GIBRALTAR REGULATORY AUTHORITY

REPORT AND FINANCIAL STATEMENTS

31 MARCH 2021

GIBRALTAR REGULATORY AUTHORITY

REPORT AND FINANCIAL STATEMENTS

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GIBRALTAR REGULATORY AUTHORITY

Members and other Information

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

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GIBRALTAR REGULATORY AUTHORITY

Chairman's Report

The Members of the Gibraltar Regulatory Authority ("the Members") submit their report and the audited financial statements for the year ended 31 March 2021.

Principal activities

The principal activities of the Gibraltar Regulatory Authority ("the GRA" or "the Authority") 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 ("HMGoG"), 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 7. The deficit for the year of £115,176 (2020: surplus for the year of £40,198) was taken from the general fund.

Covid-19

The COVID-19 pandemic has had little impact on the work of the Authority. Though all staff have been working remotely, the move to home working was rapid, seamless and efficient. All employees' workstations are laptops and they could move to remote working from one day to the next, having full access to their files via a secure VPN. The public counter was closed and appointments were given to any business requiring an original, printed document, though most accepted electronic copies of documents. It had a positive impact as regard costs as some expenses decreased. As staff worked remotely and travel was restricted, the Authority saw costs reduce in some areas.

Going concern

The financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes continuity of operations, realisation of assets and satisfaction of liabilities in the ordinary course of operations. Continued funding from HMGoG is primarily required to support the Authority. However, since the Authority was established for the purpose of implementation of the Gibraltar Regulatory Authority Act 2000, the Authority's existence is dependent on the enactment of the said Act. As such, the Members are not aware of any plans of HMGoG to repeal the Act and abolish the Authority, as well as of any events that could lead HMGoG to significantly reduce its funding contributions to support the Authority.

Members

The members 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 Authority 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.

Chairman's Report (continued)

Statement of Members' responsibilities (Continued)

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.

Disclosure of information to auditors

Each person was a member at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the Authority's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a Member in order to make himself aware of any relevant audit information and to establish that the Authority's auditor is aware of that information.

Moore Stephens Limited, who were appointed as auditors on 22 February 2021, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the next GRA Board meeting.

This report was approved by the Members on 9th June 2021 and signed by order of the GRA Board.

Paul Canessa
Chief Executive Officer (Chairman)

John Paul Rodriguez
Deputy Chief Executive Officer

MOORE Stephens

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GIBRALTAR REGULATORY AUTHORITY

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Gibraltar Regulatory Authority (the "Authority"), which comprise the income and expenditure account, the balance sheet as at 31 March 2021, 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 2021 and of its deficit for the year then ended; and
- have been properly prepared in accordance with Gibraltar Financial Reporting Standards applicable to Smaller Entities.

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.

Other matter

The financial statements of the Authority for the year ended 31 March 2020, were audited by another auditor who expressed an unmodified opinion on those financial statements on 20 August 2020.

Responsibilities of the Members for the financial statements

The Members of the Authority (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 cease the Authority's operations, or have no realistic alternative but to do so.

MOORE Stephens

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 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.

MOORE Stephens

This report, including the opinion, has been prepared for and only for the Authority's Members and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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Rosaleen Reilly
Statutory auditor
For and on behalf of
Moore Stephens Limited
Gibraltar

Date: 9 June 2021

GIBRALTAR REGULATORY AUTHORITY
INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 March 2021

	Notes	2021 £	2020 £
Turnover			
HM Government of Gibraltar contributions	1	2,230,000	2,380,000
		2,230,000	2,380,000
Expenditure			
Staff expenses	2	1,811,749	1,695,954
Establishment costs		257,844	317,293
Other operating expenses		77,887	82,270
Committee members' fees		25,000	25,000
Legal and professional fees		128,263	171,577
Auditor's remuneration		5,800	6,750
Depreciation		38,633	40,958
		2,345,176	2,339,802
(Deficit)/surplus for the year		**£ (115,176)**	**£ 40,198**
General Fund bought forward		451,229	411,031
General Fund carried forward		336,053	451,229

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 9 to 12 form part of these financial statements.

GIBRALTAR REGULATORY AUTHORITY

BALANCE SHEET
As at 31 March 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Tangible assets	4	90,491	120,718
CURRENT ASSETS			
Debtors	5	47,925	30,872
Cash at bank and in hand		367,092	409,025
		415,017	439,897
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	6	(169,455)	(109,386)
NET CURRENT ASSETS		245,562	330,511
NET ASSETS		**£ 336,053**	**£ 451,229**
Financed by:			
General Fund		**£ 336,053**	**£ 451,229**

The financial statements were approved and authorised for issue by the Gibraltar Regulatory Authority on 9th June 2021 and signed on its behalf by:

Paul Canessa
Chief Executive Officer (Chairman)

John Paul Rodriguez
Deputy Chief Executive Officer

The notes on pages 9 to 12 form part of these financial statements.

GIBRALTAR REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

1. Accounting policies

The Gibraltar Regulatory Authority ("the Authority") is an independent statutory body that was established under the Gibraltar Regulatory Authority Act 2000. Its various duties are laid out in several different acts.

The Authority has a wide range of responsibilities across various sectors and sets and enforces regulatory rules in accordance with Gibraltar and European Union legislation. The Authority's remit includes to promote data privacy and uphold information rights, and regulate and enable competition in the electronic communications, broadcasting and postal sectors. It also carries out regulatory functions in the areas of higher education and cyber security.

The financial statements have been prepared under the historical cost convention and in accordance with applicable law in Gibraltar and Gibraltar Financial Reporting Standards. These financial statements have also been prepared on a going concern basis. 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. It should be noted that the Authority meets the definition of a Public Benefit Entity.

Going concern
The financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes continuity of operations, realisation of assets and satisfaction of liabilities in the ordinary course of operations. Continued funding from HM Government of Gibraltar ("HMGoG") is primarily required to support the Authority. However, since the Authority was established for the purpose of implementation of the Gibraltar Regulatory Authority Act 2000, the Authority's existence is dependent on the enactment of the said Act. As such, the Members are not aware of any plans of HMGoG to repeal the Act and abolish the Authority, as well as of any events that could lead HMGoG to significantly reduce its funding contributions to support the Authority.

Income
Income represents contributions from HMGoG approved in yearly governmental budgeting which are recognised on an accruals basis.

Pension costs
The 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:

Fixtures and fittings	20% Straight line
Office equipment	20% Straight line
Computer equipment	50% Straight line

1. Accounting policies (Continued)

General Fund
The General Fund represents the accumulated surplus in excess of expenditures of the Authority.

Financial Instruments
Financial assets and financial liabilities are recognised when the Authority becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Authority after deducting all of its liabilities. All financial assets and liabilities are initially measured at amortised cost using the effective interest method. Debt instruments that have no stated interest rate and are classified as creditor or debtor within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

2. Staff costs	**2021**	**2020**
	£	**£**
Staff costs are analysed as follows:		
Wages and salaries	1,523,437	1,462,408
Social security and pension costs	250,235	233,546
Holiday pay accrual	38,076	-
	1,811,748	1,695,954

The average number of employees during the year ended 31 March 2021 was 28 (2020: 27).

3. Taxation

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

4. Tangible fixed assets

	Office equipment	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
COST				
At 1 April 2020	62,385	86,727	44,087	193,199
Additions	1,230	4,584	2,593	8,407
Disposals	-	-	(1,048)	(1,048)
At 31 March 2021	63,615	91,311	45,632	200,558
Depreciation				
At April 2020	4,081	33,049	35,351	72,481
Charged for the year	12,594	18,192	7,848	38,634
Disposals	-	-	(1,048)	(1,048)
At 31 March 2021	16,675	51,241	42,151	110,067
Net book value				
As at 31 March 2021	46,940	40,070	3,481	90,491
As at 31 March 2020	58,304	53,678	8,736	120,718

The disposal of tangible fixed assets represent effective disposals to exclude assets with expired useful lives. This adjustment is a result of a review of the asset register undertaken by management during the year. The exclusion of these assets has no financial impact on the financial statements.

5. Debtors	**2021**	**2020**
	£	**£**
Prepayments	47,925	30,872

6. Creditors: amounts falling due within one year	**2021**	**2020**
	£	**£**
Trade creditors	8,461	4,796
Accruals and deferred income	22,918	29,590
Other creditors	100,000	75,000
Holiday pay accrual	38,076	-
	169,455	109,386

Other creditors include a provision for estimated legal fees that may arise from ongoing legal cases.

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:

	2021	2020
	£	£
Payable within one year	179,309	176,324
Payable between two and five years	376,815	556,123
Payable after more than five years	-	-

The lease payments made during the year amount to £176,324 (2019: £168,166).

8. Related party transactions

Fees paid to the Members were as follows:

	2021	2020
	£	£
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
	25,000	25,000

9. Contingent liability

The Authority has an ongoing litigation with a licensee in relation to right of use of particular assets which has been classified as a contingent liability. There are currently uncertainties relating to the amount or timing of any outflow and the possibility of any reimbursement of legal fees. Due to these uncertainties it has been deemed impracticable to make any further disclosures. The hearing at the Privy Council is listed for October 2021.

10. Events after the reporting date

There have been no other significant events after the end of the reporting year to disclose in these financial statements.