

**JERSEY GAS COMPANY LIMITED**

**REPORT AND AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

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Incorporated under "Lois 1918 - 1965 Sur La Compagne Du Gaz", now repealed, continuing in existence under the provisions of the Jersey Gas Company (Jersey) Law 1989.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

A R Nicholls BSc(Hons), CEng, MIGEM, FEI, MIAM, FIOD  
S J Crossman BSc(Hons), CEng, MIGEM  
J S Davies ENG TECH, IGEM  
R S Gardner BEng(Hons), CEng, MIGEM  
P K Wright FCA, BCom  
K J Ollivier

### **Secretary**

K J Ollivier

### **Auditor**

Ernst & Young LLP  
Royal Chambers  
St Julian's Avenue  
St Peter Port  
Guernsey

### **Registered Office**

Thomas Edge House  
Tunnell Street  
St Heller  
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 22 March 2016 at 10.30 a.m. for the following purpose:-

- 1 Election of Chairman.
- 2 Read Notice convening the Meeting.
- 3 Approve the minutes of the Annual General Meeting held on 15 April 2015.
- 4 Receive the Directors' Report and Financial Statements for the year ended 31 December 2015.
- 5 Declare a Dividend.
- 6 Election of Directors.
- 7 To receive the Auditor's Report for the year ended 31 December 2015.
- 8 Appoint Auditor and to fix their remuneration.
- 9 Transact any other ordinary business of the Company.

By Order of the Board

K J OLLIVIER

Secretary

Thomas Edge House  
Tunnell Street  
St Helier  
Jersey

2 March 2016

# JERSEY GAS COMPANY LIMITED

## DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 December 2015.

### 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 Statement of accounting policies in the financial statements.

### 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. Interim dividends of £2,400,000 were paid during the year.

### Directors

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

S Crossman and J Davies retire in accordance with By-Law 69 and, being eligible, offer themselves for re-election.

### Statement of Directors' Responsibilities

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

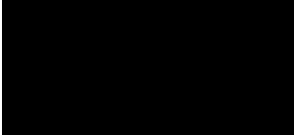
The Jersey Gas Company (Jersey) Law 1989 requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards. Under company law the Directors must not approve 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

- 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

Ernst & Young LLP is the current auditor, a resolution to appoint an auditor will be proposed at the forthcoming Annual General Meeting.



Director  
2 March 2016



/ Director

# **JERSEY GAS COMPANY LIMITED**

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

We have audited the financial statements of Jersey Gas Company Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 14. 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'.

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

### **Respective Responsibilities of Directors and Auditor**

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

### **Scope of the Audit of the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Audited Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the Financial Statements**

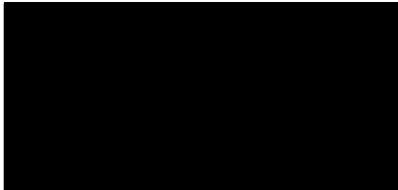
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards; and
- have been prepared in accordance with the requirements of the Jersey Gas Company (Jersey) Law 1989

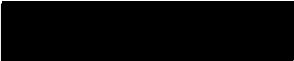
### **Matters on which we are required to report by exception**

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

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



Richard Le Tissier  
Ernst & Young LLP  
St Peter Port  
Guernsey



## JERSEY GAS COMPANY LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

		2015	2014
	Note	£	£
Revenue		10,875,556	11,612,698
Cost of sales		(6,476,877)	(7,771,277)
<b>Gross profit</b>		<b>4,398,679</b>	<b>3,841,421</b>
Net operating expenses		(2,957,998)	(1,833,041)
Rental income		248,714	253,840
<b>Operating profit</b>		<b>1,689,395</b>	<b>2,262,220</b>
Interest payable and similar charges		(20,630)	(20,323)
Interest receivable		131	6
Other finance expenses	11	(34,000)	(22,000)
Loss on disposal of property, plant and equipment		(146,544)	-
<b>Profit on ordinary activities before taxation</b>	<b>4</b>	<b>1,488,352</b>	<b>2,219,903</b>
Tax charge on profit on ordinary activities	5	(381,049)	(43,889)
<b>Profit for the financial year</b>		<b>1,107,303</b>	<b>2,176,014</b>
Gains / (losses) on remeasurement of net defined benefit asset / liability	11	1,510,000	(422,000)
<b>Other comprehensive income</b>		<b>1,510,000</b>	<b>(422,000)</b>
<b>Total comprehensive income</b>		<b>2,617,303</b>	<b>1,754,014</b>

The notes on pages 8 to 18 form an integral part of these financial statements.

# JERSEY GAS COMPANY LIMITED

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2015	Note	2015 £	2014 £
<b>Non-current assets</b>			
Property, plant and equipment	6	35,664,728	36,334,419
<b>Current assets</b>			
Inventories	7	756,701	696,175
Trade and other receivables			
amounts falling due within one year	8	3,026,540	3,380,412
amounts falling due after one year	8	409,144	491,327
Cash		999,447	335,283
		<u>5,191,832</u>	<u>4,903,197</u>
<b>Current liabilities</b>			
Trade and other payables	9	7,773,070	7,142,747
		<u>7,773,070</u>	<u>7,142,747</u>
<b>Net current liabilities</b>		(2,581,238)	(2,239,530)
<b>Total assets less current liabilities</b>		33,083,490	34,094,889
<b>Amounts falling due after more than one year</b>			
Called up preference shares	10	358,904	358,904
Provisions for liabilities	5	2,663,627	2,426,270
Unfunded pension obligation		109,283	115,342
		<u>3,131,814</u>	<u>2,900,516</u>
Pension asset / (liability)	11	674,000	(786,000)
<b>Net assets</b>		<u>30,625,676</u>	<u>30,408,373</u>
<b>Equity</b>			
Called up share capital	10	915,000	915,000
Share premium account		962	962
Reserves		29,709,714	29,492,411
<b>Shareholder's funds</b>		<u>30,625,676</u>	<u>30,408,373</u>

The financial statements were approved by the Board of Directors and authorised for issue on 2 March 2016.

on its behalf by:

Director  
2 March 2016

Director

The notes on pages 8 to 18 form an integral part of these financial statements.

## JERSEY GAS COMPANY LIMITED

### STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Revaluation reserve	Retained Earnings	Total
	£	£	£	£	£
At 1 January 2014 as previously reported	915,000	962	4,685,771	15,330,339	20,932,072
Changes on transition to FRS 102	-	-	-	8,672,287	8,672,287
At 1 January 2014 as restated	915,000	962	4,685,771	24,002,626	29,604,359
Profit for the year	-	-	-	2,176,014	2,176,014
Other comprehensive income	-	-	-	(422,000)	(422,000)
Total comprehensive income	-	-	-	1,754,014	1,754,014
Dividends	-	-	-	(950,000)	(950,000)
<b>At 31 December 2014</b>	<b>915,000</b>	<b>962</b>	<b>4,685,771</b>	<b>24,806,640</b>	<b>30,408,373</b>
Profit for the year	-	-	-	1,107,303	1,107,303
Other comprehensive income	-	-	-	1,510,000	1,510,000
Total comprehensive income	-	-	-	2,617,303	2,617,303
Dividends	-	-	-	(2,400,000)	(2,400,000)
Realised revaluation gain	-	-	(281,767)	281,767	-
<b>At 31 December 2015</b>	<b>915,000</b>	<b>962</b>	<b>4,404,004</b>	<b>25,305,710</b>	<b>30,625,676</b>

The notes on pages 8 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 Thomas Edge House, Tunnell Street, St Heller, Jersey.

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.

The company transitioned from previously extant UK GAAP to FRS 102 as at 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 14.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to presentation of a cash flow statement, financial instruments and compensation of key management personnel. Exemptions have also been taken in relation to intra-group transactions under FRS 102 Section 33.1A.

#### b. Going concern

The Company meets its day to day working capital requirements by cash generated through the normal course of business. The Company forecasts, taking account of reasonably possible changes in trading performance, 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. The Company has taken advantage of FRS 102 Section 35.10 (c) which allows a first-time adopter to measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost. This fair value is subsequently being depreciated over the life of the asset, being 40 years. 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

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

#### d. Revaluation of properties

Freehold land and buildings are revalued to fair value every 3 years with the surplus or deficit on book value being transferred to the revaluation reserve. All valuations are undertaken by qualified external valuers. To the extent that a deficit is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, the deficit shall be charged to the Statement of Comprehensive Income.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the income statement as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued asset, any related balance remaining in the revaluation reserve is also transferred to the Statement of Comprehensive Income as a movement on reserves.

# JERSEY GAS COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 1 Accounting policies (Continued)

#### e. Inventories

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

#### f. 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.

#### g. 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.

#### h. Employee benefits

The group operates two pension schemes; a defined benefit scheme and a defined contribution scheme.

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.

#### i. 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.

#### j. Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants relating to assets are recognised over the expected useful life of the asset.

# JERSEY GAS COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 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

#### 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.

### 3 Interest payable and similar charges

	2015 £	2014 £
Preference share dividends	11,844	11,844
Interest payable on deposits	8,786	8,479
	<hr/>	<hr/>
	20,630	20,323
	<hr/> <hr/>	<hr/> <hr/>

### 4 Profit on ordinary activities before taxation

	2015 £	2014 £
Profit on ordinary activities before taxation is stated after charging / (crediting):		
Depreciation on property, plant and equipment	1,238,077	1,036,665
Amortisation of grant income	(41,428)	(41,428)
Profit on disposal of assets	-	457
Operating lease rentals		
- Land & buildings	137,004	137,004
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	27,016	27,016
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# JERSEY GAS COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 5 Tax on profit on ordinary activities

#### a) Analysis of charge in the year

	2015 £	2014 £
Current tax:		
States of Jersey income tax charge on the results for the year	166,628	37,875
Over provision in previous periods	(9,936)	(60,359)
	<hr/>	<hr/>
Total current tax charge / (credit) (note 5b)	156,692	(22,484)
Deferred taxation movement	237,357	21,373
Deferred taxation in respect of FRS 102 Section 28	(13,000)	45,000
	<hr/>	<hr/>
Tax charge on profit on ordinary activities	381,049	43,889
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#### 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.

	2015 £	2014 £
Profit on ordinary activities before tax	1,488,352	2,219,903
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of income tax in Jersey 20% (2014: 20%)	297,670	443,981
Effects of:		
Over provision in previous years	(9,936)	(60,359)
Capital allowances in excess of depreciation	(160,453)	(357,527)
Loss on disposal of property	29,309	-
Pension adjustment	4,388	(44,800)
Non-taxable income	(8,286)	(8,286)
Other tax adjustments	4,000	107
	<hr/>	<hr/>
Current tax charge / (credit) for the year (note 5a)	156,692	(26,884)
	<hr/> <hr/>	<hr/> <hr/>

#### c) Provision for deferred tax

	2015 £	2014 £
Deferred tax is provided as follows:		
Capital allowances in excess of depreciation	2,700,379	2,258,917
Other timing differences	(36,752)	167,353
	<hr/>	<hr/>
Provision for deferred tax	2,663,627	2,426,270
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# JERSEY GAS COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 6 Property, plant and equipment

	Freehold Land and Buildings £	Plant & Machinery £	Motor Vehicles £	Total £
Cost or Valuation				
At 1 January 2015	9,063,111	40,674,213	844,192	50,581,516
Additions	177,650	1,595,944	96,881	1,870,475
Disposals	(1,300,000)	-	(141,043)	(1,441,043)
At 31 December 2015	7,940,761	42,270,157	800,030	51,010,948
Depreciation				
At 1 January 2015	34,780	13,583,443	628,874	14,030,290
Charge for the year	34,780	1,100,668	102,629	1,238,077
Disposals	-	-	(138,954)	(138,954)
At 31 December 2015	69,560	14,684,111	592,549	15,346,220
Net Book Value at 31 December 2015	7,871,201	27,586,046	207,481	35,664,728
Net Book Value at 31 December 2014	9,028,331	27,090,770	215,318	36,334,419

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

### 7 Inventories

	2015 £	2014 £
Raw materials, consumables and finished goods	752,105	692,721
Work in progress	4,596	3,454
	756,701	696,175

Inventories recognised as an expense in the period were £5,500.

## JERSEY GAS COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 8 Trade and other receivables

	2015 £	2014 £
Amounts falling due within one year:		
Trade receivables	1,051,275	1,275,809
Amounts due from fellow group undertakings	536,910	756,821
Unread meter income	706,570	1,007,586
Other receivables	108,753	120,318
Prepayments and accrued income	623,032	159,519
States Income Tax	-	60,359
	<hr/>	<hr/>
	3,026,540	3,380,412
	<hr/>	<hr/>
Amounts falling due after more than one year:		
Trade receivables	409,144	471,745
Other receivables	-	19,582
	<hr/>	<hr/>
	409,144	491,327
	<hr/>	<hr/>
	3,435,684	3,871,739
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Amounts due from fellow group undertakings are interest free, unsecured and repayable on demand.

#### 9 Trade and other payables

	2015 £	2014 £
Amounts falling due within one year:		
Trade payables	1,159,775	1,424,177
Amounts due to immediate parent company	4,480,000	4,480,000
Amounts due to fellow group undertakings	162,449	49,873
Other payables	346,597	350,504
Accruals and deferred income	1,366,455	704,245
GST	91,166	96,073
States Income Tax	166,628	37,875
	<hr/>	<hr/>
	7,773,070	7,142,747
	<hr/> <hr/>	<hr/> <hr/>

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

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

## JERSEY GAS COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 10 Share capital

	2015 £	2014 £
<b>Authorised:</b>		
<b>Equity Shares:</b>		
Ordinary Shares of £1 each	915,000	915,000
<b>Preference Shares:</b>		
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>
<b>Allotted, called up and fully paid:</b>		
<b>Equity Shares:</b>		
Ordinary Shares of £1 each	915,000	915,000
<b>Preference Shares:</b>		
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

- (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.

# 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 assurance 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 2012. The assumptions that have the most significant effect on the results of the valuation are those relating to the yield up to retirement, the yield after retirement and the rates of increase in salaries. It was assumed that the yield up to retirement would be 5.1% (2009: 5.75%), the yield after retirement would be 3.5% (2009: 4.25%) and salary increases would average 4.0% (2009: 4.5%) per annum.

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

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 2014. Scheme assets are stated at the market value at 31 December 2014 of the insurance policies in which they are invested and the expected rate of return is based on long term expectations.

The Company has closed the defined benefit scheme to new members and to future accrual of pensionable service and provides a defined contribution retirement benefit scheme for all qualifying employees. There were contributions of £20,464 (2014: £732) 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:	2015	2014
Discount rate	3.9%	3.5%
Pensionable salary growth	3.5%	3.5%

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

	2015 £	2014 £
Analysis of amount charged to operating profit:		
Current service cost	228,000	295,000
Net interest	34,000	22,000
	<hr/>	<hr/>
Total operating cost	262,000	317,000
	<hr/>	<hr/>
Recognised in other comprehensive income	1,510,000	(422,000)
	<hr/>	<hr/>
Total income relating to defined benefit scheme	1,772,000	(105,000)
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# JERSEY GAS COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 11 Employee benefits

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

	2015 £	2014 £
Present value of defined benefit obligations	(9,096,000)	(10,424,000)
Fair value of scheme assets	9,939,000	9,441,000
Related deferred tax	(169,000)	197,000
	<hr/>	<hr/>
Net asset / (liability) recognised in the balance sheet	674,000	(786,000)
	<hr/> <hr/>	<hr/> <hr/>

Movements in the present value of defined benefit obligations were as follows:

	2015 £
At 1 January	10,424,000
Service cost	224,000
Interest cost	276,000
Actuarial gains and losses	(1,359,000)
Contributions from scheme participants	58,000
Benefits paid	(527,000)
	<hr/>
At 31 December	9,096,000
	<hr/> <hr/>

Movements in the fair value of scheme assets were as follows:

	2015 £
At 1 January	9,441,000
Interest income	242,000
Return on scheme assets	530,000
Benefits paid	(527,000)
Contributions by employer	199,000
Contributions from scheme participants	58,000
Administration fee	(4,000)
	<hr/>
At 31 December	9,939,000
	<hr/> <hr/>

The assets of the scheme are invested in insurance policies.

### 12 Commitments

	2015 £	2014 £
Capital Commitments:-		
Expenditure contracted but not provided for	66,897	-
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# JERSEY GAS COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 12 Commitments (continued)

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

	Land & Buildings	
	2015 £	2014 £
Operating leases which expire:		
Within one year	123,273	123,273
Within two to five years	493,092	493,092
In over five years	6,964,925	7,088,198
	7,581,290	7,704,563
	7,581,290	7,704,563

### 13 Ultimate parent

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

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

### 14 Transition to FRS 102

The company transitioned to FRS 102 from previously extant UK GAAP as at 1 January 2014. The impact from the transition to FRS 102 is as follows:

#### Reconciliation of equity at 1 January 2014

Equity Shareholders funds at 1 January 2014 under previous UK GAAP	£ 20,932,072
Fair value as deemed cost	8,672,287
Equity Shareholders funds at 1 January 2014 under FRS 102	29,604,359

#### Reconciliation of equity at 31 December 2014

Equity Shareholders funds at 31 December 2014 under previous UK GAAP	£ 21,952,893
Fair value as deemed cost	8,672,287
2014 depreciation on fair value as deemed cost	(216,807)
Equity Shareholders funds at 31 December 2014 under FRS 102	30,408,373

## JERSEY GAS COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 14 Transition to FRS 102

##### Reconciliation of profit and loss for the year ended 31 December 2014

	£
Profit for the year ended 31 December 2014 under previous UK GAAP	2,414,821
Depreciation on fair value as deemed cost	(216,807)
Pensions	(22,000)
	<hr/>
	2,176,014
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The following were changes in accounting policies arising from the transition to FRS 102:

##### Fair value as deemed cost

The Company has applied of FRS 102 Section 35.10 (c) which allows a first-time adopter to measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost. This fair value is subsequently being depreciated over the life of the asset, being 40 years.

##### Pensions

The 2014 pension cost has been revised to be consistent with FRS 102 requirements.