

GAS LEVY ACT 1981

Account, prepared pursuant to section 6(3) of the Gas Levy Act 1981, for the year ended 31 March 1995, together with the Report of the Comptroller and Auditor General thereon. (In continuation of House of Commons Paper No. 82 of 1994–95.)

Presented pursuant to Act 1981, c.3, s.6(3)

Gas Levy Account 1994–95

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 31 JANUARY 1996

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Foreword

Background information

- 1 The Gas Levy Act 1981 imposed a levy on the British Gas Corporation for gas purchased under tax-exempt contracts* or won or purchased from tax-exempt reservoirs*. This was extended by the Gas Act 1986 to apply to any person winning or purchasing such gas, and the arrangements were re-cast in a form suitable for taxation of private sector companies. Section 3 of the 1981 Act as amended provides for the mechanism and timing of payments, and for interest in respect of late payments and repayments. Under powers contained in the Gas Act 1986, the assets of the British Gas Corporation were vested in British Gas plc and section 60 of that Act provided that this successor company shall be treated for the purposes of the 1981 Act as if it were the same person as the Corporation. Accordingly, the term "British Gas" is used herein to mean either body.
- 2 Pursuant to section 2 of the 1981 Act, the rate of levy is set by Order (subject to affirmative resolution) made by the Secretary of State with the consent of the Treasury. If no Order is made, the rate of levy is to be the same as that for the previous year. The Gas Act 1986 (schedule 6 para 2) provides that the rate could not be set higher than the previous year until 1992-93. No Order was made in respect of 1994-95. The rate of levy was set at four pence per therm by the Gas Levy (Rate for 1982-83) Order 1982 (SI 1982 No. 548) and it currently remains at that level.
- 3 Section 123 of the Finance Act 1990, *inter alia*, made clear that it is the producer (and not the purchaser) who is liable to pay the levy if such gas is disposed of otherwise than by sale under a tax-exempt contract. British Gas have released some quantities of gas from these tax-exempt reservoirs to producers (oil companies), who now become liable to pay gas levy only on the amount of their released gas.
- 4 This Account is prepared in the form directed by the Treasury under section 6(3) of the 1981 Act. It shows that the Secretary of State's actual receipts in respect of gas levy during the year ended on 31 March 1995 were £174,764,501. In accordance with section 6(1) of the Act, a sum of £174,764,778 was paid into the Consolidated Fund (of which £277.19 related to interest on late payments received in the financial year 1993-94). The Account does not reflect pending adjustments, some of which may be substantial.
- 5 Payment of levy is due six weeks after the end of the quarter to which the payment relates. Payment was made in respect of 4,369,107,434 therms of gas purchased by British Gas under tax-exempt contracts or won or purchased from tax-exempt reservoirs in the North Sea, and from certain oil companies in respect of released gas by British Gas from these tax-exempt reservoirs.

Note

* "tax-exempt contract" means a contract made before the end of June 1975 for the sale to British Gas of gas won under the authority of a petroleum production licence and "tax-exempt reservoir" means a natural reservoir, gas derived from which British Gas was on 1 April 1980 obliged to purchase (either immediately or at some future date) under the terms comprised in a document which on 1 April 1980 was treated for the purposes of paragraph (a) of section 10(1) of the Oil Taxation Act 1975 as containing the whole or part of a contract for the sale of excluded oil as defined in that subsection (Gas Levy Act 1981, s.1(3)).

Peter Gregson
Accounting Officer

Department of Trade and Industry
2 November 1995

Statement of Secretary of State's and Accounting Officer's responsibilities

Under section 6(3) of the Gas Levy Act 1981 the Secretary of State for Trade and Industry is required to prepare an account for each financial year in a form and on the basis determined by the Treasury. The accounts are prepared on a cash basis and must properly present the receipts and payments for the financial year and the balances held at the year end.

The Treasury has appointed an Accounting Officer for the account. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable, and for the keeping of proper records, are set out in the Accounting Officer's Memorandum, issued by the Treasury and published in "Government Accounting" (HMSO).

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I have audited the financial statement on page 4 which has been prepared in the form and on the basis directed by the Treasury.

Respective responsibilities of the Accounting Officer and Auditors

As described on page 2 the Accounting Officer is responsible for the preparation of financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

Basis of opinion

I certify that I have examined the financial statements referred to above in accordance with section 6(3) of the Gas Levy Act 1981 and the National Audit Office auditing standards, which include relevant 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 judgements made by the Accounting Officer in the preparation of the financial statements.

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

Opinion

In my opinion the account properly presents the receipts and payments of the Secretary of State for Trade and Industry under sections 3 and 6 of the Gas Levy Act 1981 for the year ended 31 March 1995 and the balance held at that date and has been properly prepared in accordance with section 6(3) of the Gas Levy Act 1981 and with the directions made thereunder by the Treasury.

I have no observations to make on this account.

John Bourn
Comptroller and Auditor General

16 November 1995

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Victoria
London SW1W 9SP

**Account, prepared under section 6 of
the Gas Levy Act 1981, of the Receipts
and Payments of the Secretary of State
for Trade and Industry under sections
3 and 6 of that Act for the Year Ended
31 March 1995**

	£	Previous Year £
Balance as at 1 April 1994	277	
Receipts		
Receipt of Gas Levy	174,764,501	239,595,925
Payments		
To the Consolidated Fund	174,764,778	239,595,648
Balance as at 31 March 1994	—	277

Note: The balance at 1 April 1994 represents monies received in financial year 1993-94 but not paid into the Consolidated Fund until financial year 1994-95.

Peter Gregson
Accounting Officer

Department of Trade and Industry
2 November 1995

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