JERSEY GAS COMPANY LIMITED

REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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Incorporated under "Lois 1918 - 1965 Sur La Compagne Du Gaz", now repealed, continuing in existence under the provisions of the Jersey Gas Company (Jersey) Law 1989.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
G Fooks
J Cox
P Kingston
D Owens
A Hough

Secretary
IEG Secretaries Limited

Auditor
Grant Thornton Limited
Kensington Chambers
46/50 Kensington Place
St Helier
Jersey
JE1 1ET

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 2022.

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 on page 9.

Results
The results of the year are shown in the Statement of Comprehensive Income on page 6.

Dividend
The directors do not recommend a final dividend (2021: £nil). There were no interim dividends during the year (2021: £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.

In accordance with the Companies (Jersey) Law 1991, each Director confirms that so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware. Each Director also confirms that they have taken all steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Auditor
The auditors, Grant Thornton Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

By Order of the Board

Gareth Fooks

Director

Date: 30 June 2023

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 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 31 December 2022 and of its loss for the year then ended;
•are in accordance with United Kingdom Generally Accepted Accounting Practice; and
•have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

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, 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 Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:
•proper accounting records have not been kept by the Company; or
•the Company 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 aud 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 th 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 b management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtainec 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 financi 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 113A of the Companies (Jersey) Law, 1991. 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.

DS

Cyril Swale

For and on behalf of
Grant Thornton Limited
Chartered Accountants
St Helier, Jersey 30 June 2023

JERSEY GAS COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022	2021
		£	£
Revenue		10,087,235	10,631,204
Cost of sales		(7,147,005)	(5,259,589)
Gross profit		2,940,230	5,371,615
Net operating expenses		(3,753,140)	(3,125,368)
Other operating income		64,298	19,889
Operating (loss)/profit		(748,612)	2,266,136
Interest payable and similar charges	3	(1,266,501)	(1,479,379)
(Loss)/profit on ordinary activities before taxation		(2,015,113)	786,757
Tax charge on profit on ordinary activities	5	5,942	(33,493)
(Loss) / profit for the financial year		(2,009,171)	753,264
Gains on remeasurement of net defined benefit asset	11	1,259,954	440,200
Impact on the net pension liability as a result of prior year adjustment		-	93,000
Other comprehensive income		1,259,954	533,200
Total comprehensive (loss) / income		(749,217)	1,286,464

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 2022	Notes	2022 £	2021 £
Non-current assets			
Property, plant and equipment	6	24,369,745	24,506,723
Current assets			
Inventories	7	968,798	618,484
Trade and other receivables	8	12,585,382	12,584,719
Cash		190,470	527,404
		13,744,650	13,730,607
Current liabilities			
Trade and other payables	9	4,332,007	34,374,642
Net Current Assets/(Liabilities)		9,412,643	(20,644,035)
Total assets less current liabilities		33,782,388	3,862,688
Amounts falling due after more than one year			
Called up preference shares	10	358,904	358,904
Bank loans	12	32,000,000	-
Deferred tax	5	2,575,776	2,594,421
Unfunded pension obligation		-	52,481
		34,934,680	3,005,806
Pension asset / (liability)	11	1,205,554	(54,000)
Net Assets		53,262	802,882
Equity			
Called up share capital	10	915,000	915,000
Share premium account		962	962
Reserves		(862,700)	(113,080)
Shareholder's funds		53,262	802,882

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.
The financial statements were approved by the Board of Directors and authorised for issue on 30 June 2023.
These were signed on its behalf by:

Gareth Fooks

Director
30 June 2023

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

JERSEY GAS COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

	Called Up Share Capital	Share Premium	Reserves	Total
	£	£	£	£
Balance at 1 January 2021	915,000	962	(1,399,544)	(483,582)
Total comprehensive income	-	-	753,264	753,264
Gain on remeasurement of net defined benefit asset	-	-	440,200	440,200
Impact on the net pension liability as a result of prior year adjustment			93,000	93,000
Balance at 31 December 2021	915,000	962	(113,080)	802,882
At 1 January 2022	915,000	962	(113,080)	802,882
Total comprehensive loss	-	-	(2,009,171)	(2,009,171)
Other comprehensive income	-	-	1,259,954	1,259,954
Total comprehensive losses	-	-	(749,217)	(749,217)
Balance at 31 December 2022	915,000	962	(862,700)	53,262

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

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

The principal accounting policies are summarised below. These policies have been consistently applied to all years presented unless otherwise stated.

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.

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 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 and compensation of key management personnel. Exemptions have also been taken in relation to intra-group transactions under FRS 102 Section 33.1A. The financial statements are presented in Sterling being the functional and presentational currency of the Company.

b. Going concern

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, 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.

As at 31 December 2021, the Company is in a net current liability position. In order for the Company to meet its obligations as they fall due, the Company has received confirmation that the loans owed to participating interests will not be called within one year from the date of signing these financial statements. As at 31 December 2022 these intercompanies loans had been repaid and the company is no longer in a net current liability position.

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

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. Gas stocks is calculated using the first-in first-out method. Provision is made for obsolete, slow moving or defective items where appropriate.

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 of LPG, the sale of retail appliances 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.

1 Accounting policies (continued)

g. Employee benefits

The group 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.

j. Financial instruments

The Company only enters into basic financial transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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.

2 Judgements and key sources of estimation uncertainty (continued)

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.

3 Interest payable and similar charges

	2022 £	2021 £
Interest payable on deposits	48,201	-
Interest payable to fellow group undertakings (see note 9)	1,016,156	982,153
Amortisation of finance costs	-	-
Other finance charges	202,144	497,226
	1,266,501	1,479,379

4 Profit on ordinary activities before taxation

	2022 £	2021 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation on property, plant and equipment	1,374,822	1,339,884
Operating lease rentals		
- Land & buildings	307,554	307,554
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	28,785	28,785

5 Tax on profit on ordinary activities

a) Analysis of charge in the year

	2022 £	2021 £
Current tax:		
States of Jersey income tax charge on the results for the year	12,903	207,493
Total current tax charge (note 5b)	12,903	207,493
Deferred taxation movement	(18,845)	(174,000)
Tax charge on profit on ordinary activities	(5,942)	33,493

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.

	2022 £	2021 £
Profit on ordinary activities before tax	(2,015,113)	786,757
Profit on ordinary activities multiplied by standard rate of income tax in Jersey 20% (2021: 20%)	(403,023)	157,351
Effects of :		
Capital allowances in excess of depreciation	50,142	50,142
Other tax adjustments	365,784	-
Current tax charge for the year (note 5a)	12,903	207,493

c) Provision for deferred tax	2022 £	2021 £
Deferred tax is provided as follows:		
Capital allowances in excess of depreciation	2,738,421	2,738,421
Other timing differences	(162,645)	(144,000)
Provision for deferred tax	2,575,776	2,594,421

6 Property, plant and equipment

	Freehold Land and Buildings £	Plant & Machinery £	Motor Vehicles £	Total £
Cost or Valuation				
At 1 January 2022	1,319,616	45,430,314	679,845	47,429,775
Additions	96,774	1,062,229	78,841	1,237,844
Disposals	-		(167,899)	(167,899)
At 31 December 2022	1,416,390	46,492,543	590,787	48,499,720
.				
Depreciation				
At 1 January 2022	122,678	22,136,249	664,125	22,923,052
Charge for the year	34,794	1,333,151	6,877	1,374,822
Disposals	-	-	(167,899)	(167,899)
At 31 December 2022	157,472	23,469,400	503,103	24,129,975
Net Book Value at 31 December 2022	1,258,918	23,023,143	87,684	24,369,745
Net Book Value at 31 December 2021	1,196,938	23,294,036	15,724	24,506,698

7 Inventories

	2022 £	2021 £
Raw materials, consumables and finished goods	947,534	593,919
Work in progress	21,264	24,565
	968,798	618,484

Inventory recognised as an expense in the period was £nil (2021: £6,713).

8 Trade and other receivables

	2022 £	2021 £
Amounts falling due within one year:		
Trade receivables	2,857,849	1,249,960
Amounts due from fellow group undertakings	7,704,971	7,642,737
Unread meter income	1,307,782	1,157,774
Other receivables	168,686	110,982
Prepayments and accrued income	194,217	981,409
	12,233,505	11,142,862
Amounts falling due after more than one year:		
Trade receivables	-	894,943
Other receivables	351,877	546,914
	351,877	1,441,857
	12,585,382	12,584,719

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

9 Trade and other payables

	2022 £	2021 £
Amounts falling due within one year:		
Trade payables	1,317,236	567,030
Amounts due to fellow group undertakings (non interest bearing)	1,982,366	729,473
Amounts due to fellow group undertakings (interest bearing)	-	32,000,000
Other payables	291,092	449,919
Accruals and deferred income	834,019	438,794
States Income Tax	(92,706)	189,426
	4,332,007	34,374,642

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 2.971%-4.8665% in the prior year. These borrowings were repaid on 14 November 2022 and replaced with an external loan as part of a group refinancing process (see note 12).

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 Share capital

	2022	2021
	£	£
Authorised:		
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
	358,904	358,904
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
	358,904	358,904

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.

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 2022. Scheme assets are stated at the market value at 31 December 2022 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 £60,229 (2021: £60,229) 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:	2022	2021
Discount rate	4.2%	1.5%
Pensionable salary growth	5.0%	2.0%

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

Analysis of amount charged to operating profit:	2022 £	2021 £
Current service cost	-	-
Net interest	42,000	(9,000)
Total operating cost/(income)	42,000	(9,000)
Recognised in other comprehensive income	1,259,954	533,200
Total income relating to defined benefit scheme	1,301,954	524,200

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:

	2022	2021
	£	£
Present value of defined benefit obligations	(4,228,000)	(6,105,000)
Fair value of scheme assets	5,817,154	6,038,000
Related deferred tax	(383,600)	13,000
Net asset recognised in the statement of financial position	1,205,554	(54,000)

	2022	2021
Movements in the present value of defined benefit obligations were as follows:	£	£
At 1 January	6,105,000	6,564,000
Interest cost	89,000	91,000
Actuarial losses	(1,604,000)	(383,000)
Benefits paid	(362,000)	(167,000)
At 31 December	4,228,000	6,105,000

	2022	2021
Movements in the fair value of scheme assets were as follows:	£	£
At 1 January	6,038,000	5,839,000
Interest income	88,000	82,000
Return on scheme assets	53,154	167,000
Benefits paid	(362,000)	(167,000)
Prior year adjustment	-	117,000
At 31 December	5,817,154	6,038,000

The assets of the scheme are invested in insurance policies.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 Bank facilities

Seabird Acquisition Holdco Limited, acting as Parent, is party to a £98,000,000 Senior Facility Agreement with Natwest Bank, AIB Group (UK) Plc and Lloyds Bank plc, signed on 14 November 2022 with a term of 5 years, in which Jersey Gas Limited was named as a Borrower and Guarantor.

The amounts outstanding on the facility were as follows:

	2022 £	2021 £
Bank Facility	32,954,181	-
Unamortised finance costs	(954,181)	-
	32,000,000	-

In accordance with FRS 102 Section 11, the unamortised finance costs associated with the drawdown of the bank loan will be amortised over 5 years, being the term of the loan. See note 3 for current year amortisation.

The loans attact interest at the Sterling Overnight Index Average rate plus a margin of 2%.

The Group has given an unlimited guarantee to Natwest Bank, Lloyds Bank plc and AIB Group (UK) plc for all monies owing to the lenders by the Company and its fellow group undertakings.

13 Financial instruments

The Company utilises interest rate swaps to manage interest rate risk volatility. The interest rate swaps have a notional value of £28,089,516 and have been designated as financial instruments measured at fair value through profit and loss. The fair values of the assets and liabilities held at fair value through profit and loss at the balance sheet date are determined using directly observable market inputs.

The fair value of the financial instruments at the balance sheet date is as follows:

	2022 £	2021 £
Interest rate swaps	20,356	-

Changes in fair valuations of financial instruments resulted in gains of £nil being recognised in the statement of comprehensive income for the year (2021: gains of £0).

The fixed and floating rate on the interest rate swaps are as follows:

Counterparty	Notional £	Fixed Rate %	Floating Rate	Termination
Natwest Plc	19,726,421	4.266	SONIA +2%	17/11/2025
AIB Group (UK) plc	8,363,095	4.129	SONIA +2%	17/11/2025

The interest rate swaps settle on a 6 monthly basis.

14 Commitments

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

	Land & Buildings	
	2022 £	2021 £
Operating leases which expire:		
Within one year	272,107	349,045
Within two to five years	916,959	1,240,460
In over five years	13,587,895	12,695,114
	14,776,961	14,284,619

15 Ultimate controlling party

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, a company incorporated in Jersey. The Company's ultimate beneficial owners are Ancala Utilities 1 GP LLP (39% shareholding), Ancala UK Infrastructure A GP LLP (33% shareholding) and Ancala UK Infrastructure B GP LLP (28% shareholding). The the results of the Company are consolidated in the group of Seabird Acquisitions Holdco Limited. Seabird Acquisitions Holdco Limited's financial statements can be obtained from 22 Grenville Street, St Helier, Jersey.

16 Contingent liabilities

In December 2022 an explosion at Haut du Mont flats in Jersey ('the incident') has resulted in a criminal investigation which is ongoing. The investigation of the incident is still in its early stages, and it is too early to provide an evaluation of the likelihood or timing of an unfavourable outcome and estimate of the amount or range of potential related loss.

There is the potential of civil claims being brought against the Company as a result of the incident. It is too early to be able to provide an evaluation of the likelihood of an unfavourable outcome of any claims, or to estimate the amount or range of potential related loss.

17 Subsequent events

There are no subsequent events.