

**GIBRALTAR REGULATORY AUTHORITY**

**FINANCIAL STATEMENTS**

**31 MARCH 2016**

# GIBRALTAR REGULATORY AUTHORITY

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# GIBRALTAR REGULATORY AUTHORITY

## MEMBERS AND OTHER INFORMATION

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**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

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The members submit their report and the audited financial statements for the year ended 31 March 2016.

### Principal activities

The principal activity of the Gibraltar Regulatory Authority ("the Authority") is to promote data privacy and uphold information rights, regulate fairly the electronic communications, broadcasting, satellites and postal sectors and enable competition in these sectors and to promote the interests of users.

### Results

The results for the year are shown in the income and expenditure account on page 5. The surplus for the year of £328,739 (2015: £nil) 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 Accounting Standards ("Gibraltar Generally Accepted Accounting Practice"). 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.

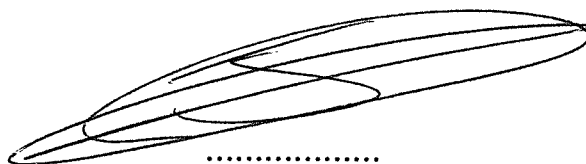
### Auditor

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

### By order of the board



.....  
**Paul Canessa**  
Chief Executive Officer (Chairman)



.....  
**John Paul Rodriguez**  
Deputy Chief Executive Officer

15 SEP 2016

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

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**Report on the financial statements**

We have audited the financial statements of the Gibraltar Regulatory Authority (“the Authority”) for the year ended 31 March 2016 which comprise the income and expenditure account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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.

**Members’ responsibilities for the financial statements**

The members of the Authority are responsible for the preparation and the true and fair presentation of these financial statements in accordance with applicable law in Gibraltar and Gibraltar Accounting Standards (“Gibraltar Generally Accepted Accounting Practice”). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor’s responsibilities**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board members, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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**Basis for qualified opinion**

The evidence available to us was limited because we were not auditors of the Authority for the period prior to 1 April 2015. Further, prior to that date, the financial statements were prepared in accordance with a cash receipts and disbursements basis of accounting, rather than using the accruals principle, and no adjustments have been posted to opening balances to enable the application of the accruals principle. As a result, it was not possible for us to perform the audit procedures necessary to obtain sufficient appropriate audit evidence as regards the opening balances as at 1 April 2015.

Any adjustment to these figures would have a consequential effect on the results for the year ended 31 March 2016, as well as the comparative figures presented in these financial statements.

**Qualified opinion arising from limitation in audit scope**

In our opinion, except for the effect on the financial statements of the matters referred to in the qualified opinion paragraphs, the financial statements give a true and fair view, in accordance with the Gibraltar Regulatory Authority Act 2000, of the state of the Authority's affairs as at 31 March 2016 and of its surplus for the year then ended.

**Report on other legal and regulatory requirements**

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:

- (a) 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;
- (b) Whether proper accounting records have been kept by the Authority; and
- (c) Whether the Authority's balance sheet and accounts dealt with by this report are in agreement with the accounting records.

**Opinion**

In our opinion, except for the matters referred to in the basis for qualified opinion paragraph:

- (a) 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;
- (b) Proper accounting records have been kept by the Authority; and
- (c) The Authority's balance sheet and accounts dealt with by this report are in agreement with the accounting records.



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

**GIBRALTAR REGULATORY AUTHORITY**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

**INCOME AND EXPENDITURE ACCOUNT**

	Notes	2016 £	2015 £
<b>INCOME</b>			
HM Government of Gibraltar contributions	1	1,875,000	1,522,827
Other income		20,000	-
		1,895,000	1,522,827
<b>EXPENDITURE</b>			
Communications division		773,386	830,172
Satellite division		219,493	205,380
Information rights division		338,253	270,599
Broadcasting division		147,090	137,982
Postal services division		88,039	66,067
Relocation costs		-	12,627
		(1,566,261)	(1,522,827)
<b>SURPLUS FOR THE FINANCIAL YEAR</b>		328,739	-
<b>GENERAL FUND BROUGHT FORWARD</b>		-	-
<b>GENERAL FUND CARRIED FORWARD</b>		£ 328,739	£ -

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 7 to 9 form part of these financial statements.

**GIBRALTAR REGULATORY AUTHORITY**

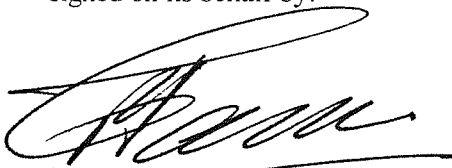
**BALANCE SHEET**

**AS AT 31 MARCH 2016**

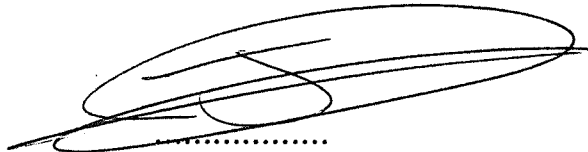
	Notes	2016		2015	
		£	£	£	£
<b>CURRENT ASSETS</b>					
Debtors	4	48,304		-	
Cash at bank and in hand		285,728		-	
		334,032		-	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>					
	5	(5,293)		-	
<b>NET CURRENT ASSETS</b>			328,739		-
<b>NET ASSETS</b>			£ 328,739		£ -
<b>FINANCED BY:</b>					
General Fund			£ 328,739		£ -

The financial statements were approved by the Gibraltar Regulatory Authority on  
signed on its behalf by:

**15 SEP 2016** and



.....  
**Paul Canessa**  
Chief Executive Officer (Chairman)



.....  
**John Paul Rodriguez**  
Deputy Chief Executive Officer

The notes on pages 7 to 9 form part of these financial statements.



**GIBRALTAR REGULATORY AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**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 Accounting Standards (“Gibraltar Generally Accepted Accounting Practice”). A summary of the more important accounting policies is noted below:

**Basis of accounting**

The financial statements have been prepared in accordance with Financial Reporting Standard (FRS) 102, in particular Section 1A, which the Authority has early adopted during the current year. In accordance with this, only those disclosures that are considered to be relevant to giving a true and fair view have been included. The adoption of FRS 102 did not result in any restatement to the prior year financial statements.

**Cash flow statement**

The Authority has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 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.

**General Fund**

The General Fund represents the retained earnings of the Authority.

**2. STAFF COSTS**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Staff costs are analysed as follows:		
Wages and salaries	971,566	880,602
Social security and pension costs	145,986	123,184
	<u>£ 1,117,552</u>	<u>£ 1,003,786</u>

The average number of employees during the year ended 31 March 2016 was 22 (2015: 20).

**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**

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**4. DEBTORS**

	<b>2016</b>	<b>2015</b>
	£	£
Other debtors	10,000	-
Prepayments and accrued income	38,304	-
	£ 48,304	£ -
	£ 48,304	£ -

**5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2016</b>	<b>2015</b>
	£	£
Trade creditors	52	-
Accruals and deferred income	5,241	-
	£ 5,293	£ -
	£ 5,293	£ -

**6. LEASE COMMITMENTS**

The Authority leases a property for its own occupation. Annual rental payable under this lease are as follows:

	<b>2016</b>	<b>2015</b>
	£	£
Operating leases which expire:		
After five years	£ 159,482	£ [O/S]
	£ 159,482	£ [O/S]

**GIBRALTAR REGULATORY AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS**

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**7. RELATED PARTY TRANSACTIONS**

Fees paid to Authority members were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Paul Canessa	5,000	-
John Paul Rodriguez	5,000	-
Tony Provasoli	5,000	5,000
Kieran Power	5,000	5,000
Francis Lopez	5,000	5,000
	<hr/>	<hr/>
	<b>£ 25,000</b>	<b>£ 15,000</b>
	<hr/>	<hr/>

During the year ended 31 March 2016 and 31 March 2015, the Authority had the following related party transactions:

	<b>2016</b>	<b>2015</b>
	<b>Expenses</b>	<b>Expenses</b>
	<b>£</b>	<b>£</b>
Hassans	£ -	£ 38,793
	<hr/>	<hr/>

Tony Provasoli who is a member of the Authority, is a partner of Hassans.