Bank - Overdraft	-	-
	States of Jersey Loan	300000	300000
	Loan	-	50000
		-----	-----
		300000	350000
		=====	=====
13.	CREDITORS	1996	1995
		£	£
	Amounts falling due after more than one year:		
	States of Jersey Loan	-	300000
	Other Loans	166500	166500
	Accruals and Deferred Income	745700	-
		-----	-----
		912200	466500
		=====	=====
14.	STATES OF JERSEY LOANS	1996	1995
		£	£
	Amount payable within one year	300000	300000
	Payable in one to two years	-	300000
		-----	-----
		300000	600000
		=====	=====

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

15.	PROVISIONS FOR LIABILITIES AND CHARGES			
		Pension	Deferred	
		Obligations	Taxation	Total
		£	£	£
	At 1st January 1996	463719	436745	900464
	(Credited)/charged to profit and loss account	(28660)	32955	4295
		-----	-----	-----
		435059	469700	904759
		=====	=====	=====
	Deferred taxation provided in the accounts is as follows:-			
		1996	1995	
		£	£	
	Accelerated Capital Allowances	573454	547153	
	Other Timing Differences	(103754)	(110408)	
		-----	-----	
		469700	436745	
		=====	=====	

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

16. SHARE CAPITAL	1996	1995
	£	£
Authorised:		
Equity Shares:		
Ordinary Shares of £1 each	915000	915000
Non Equity Shares:		
5% Cumulative Preference Shares of £1 each	3000	3000
3% Cumulative Preference Shares of £1 each	157000	157000
5% Cumulative 'A' Preference Shares of £1 each	200000	200000
	<u>1275000</u>	<u>1275000</u>
Allotted, Called Up and Fully Paid:		
Equity Shares:		
Ordinary Shares of £1 each	915000	915000
Non Equity Shares:		
5% Cumulative Preference Shares of £1 each	1904	1904
3% Cumulative Preference Shares of £1 each	157000	157000
5% Cumulative 'A' Preference Shares of £1 each	200000	200000
	<u>358904</u>	<u>358904</u>
	<u>1273904</u>	<u>1273904</u>

Dividends:

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:

Ordinary Shares and
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.

JERSEY GAS COMPANY LIMITED
NOTES TO THE ACCOUNTS (continued)

16. SHARE CAPITAL (continued)

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.

17. RESERVES	Share Premium £	Revaluation Reserve £	Capital Reserve £	Profit & Loss a/c £
At 31.12.1995	962	1536783	2850100	3764466
Retained Profit for Period	-	-	-	171067
Revaluation Surplus	-	197939	-	-
Transfer	-	(1100)	-	1100
Realised revaluation surplus on sale of investment property	-	(172374)	-	172374
	-----	-----	-----	-----
At 31.12.1996	962	1561248	2850100	4109007
	=====	=====	=====	=====

18. PENSION SCHEME

The company operates a defined benefit pension scheme. The scheme is funded and the assets held separately from those of the company and are invested with an insurance company. The contribution rate is determined with the advice of independent qualified actuaries on the basis of triennial valuations using both the current and projected unit method with a twenty year control period. The results of the most recent valuations which were conducted as at 1st July 1994 were as follows:

Main Assumptions

Annual Rate of return on investments	9.0%
Annual rate of salary increases	8.0%
Market value of scheme assets (£000)	1344
Level of funding being the actuarial value of assets expressed as a percentage of the benefits accrued to members:	
on current salaries	243%
after allowing for future assumed salary increases	114%

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

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

18. PENSION SCHEME (continued)

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

The provision for the present value of the capital costs of these pension amounts to £518,768 (1995 £552,039). The reduction in the provision of £33,271 (1995 £58,019) has been credited against the amounts paid to pensioners in 1996. The reason for the increase in pension costs for the year is principally due to the change in the provision.

Pension costs comprise:	1996	1995
	£	£
Funded scheme	84781	89246
Unfunded scheme	50438	30303
	<u>135219</u>	<u>119549</u>
	=====	=====

19. CASH FLOW STATEMENT

Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities	1996	1995
	£	£
Operating Profit	1237595	860432
Depreciation	523499	577929
Release of provision for diminution in value (Profit)/Loss on Sale of Tangible Fixed Assets	(35000)	-
(Increase)/Decrease in Stocks	52739	(3357)
(Increase) in Debtors	(14)	947
(Decrease)/Increase in Creditors	(203012)	(220738)
	(51532)	60389
Net Cash Inflow from operating activities	<u>1524275</u>	<u>1275602</u>
	=====	=====
Analysis of Changes in Cash and Cash Equivalents during the Year		
Balance at 31st December 1995	26408	(85105)
Net Cash Inflow	10582	111513
Balance at 31st December 1996	<u>36990</u>	<u>26408</u>
	=====	=====

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

19. CASH FLOW STATEMENT (continued)

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

	1996	1995	1994	Change 1996	Change 1995
	£	£	£	£	£
Cash at Bank and in Hand	36990	26408	390	10582	26018
Bank Overdrafts	-	-	(85495)	-	85495
	-----	-----	-----	-----	-----
	36990	26408	(85105)	10582	111513
	=====	=====	=====	=====	=====

Analysis of Changes in Financing

	Loans	
	1996	1995
	£	£
Balance at 1st January 1996	816500	1010000
Cash (Outflow)	(350000)	(193500)
	-----	-----
Balance at 31st December 1996	466500	816500
	=====	=====

20. COMMITMENTS

	1996	1995
	£	£
Capital Commitments:-		
Expenditure contracted but not provided for:	-	566427
Expenditure authorised but not contracted for:	-	-
	-----	-----
	-	566427
	=====	=====

Lease Commitments:-

At 31st December 1996 the company had annual commitments under non-cancellable operating leases as set out below:

	Land & Buildings		Other	
	1996	1995	1996	1995
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	6480	-
Within two to five years	-	-	9996	8458
In over five years	66198	66198	-	-
	-----	-----	-----	-----
	66198	66198	16476	8458
	=====	=====	=====	=====

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

21. CONTINGENT LIABILITIES

The company has given an unlimited guarantee to National Westminster Bank PLC for all monies owing to the bank by International Energy Group Limited and its other subsidiary undertakings. The amount as at 31st December 1996 is disclosed in the parent undertakings consolidated accounts.

22. RELATED PARTY TRANSACTIONS

(i) Transactions with Group Undertakings

The company is exempt from related party disclosures in respect of group transactions, on the grounds that the consolidated financial statements in which the company is included are publicly available.

(ii) Transactions with Directors and Employees

Included in Creditors are loans received in respect of Company properties occupied by employees who have an option to purchase the property at cost after a qualifying period. During the year, the Company sold one of these properties to a director, R Staddon Esq, for £135,000, and repaid to him the associated loan of £50,000. At 31st December 1996, fixed assets included properties occupied by employees at a cost of £631,500, with associated loans of £166,500 included in Creditors falling due after more than one year.

23. ULTIMATE PARENT COMPANY

The company's ultimate parent company is International Energy Group Limited, a Guernsey registered company.