

GIBRALTAR REGULATORY AUTHORITY

FINANCIAL STATEMENTS

31 MARCH 2018

GIBRALTAR REGULATORY AUTHORITY

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GIBRALTAR REGULATORY AUTHORITY

MEMBERS AND OTHER INFORMATION

Members:

Paul Canessa (Chairman)
John Paul Rodriguez
Tony Provasoli
Kieran Power
Francis Lopez

Auditor:

Deloitte Limited
Merchant House
22/24 John Mackintosh Square
Gibraltar

Office Address:

2nd Floor,
Eurotowers 4
1 Europort Road
Gibraltar

GIBRALTAR REGULATORY AUTHORITY

CHAIRMAN'S REPORT

The members submit their report and the audited financial statements for the year ended 31 March 2018.

Principal activities

The principal activities of the GRA are to exercise the powers, discharge the duties and perform the functions required of it under the Gibraltar Regulatory Authority Act 2000, as delegated to it by Her Majesty's Government of Gibraltar, and as may be required from time to time by statutory provision.

Results

The results for the year are shown in the income and expenditure account on page 6. The surplus for the year of £122,644 (2017: £80,304) was transferred to the general fund.

Members

The members of the Authority who served during the year and to date were as stated on page 1.

Statement of members' responsibilities

The members are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Authority at the end of the financial year and of the surplus or deficit for that year and which comply with the Gibraltar Regulatory Act 2000.

Under that law the members have elected to prepare the financial statements in accordance with applicable law in Gibraltar and Gibraltar Financial Reporting Standards. In preparing the financial statements, the members are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Authority will continue in operation.

The members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Authority and enable them to ensure that the financial statements comply with applicable law. They are also responsible for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

A resolution to reappoint the auditor, Deloitte Limited, will be proposed at the next board meeting.

By order of the board



.....
Chief Executive Officer (Chairman)



.....
Deputy Chief Executive Officer

17 JUL 2018

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE
GIBRALTAR REGULATORY AUTHORITY

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Gibraltar Regulatory Authority (the Authority), which comprise the balance sheet as at 31 March 2018, and the income and expenditure account for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Authority's affairs as at 31 March 2018 and of its surplus for the year then ended;
- have been properly prepared in accordance with Gibraltar Financial Reporting Standards; and
- have been prepared in accordance with the Gibraltar Regulatory Authority Act 2000.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Authority in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), 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.

Responsibilities of the Members for the Financial Statements

The members are responsible for the preparation of financial statements that give a true and fair view in accordance with applicable law in Gibraltar and Gibraltar Financial Reporting Standards, and for such internal control as the members 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 members are responsible for assessing the Authority'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 members either intend to liquidate the Authority 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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE
GIBRALTAR REGULATORY AUTHORITY

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

We communicate with the members 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.

Use of our report

This report is made solely to the Authority's members, as a body, in accordance with section 15 of the Gibraltar Regulatory Authority Act 2000. Our audit work has been undertaken so that we might state to the Authority'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 Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Opinion on other matters prescribed by the Gibraltar Regulatory Authority Act 2000

In addition to reporting on the financial statements, the Gibraltar Regulatory Authority Act 2000 also requires us to report to you our opinion as to:

- Whether we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the audit;
- Whether proper accounting records have been kept by the Authority; and
- Whether the Authority's balance sheet and accounts dealt with by this report are in agreement with the accounting records.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE
GIBRALTAR REGULATORY AUTHORITY**

Report on Other Legal and Regulatory Requirements (continued)

Opinion on other matters prescribed by the Gibraltar Regulatory Authority Act 2000 (continued)

In our opinion:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the audit;
- Proper accounting records have been kept by the Authority; and
- The Authority's balance sheet and accounts dealt with by this report are in agreement with the accounting records.

"Neither an audit nor a review provides assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular whether any changes may have occurred to the financial information since first published. These matters are the responsibility of the Authority but no control procedures can provide absolute assurance in this area.

Legislation in Gibraltar governing the preparation and dissemination of financial information differs from legislation in other jurisdictions."



**Daniel Delgado (Statutory Auditor)
for and on behalf of Deloitte Limited
Statutory Auditor
Merchant House
22/24 John Mackintosh Square
Gibraltar**

17 JUL 2018

GIBRALTAR REGULATORY AUTHORITY
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
INCOME			
HM Government of Gibraltar contributions	1	1,925,000	1,872,324
EXPENDITURE			
Communications division		875,025	986,450
Satellite division		172,125	168,779
Information rights division		391,478	341,058
Broadcasting division		234,992	194,881
Postal services division		110,899	100,852
Higher education division		17,837	-
		(1,802,356)	(1,792,020)
SURPLUS FOR THE FINANCIAL YEAR		122,644	80,304
GENERAL FUND BROUGHT FORWARD		409,043	328,739
GENERAL FUND CARRIED FORWARD		£ 531,687	£ 409,043

There are no recognised gains or losses other than as disclosed above and there have been no discontinued activities or acquisitions in the current or preceding year.

The notes on pages 8 to 10 form part of these financial statements.

GIBRALTAR REGULATORY AUTHORITY

BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
FIXED ASSETS					
Tangible assets	4		48,003		-
CURRENT ASSETS					
Debtors	5	58,244		50,077	
Cash at bank and in hand		515,618		430,324	
		<u>573,862</u>		<u>480,401</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	6	(90,178)		(71,358)	
NET CURRENT ASSETS			483,684		409,043
NET ASSETS			<u>£ 531,687</u>		<u>£ 409,043</u>
FINANCED BY:					
General Fund			<u>£ 531,687</u>		<u>£ 409,043</u>

The financial statements were approved by the Gibraltar Regulatory Authority on **17 JUL 2018** and signed on its behalf by:

Chief Executive Officer (Chairman)

Deputy Chief Executive Officer

The notes on pages 8 to 10 form part of these financial statements.

GIBRALTAR REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with applicable law in Gibraltar and Gibraltar Financial Reporting Standards. A summary of the more important accounting policies is noted below:

Basis of accounting

The financial statements have been prepared in accordance with Gibraltar Financial Reporting Standards (GFRS) 102, in particular Section 1A. In accordance with this, only those disclosures that are considered to be relevant to giving a true and fair view have been included.

Cash flow statement

The Authority has taken advantage of the exemption from preparing a cash flow statement under the terms of GFRS 102, Section 1A.

Income

Income includes contributions from HM Government of Gibraltar which are recognised on an accruals basis.

Pension costs

The Gibraltar Regulatory Authority makes contributions to the Gibraltar Provident Trust (No. 2) Pension Scheme and to The Gibraltar Superannuation Fund Scheme. Costs are accounted for on an accruals basis and are recognised in the income and expenditure account in the year in which they are incurred.

Tangible assets

Tangible assets are stated at purchase cost, together with any incidental expenses of acquisition and are depreciated.

Depreciation

Depreciation on tangible assets is calculated so as to write down their cost, by annual instalments over their estimated useful economic lives. The following rates apply:

Fittings, furniture and fixtures	20%	Straight line
Office equipment	20%	Straight line
Computer equipment	50%	Straight line

General Fund

The General Fund represents the retained earnings of the Authority.

2. STAFF COSTS

	2018	2017
	£	£
Staff costs are analysed as follows:		
Wages and salaries	1,101,738	1,025,729
Social security and pension costs	169,300	151,462
	£ 1,271,038	£ 1,177,191

The average number of employees during the year ended 31 March 2018 was 24 (2017: 23).

3. TAXATION

Under the provisions of the Gibraltar Regulatory Authority Act 2000, the income of the Authority is exempt from income tax.

GIBRALTAR REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

4. TANGIBLE ASSETS

	Office Equipment	Computer Equipment	Fixtures, Furniture & Fittings	TOTAL
	£	£	£	£
Cost				
At 1 April 2017	-	-	-	-
Additions	2,163	1,503	47,654	51,320
At 31 March 2018	2,163	1,503	47,654	51,320
Depreciation				
At 1 April 2017	-	-	-	-
Depreciation for year	132	435	2,750	3,317
At 31 March 2018	132	435	2,750	3,317
Net book value				
At 31 March 2018	£ 2,031	£ 1,068	£ 44,904	£ 48,003
At 31 March 2017	£ -	£ -	£ -	£ -

5. DEBTORS

	2018	2017
	£	£
Prepayments and accrued income	£ 58,244	£ 50,077

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	1,097	2,468
Accruals and deferred income	14,664	28,890
Provision for legal fees	74,417	40,000
	£ 90,178	£ 71,358

The Authority has made a provision for legal costs under the Communications Division of £74,417 (2017: £40,000). This provision relates to estimated legal fees that may arise from an ongoing legal case.

7. LEASE COMMITMENTS

The Authority leases a property for its own occupation. The Authority's liability to pay future rents under the terms of the lease are as follows:

	2018	2017
	£	£
Payable within one year	157,689	154,628
Payable between two and five years	654,766	645,090
Payable after more than five years	184,049	351,415

The lease payments made during the year amount to £154,628 (2017: £143,851).

GIBRALTAR REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

8. RELATED PARTY TRANSACTIONS

Fees paid to Authority members were as follows:

	2018		2017
	£		£
Paul Canessa	5,000		5,000
John Paul Rodriguez	5,000		5,000
Tony Provasoli	5,000		5,000
Kieran Power	5,000		5,000
Francis Lopez	5,000		5,000
	<u>25,000</u>		<u>25,000</u>
£	25,000	£	25,000