

**GIBRALTAR REGULATORY AUTHORITY**  
**REPORT AND FINANCIAL STATEMENTS**  
**31 MARCH 2019**

# 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

The members submit their report and the audited financial statements for the year ended 31 March 2019.

#### 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 deficit for the year of £120,656 (2018: surplus for the year of £122,644) 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.

By order of the board

Chief Executive Officer (Chairman)

Deputy Chief Executive Officer

29 JUL 2019

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

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**Report on the Audit of the Financial Statements**

**Opinion**

In our opinion, the financial statements of the Gibraltar Regulatory Authority (the Authority):

- give a true and fair view of the state of the Authority's affairs as at 31 March 2019 and of its deficit 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.

We have audited the financial statements which comprise:

- the income and expenditure account
- the balance sheet; and
- the related notes 1 to 9.

The financial reporting framework that has been applied in their preparation is applicable law in Gibraltar and Gibraltar Financial Reporting Standard 102.

**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 information**

The members 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 respect of these matters.

**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.

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF THE**

### **GIBRALTAR REGULATORY AUTHORITY**

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#### **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.

#### **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**

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**Opinion on other matters prescribed by the Gibraltar Regulatory Authority Act 2000  
(contd....)**

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."

**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.



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

29 JUL 2019

**GIBRALTAR REGULATORY AUTHORITY**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2019 £	2018 £
<b>INCOME</b>			
HM Government of Gibraltar contributions	1	1,875,022	1,925,000
<b>EXPENDITURE</b>			
Staff expenses	2	1,397,246	1,271,038
Establishment costs		361,760	338,119
Other operating expenses		79,223	74,017
Committee members' fees		25,000	25,000
Legal and professional fees		95,243	85,815
Auditor's remuneration		9,000	5,050
Depreciation		28,206	3,317
		<u>1,995,678</u>	<u>1,802,356</u>
<b>(DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR</b>		(120,656)	122,644
<b>GENERAL FUND BROUGHT FORWARD</b>		531,687	409,043
<b>GENERAL FUND CARRIED FORWARD</b>		<u>£ 411,031</u>	<u>£ 531,687</u>

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 2019**

	Notes	2019		2018	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	4		96,855		48,003
<b>CURRENT ASSETS</b>					
Debtors	5	51,547		58,244	
Cash at bank and in hand		346,539		515,618	
		<hr/>		<hr/>	
		398,086		573,862	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	6	(83,909)		(90,178)	
		<hr/>		<hr/>	
<b>NET CURRENT ASSETS</b>			314,177		483,684
<b>NET ASSETS</b>			<hr/>		<hr/>
			£ 411,032		£ 531,687
<b>FINANCED BY:</b>					
General Fund			£ 411,032		£ 531,687
			<hr/>		<hr/>

The financial statements were approved by the Gibraltar Regulatory Authority on **29 JUL 2019** 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**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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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 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.

**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.

**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 company after deducting all of its liabilities. All financial assets and liabilities are initially measured at transaction price (including transaction costs). Debt instruments are subsequently 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.

**GIBRALTAR REGULATORY AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**2. STAFF COSTS**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Staff costs are analysed as follows:		
Wages and salaries	1,199,325	1,101,738
Social security and pension costs	197,921	169,300
	<b>£ 1,397,246</b>	<b>£ 1,271,038</b>

Included in wages and salaries are amounts paid to Authority employees of £208,227 (2018: £191,022 for the year ended 31 March 2019).

The average number of employees during the year ended 31 March 2019 was 24 (2018: 24).

**3. TAXATION**

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

**4. TANGIBLE ASSETS**

	<b>Office Equipment</b>	<b>Computer Equipment</b>	<b>Fixtures, Furniture &amp; Fittings</b>	<b>TOTAL</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At 1 April 2018	2,163	1,503	47,654	51,320
Additions	3,296	34,689	39,073	77,058
At 31 March 2019	5,459	36,192	86,727	128,378
<b>Depreciation</b>				
At 1 April 2018	132	435	2,750	3,317
Depreciation for year	540	14,713	12,953	28,206
At 31 March 2019	672	15,148	15,703	31,523
<b>Net book value</b>				
At 31 March 2019	£ 4,787	£ 21,044	£ 71,024	£ 96,855
At 31 March 2018	£ 2,031	£ 1,068	£ 44,904	£ 48,003

**5. DEBTORS**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Prepayments and accrued income	<b>£ 51,547</b>	<b>£ 58,244</b>

**GIBRALTAR REGULATORY AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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

	<b>2019</b>		<b>2018</b>
	<b>£</b>		<b>£</b>
Trade creditors	7,124		1,097
Accruals and deferred income	67,185		14,664
Provision for legal fees	9,600		74,417
	<b>£ 83,909</b>	<b>£</b>	<b>90,178</b>

The Authority has made a provision for legal costs under the Communications Division of £9,600 (2018: £74,417). 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:

	<b>2019</b>		<b>2018</b>
	<b>£</b>		<b>£</b>
Payable within one year	160,054		157,689
Payable between two and five years	664,588		654,766
Payable after more than five years	14,174		184,049

The lease payments made during the year amount to £157,689 (2018: £154,628).

**8. RELATED PARTY TRANSACTIONS**

Fees paid to Authority members were as follows:

	<b>2019</b>		<b>2018</b>
	<b>£</b>		<b>£</b>
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
	<b>£ 25,000</b>	<b>£</b>	<b>25,000</b>

**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.