

Gibraltar Investor Compensation Scheme

REPORT AND FINANCIAL STATEMENTS

31 December 2021

Gibraltar Investor Compensation Scheme

DIRECTORS, OFFICERS AND OTHER INFORMATION

BOARD MEMBERS

Kerry Blight
Lindsey Brown
Mark Dellipiani
Kenneth Navas
Raymond Joubaud
Amanda Eccleston
Desiree McHard
Abigail Carroll
Heidi Bocarisa

ALTERNATES

Moe Cohen
James Lasry
Johnathan Almeida
Benjamin Moss
Christian Summerfield
Justin Phillips

SECRETARY

Susan Harland (interim appointment as from 28 June 2022)
Zahier Sheikh (resigned 27 June 2022)

AUDITORS

EY Limited
Chartered Accountants
Regal House
Queensway
Gibraltar

BANKERS

NatWest International
57/63 Line Wall Road
Gibraltar

Gibraltar Investor Compensation Scheme

CHAIRMAN'S REPORT

I have the pleasure of presenting the Annual Report of the Gibraltar Investor Compensation Scheme ("GICS" or "the Scheme") for the year ended 31 December 2021.

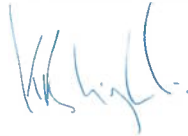
This report has been compiled in accordance with Part 16 of the Financial Services Act, 2019 (the Act).

The GICS is pleased to report that there have been no cases in 2021 that have caused the Scheme to be triggered or that have required action on the part of the GICS Board ("the Board").

In September 2021, the Board opted to retain the Scheme's insurance cover on an annual basis, which will become payable when a participant is declared in default, as prescribed by the Act. The level of cover stands at €5 million.

The Board will continue to engage with HM Government of Gibraltar, the local industry and other relevant stakeholders in order to ensure the operation of the Scheme remains efficient.

Details of the current Board are provided in the Financial Statements.



Kerry Blight
Chairman
Gibraltar Investor Compensation Scheme

Date: 24/11/2022.....

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GIBRALTAR INVESTOR COMPENSATION BOARD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Gibraltar Investor Compensation Scheme (the Scheme), which comprise the balance sheet as at 31 December 2021, 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 Scheme's affairs as at 31 December 2021 and of the Scheme's surplus for the year then ended;
- have been properly prepared in accordance with Gibraltar Financial Reporting Standards; and
- have been properly prepared in accordance with the Financial Services Act 2019.

This report, including the opinion, has been prepared for and only for the Board as a body in accordance with the requirements of the Financial Services Act 2019 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.

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 Scheme in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our ethical responsibilities in accordance with the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board is responsible for the other information. The other information comprises the Chairman's report but does not include 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 this 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, 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 this regard.

Responsibilities of the Board for the Financial Statements

The Board is responsible for the preparation and true and fair presentation of the financial statements in accordance with the Financial Services Act 2019 and Gibraltar Financial Reporting Standards, and for such internal control as the Board determines 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 Board is responsible for assessing the Scheme'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 Board either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GIBRALTAR INVESTOR COMPENSATION BOARD (continued)

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 judgment and maintain professional skepticism 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 Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's 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 Scheme'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 Scheme 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 Board 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE GIBRALTAR INVESTOR COMPENSATION BOARD (continued)**

Report on Other Legal and Regulatory Requirements

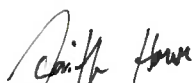
In addition to reporting on the financial statements, the Financial Services Act 2019 also requires us to report to you our opinion as to whether:

- (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 Board;
- (c) the Scheme's balance sheet and accounts dealt with by this report are in agreement with the relevant accounting records; and
- (d) the Board has exercised with diligence its obligations in relation to the collection of the Scheme's revenue.

Opinion

In our opinion:

- (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 Board;
- (c) the Scheme's balance sheet and accounts dealt with by this report are in agreement with the relevant accounting records; and
- (d) the Board has exercised with diligence its obligations in relation to the collection of the Scheme's revenue.



Faith Howe
Statutory auditor for and on behalf of

EY LIMITED
Registered auditors

Chartered Accountants
Regal House
Queensway
Gibraltar

Date 25 November 2022

Gibraltar Investor Compensation Scheme
INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2021

	Notes	2021 £	2020 £
INCOME			
Levies receivable from scheme participants		283,548	264,977
Bank interest		-	1
		<u>283,548</u>	<u>264,978</u>
EXPENDITURE			
Audit fee		1,585	1,070
Staff costs		40,933	48,487
Bank charges		100	75
Internet fees		276	292
Insurance		231,625	227,568
Bad debt expense		3,193	4,062
		<u>277,712</u>	<u>281,554</u>
SURPLUS/(DEFICIT) FOR THE YEAR (TAKEN TO ADMINISTRATION FUND)		<u>5,836</u>	<u>(16,576)</u>

The notes on pages 9 to 10 form part of these financial statements.

Gibraltar Investor Compensation Scheme

BALANCE SHEET

As at 31 December 2021

	Notes	2021 £	2020 £
CURRENT ASSETS			
Debtors	2	225,405	167,672
Cash at bank		<u>60,626</u>	<u>36,512</u>
		286,031	204,184
CREDITORS: Amounts due within one year	3	<u>(250,808)</u>	<u>(174,797)</u>
NET ASSETS		<u>35,223</u>	<u>29,387</u>
ADMINISTRATION FUND		<u>35,223</u>	<u>29,387</u>

The financial statements were approved by the Board on ^{24/11/2022} 24/11/2022 and signed on their behalf by:



Kerry Blight
Chairman
Gibraltar Investor Compensation Scheme

The notes on pages 9 to 10 form part of these financial statements.

Gibraltar Investor Compensation Scheme
STATEMENT OF CHANGES IN THE ADMINISTRATION FUND
For the year ended 31 December 2021

	<i>Administration Fund £</i>
At 1 January 2020	45,963
Deficit for the year	(16,576)
At 31 December 2020	<u>29,387</u>
Surplus for the year	5,836
At 31 December 2021	<u><u>35,223</u></u>

The notes on pages 9 to 10 form part of these financial statements.

Gibraltar Investor Compensation Scheme

PRINCIPAL ACCOUNTING POLICIES

GENERAL INFORMATION

The Investor Compensation Scheme Act 2002 established the Gibraltar Investor Compensation Scheme and continues to exist under the Financial Services Act 2019.

STATEMENT OF COMPLIANCE

The Scheme's financial statements have been prepared in compliance with the Act and Gibraltar Financial Reporting Standards or Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', as adopted in Gibraltar ("GFRS 102") as it applies to the financial statements of the Scheme for the year ended 31 December 2021.

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with Gibraltar Financial Reporting Standards, as specified in the accounting policies below. The financial statements are prepared in Pound Sterling (£) which is the functional currency of the Scheme, and rounded to the nearest Pound Sterling.

As permitted by GFRS 102 the Scheme has taken advantage of the small company disclosure exemptions available and has accordingly not presented a statement of cash flows and related notes.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Scheme's financial statements.

INCOME

Levies receivable from scheme participants are determined by the Board and fund general administration expenses and the insurance premium. The levies are accounted for on an accruals basis.

Bank interest receivable is accounted for on an accruals basis.

DEBTORS

Debtors are stated in the balance sheet at the invoiced amount less provisions for bad and doubtful debtors.

CASH

Cash at bank represents funds held in current accounts. These amounts are measured at amortised cost.

ACCRUALS

Revenues and costs are accrued as they are earned or incurred and recorded in the period to which they relate. Accrued expenses are calculated based on information available at the time of signing the financial statements.

GOING CONCERN

The financial statements have been prepared on a going concern basis as the Board has assessed that the GICS has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements.

Gibraltar Investor Compensation Scheme

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. TAXATION

The income of the Scheme is not subject to tax in Gibraltar.

2. DEBTORS

	2021	2020
	£	£
Amounts due from scheme participants	5,789	4,785
Prepaid insurance	150,783	162,887
Accrued income	68,833	-
	<u>225,405</u>	<u>167,672</u>

3. CREDITORS: amounts due within one year

	2021	2020
	£	£
Deferred income	-	44,442
Audit fee	2,585	1,035
Other creditors	<u>248,223</u>	<u>129,320</u>
	<u>250,808</u>	<u>174,797</u>

During the financial year, the Gibraltar Financial Services Commission (“GFSC”) settled liabilities on behalf of the Scheme amounting to £260,730 (2020: £276,892) and received reimbursements from the Scheme amounting to £141,827 (2020: £147,572).

At the year end an outstanding balance of £248,223 (2020: £129,320) is included within other creditors, the balance is non-interest bearing and repayable on demand. The outstanding balance owed to the GFSC was settled in full on 7 March 2022.