

GIBRALTAR REGULATORY AUTHORITY

FINANCIAL STATEMENTS

31 MARCH 2017

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 2017.

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 6. The surplus for the year of £80,304 (2016: £328,739) 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:

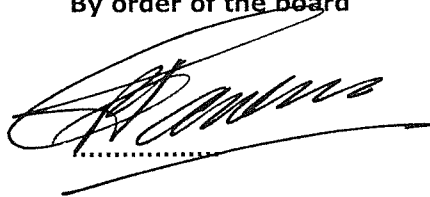
- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare 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



8th Nov. 2017

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 income and expenditure account for the year ended 31 March 2017, and the balance sheet as at 31 March 2017, 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 2017 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.

Report on Other Legal and Regulatory Requirements

Opinion on other matter 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 matter 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.



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

08 NOV 2017

GIBRALTAR REGULATORY AUTHORITY
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017
INCOME AND EXPENDITURE ACCOUNT

	Notes	2017 £	2016 £
INCOME			
HM Government of Gibraltar contributions	1	1,872,324	1,875,000
Other income		-	20,000
		<u>1,872,324</u>	<u>1,895,000</u>
EXPENDITURE			
Communications division		986,450	773,386
Satellite division		168,779	219,493
Information rights division		341,058	338,253
Broadcasting division		194,881	147,090
Postal services division		100,852	88,039
		<u>(1,792,020)</u>	<u>(1,566,261)</u>
SURPLUS FOR THE FINANCIAL YEAR		80,304	328,739
GENERAL FUND BROUGHT FORWARD		328,739	-
GENERAL FUND CARRIED FORWARD		<u>£ 409,043</u>	<u>£ 328,739</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 9 form part of these financial statements.

GIBRALTAR REGULATORY AUTHORITY

BALANCE SHEET

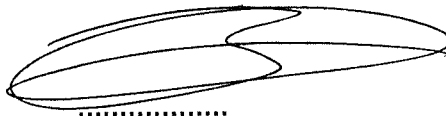
AS AT 31 MARCH 2017

	Notes	2017	2016
		£	£
CURRENT ASSETS			
Debtors	4	50,077	48,304
Cash at bank and in hand		430,324	285,728
		<hr/>	<hr/>
		480,401	334,032
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	5	(71,358)	(5,293)
		<hr/>	<hr/>
NET CURRENT ASSETS		409,043	328,739
NET ASSETS		<u>£ 409,043</u>	<u>£ 328,739</u>
FINANCED BY:			
General Fund		<u>£ 409,043</u>	<u>£ 328,739</u>

The financial statements were approved by the Gibraltar Regulatory Authority on **08 NOV 2017** and signed on its behalf by:



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



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

The notes on pages 8 to 9 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 Financial Reporting Standard (FRS) 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 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

	2017	2016
	£	£
Staff costs are analysed as follows:		
Wages and salaries	1,025,729	971,566
Social security and pension costs	151,462	145,986
	<u>1,177,191</u>	<u>1,117,552</u>
	£ 1,177,191	£ 1,117,552

The average number of employees during the year ended 31 March 2017 was 23 (2016: 22).

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. DEBTORS

	2017	2016
	£	£
Other debtors	-	10,000
Prepayments and accrued income	50,077	38,304
	£ 50,077	£ 48,304
	£ 50,077	£ 48,304

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade creditors	2,468	52
Accruals and deferred income	28,890	5,241
Provision for legal fees	40,000	-
	£ 71,358	£ 5,293
	£ 71,358	£ 5,293

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

6. LEASE COMMITMENTS

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

	2017	2016
	£	£
Operating leases which expire: After five years	£ 143,851	£ 159,482
	£ 143,851	£ 159,482

7. RELATED PARTY TRANSACTIONS

Fees paid to Authority members were as follows:

	2017	2016
	£	£
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
	£ 25,000	£ 25,000