Credit Finance Company Limited

Annual report
for the year ended 31 December 2015

Registered number: 107372

Credit Finance Company Limited

Annual report for the year ended 31 December 2015

	Pages
Director's report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9 - 18

Director's report for the year ended 31 December 2015

The director presents the annual report and the audited financial statements of Credit Finance Company Limited (the "company") for the year ended 31 December 2015.

Principal activities

Credit Finance Company Limited is registered in Gibraltar as a private company limited by shares. It was set up to provide finance on projects considered to be of benefit to the economy and the community. This includes the issue of commercial loans and the funding of pension commutations under the Pensions Act and lump sum retirement payments under the Early Exit Scheme.

Review of business and future developments

The director is satisfied in the performance of the company and does not anticipate any change in the company's business (as described above) taking place in the foreseeable future.

Results and dividends

The company's profit for the financial year is shown on page 5 and shows that the company made a profit during the current year of £1,242,921 (2014: £2,177,060).

The director do not recommend the payment of a dividend during the current year or preceding period. The profit during the year of £1,242,921 (2014: £2,177,060) was transferred to reserves.

Director

The director who held office during the year and up to the date of signing these financial statements is given below:

GDC (Directors) Limited

Statement of director's responsibilities

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with the applicable law and Gibraltar Accounting Standards (Gibraltar Generally Accepted Accounting Practice), including Gibraltar Financial Reporting Standard 102 ('GFRS 102'), The Financial Reporting Standard applicable in Gibraltar.

Under Company law, the director must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

Director's report for the year ended 31 December 2015 - continued

Statement of director's responsibilities - continued

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable Gibraltar Accounting Standards, including GFRS 102 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 company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable it to ensure that the financial statements comply with the Companies Act 2014. It is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

At the date the director's report is approved, the director confirms:

- as far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that it ought to have as director in order to make itself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers Limited, have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

Secretary and registered office

The current company secretary is GOC (Secretaries) Limited and the registered office address is 206-210 Main Street, Gibraltar.

By order of the board,

GOC (Secretaries) Limited C. SANTOS
Company Secretary

Gibraltar,

Date 06 NOV 2018

Independent auditors' report to the members of Credit Finance Company Limited

Report on the financial statements

We have audited the financial statements of Credit Finance Company Limited (the "company") for the year ended 31 December 2015 which comprise the profit and loss account, the balance sheet, the statement of cash flows, the statement of changes in equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 257 of the Companies Act 2014 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.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and true and fair presentation of these financial statements in accordance with applicable law in Gibraltar and Gibraltar Financial Reporting 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.

Auditors' 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 auditors' judgement, 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 true 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 management, 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.

PricewaterhouseCoopers Limited, 327 Main Street, Gibraltar
T: +350 200 73520, www.pwc.gi

Registered in Gibraltar: Number 94799

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Independent auditors' report to the members of Credit Finance Company Limited - continued

Opinion

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of the company's profit and cash flows 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 Companies Act 2014.

Opinion on other matter prescribed by the Companies Act 2014

In our opinion the Directors' Report has been properly prepared in accordance with the Companies Act 2014 and the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2014 requires us to report to you if, in our opinion:

- we have identified material misstatements in the Directors' Report.
- we have not received all the information and explanations we require for our audit.

Colin Vaughan
Statutory auditor
For and on behalf of
PricewaterhouseCoopers Limited
Gibraltar
6 November 2018

Profit and loss account for the year ended 31 December 2015

	Note	**2015** £	2014 £
Interest income	5	**27,069,575**	27,971,491
Finance costs	6	**(22,599,066)**	(22,453,223)
Net finance income		**4,470,509**	5,518,268
Rental income		**-**	157,323
Net foreign exchange loss		**(527,668)**	(675,138)
Administrative expenses		**(50,754)**	(92,440)
Profit on ordinary activities before taxation	7	**3,892,087**	4,908,013
Tax on ordinary activities	10	**(2,649,166)**	(2,730,953)
Profit for the financial year		**1,242,921**	2,177,060

The company has no recognised gains and losses other than the profit for the financial year above and therefore no separate statement of other comprehensive income has been presented.

All items included above relate to continuing operations.

Balance sheet as at 31 December 2015

	Note	**2015** £	2014 £
Fixed assets			
Investment in subsidiary	11	-	100,000
Investments: financial asset at amortised cost	12	**48,021,556**	28,749,881
		48,021,556	28,849,881
Current assets			
Investments: financial asset at amortised cost	12	**7,792,866**	4,296,731
Debtors: amounts receivable after more than one year	13	**46,439,099**	49,222,600
Debtors: amounts receivable within one year	13	**333,677,292**	353,840,709
		387,909,257	407,360,040
Creditors: amounts falling due within one year	14	**(126,172,484)**	(104,617,913)
Net current assets		**261,736,773**	302,742,127
Total asset less current liabilities		**309,758,329**	331,592,008
Creditors: amounts falling due after more than one year	15	**(275,179,000)**	(298,255,600)
Net assets		**34,579,329**	33,336,408
Capital and reserves			
Share capital	16	**30,000,000**	30,000,000
Retained earnings		**4,579,329**	3,336,408
Total equity		**34,579,329**	33,336,408

The financial statements on pages 5 to 18 were approved and signed by the director on 06 NOV 2018

For and on behalf of
GDC (Directors) Limited A. MENA
Director

Statement of changes in equity for the year ended 31 December 2015

	Called up share capital £	Retained earnings £	Total £
At 1 January 2014	10,000,000	1,159,348	**11,159,348**
Proceeds from the issue of ordinary shares	20,000,000	-	**20,000,000**
Profit for the financial year	-	2,177,060	**2,177,060**
At 31 December 2014	30,000,000	3,336,408	**33,336,408**
Profit for the financial year	-	1,242,921	**1,242,921**
At 31 December 2015	**30,000,000**	**4,579,329**	**34,579,329**

The notes on pages 9 to 18 form an integral part of these financial statements.

Statement of cash flows for the year ended 31 December 2015

	Note	2015 £	2014 £
Cash flow used in operating activities	17	**(18,518,043)**	(32,026,047)
Interest received from loans	13	**2,756,598**	2,724,359
Tax paid		**(4,184,656)**	(1,572,612)
Net cash used in operating activities		**(19,946,101)**	(30,874,300)
Cash flow from investing activities			
Disposal of investment property		-	4,680,484
Proceeds on maturity of fixed rate notes	13	**41,000,000**	10,000,000
Interest received from fixed rate notes	13	**21,317,117**	23,460,633
Acquisition of investments	12	**(23,736,637)**	(13,765,726)
Cash inflow from investments	12	**3,964,687**	2,212,505
Net cash generated from investing activities		**42,545,167**	26,587,896
Cash flow from financing activities			
Proceeds from the issue of share capital		-	20,000,000
Proceeds from the issue of preference shares		-	9,524,100
Interest paid on issued preference shares	15	**(22,599,066)**	(22,401,024)
Redemption of fixed rate notes		-	(2,784,473)
Interest paid on issued fixed rate notes		-	(52,199)
Net cash (used in)/generated from financing activities		**(22,599,066)**	4,286,404
Net movement of cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		-	-

The notes on pages 9 to 18 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2015

1 General information

The company is registered in Gibraltar as a private company limited by shares and it is wholly owned by Gibraltar Development Corporation, a statutory body established under the Gibraltar Development Corporation Act, by virtue of its 100% ownership of the company's ordinary share capital.

Credit Finance Company Limited is a money-lending institution. It was set up to provide finance on projects considered to be of benefit to the economy and the community. This includes the issue of commercial loans and the funding of pension commutations under the Pensions Act and lump sum retirement under the Early Exit Scheme.

2 Statement of compliance

The financial statements of the company have been prepared in compliance with Gibraltar Accounting Standards, including Gibraltar Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in Gibraltar' ('GFRS 102') and the Companies Act 2014.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the company accounting policies. The areas which require a higher degree of judgement or complexity or where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of finance in the ordinary course of the company's activities. The company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity and when specific criteria have been met as described below.

(i) Income from investments

Income from investments are recognised on an accrual basis. The amount represents the annual interest of 6.5% on the gratuities paid to the civil servants who have elected to commute a percentage of their pension that is payable under the Pensions Act and on the lump sum retirement paid to the employees under the Early Exit Scheme.

(ii) Interest income

Interest income for all interest bearing financial instruments is recognised on an accrual basis using the effective interest method.

(iii) Rental income

Rental income represents income on the lease of the company's property and is accounted for on an accrual basis.

Notes to the financial statements for the year ended 31 December 2015 - continued

3 Summary of significant accounting policies - continued

Current tax

Where necessary, provision is made at the applicable rate for corporation tax payable on the profits for the period, as adjusted for tax purposes.

Investment in subsidiary

Investment in a subsidiary is held at cost less accumulated impairment losses.

Financial instruments

The company has chosen to adopt Sections 11 and 12 of GFRS 102 in respect of financial instruments. All of the company's financial instruments are measured at amortised cost.

(i) Financial assets

Basic financial assets are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at the effective rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment or bad debt. If an asset is impaired or provided for, the impairment loss or bad debt write-off is recognised in profit and loss account.

Financial assets are derecognised when (a) contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risk and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated or third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measure at the present value of the future receipts discounted at a market rate of interest.

Financial liabilities, including other creditors and accruals are classified as creditor amounts due within one year if payment is due within one year or less. If not, they are presented as creditor amounts due after more than one year. Other creditors and accruals are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Preference shares, which result in fixed returns to the holder or are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the profit and loss account as an interest expense.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the debtor and settle the creditor simultaneously.

Notes to the financial statements for the year ended 31 December 2015 - continued

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the entity's accounting policies

Investment: financial asset at amortised cost

The company entered into an agreement with the Government of Gibraltar and individual pensioners to finance the gratuities that are payable to civil servants who have elected to commute a percentage of their pension that is payable under the Pensions Act. At the point of retirement, each pensioner seeking a gratuity in respect of part or the whole of their pension enters into an agreement with the Government of Gibraltar and the company to assign part or the whole of their pension as applicable to the company. The pensioner receives their commutation from the company; the Government of Gibraltar then pays the equivalent of the corresponding pension directly to the company. The company charges interest at 6.5% on the outstanding balance until this is repaid in full.

The company entered into additional agreements with the Government of Gibraltar and each eligible retiring employee. The Government has agreed a number of Early Exit schemes with eligible retiring employees payable over 10 years (the "Early Exit Scheme payments"). The agreements allow the employee to assign the Early Exit Scheme payments receivable to the company in exchange for an up-front lump sum payable by the company. The Government of Gibraltar then pays the assigned Early Exit Scheme payments to the company over the period of 10 years. The company charges interest at 6.5% on the outstanding balance until this is repaid in full.

The director analysed the economic substance of the arrangement, noting that the company's initial cash outflow secures future cash inflows for future periods. As a result, the director opted to classify the financial asset as an investment measured at amortised cost.

Redeemable preference shares

The company issued redeemable preference shares that the director has classified as a financial liability. The director considers that there is a legally binding agreement that results in an obligation for the company to deliver cash or another financial asset. The redemptions of each share issue are set at the date of issue, resulting in a fixed future redemption date. The redemption date can be extended by the holder of the shares. At the date of each issue, the interest is set at a fixed rate which is payable on an annual basis.

As a result of the terms of each issue of redeemable preference share, the director has classified the redeemable preference shares as a financial liability and presented the interest payable on those shares as an interest expense in the profit and loss account.

(b) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows.

Recoverability of financial investments measured at amortised cost and debtors

The company's debtors and financial investment measured at amortised cost are subject to the requirement for the director to conduct an impairment review at the end of each reporting period. In conducting the review, the director first assess whether there is objective evidence that a financial asset has suffered an impairment by reviewing factors including but not limited to, observable data about the counterparty and the economy in which it operates. Where there is objective evidence that a financial asset has suffered an impairment loss, the director compares the asset's carrying value against the present value of estimated cash flows, realising an impairment charge if necessary.

Notes to the financial statements for the year ended 31 December 2015 - continued

4 Critical accounting judgements and estimation uncertainty - continued

(b) Critical accounting estimates and assumptions - continued

Recoverability of financial investments measured at amortised cost and debtors - continued

In performing this assessment, the director considers the financial ability of the counterparty to make the contractual payments, as well as its financial position taking into account the Gibraltar economy and any other aspects that could result in difficulty in the counterparty meeting its obligations to the company.

As a result of the above, the director do not believe that there are any impairment indicators that would require an adjustment to the carrying value of the assets.

5 Interest income

	Note	**2015 £**	2014 £
Interest income from investments	12	**2,995,860**	1,786,499
Interest income from loans	13	**2,756,598**	2,724,359
Income from fixed rate notes	13	**21,317,117**	23,460,633
		27,069,575	27,971,491

6 Finance costs

	Note	**2015 £**	2014 £
Interest paid on issued fixed rate notes		-	52,199
Interest paid on issued preference shares	15	**22,599,066**	22,401,024
		22,599,066	22,453,223

7 Profit on ordinary activities

	2015 £	2014 £
Profit on ordinary activities is stated after charging:		
Audit fees	**7,000**	9,000

8 Director's emoluments

There were no director's emoluments paid during the current or preceding year.

Notes to the financial statements for the year ended 31 December 2015 - continued

9 Employee information

The company has no employees during the current or preceding year.

10 Tax on ordinary activities

Analysis of tax charge in the year

Current taxation	2015 £	2014 £
Current tax charge for the year	**2,649,116**	2,730,903
Tax penalty	**50**	50
	2,649,166	2,730,953

Factors affecting tax charge for the year

		2015 £	2014 £
Profit on ordinary activities before taxation		**3,892,087**	4,908,013
Notional tax at 10%		**389,209**	490,801
Non-deductible expenses	(i)	**2,259,907**	2,240,102
Tax charge for the year		**2,649,116**	2,730,903

(i) In accordance with guidance issued by the Commissioner of Income Tax to the Gibraltar Society of Accountants in August 2013, interest paid on redeemable preference shares should be treated as a dividend payment for tax purposes, irrespective of the accounting treatment. Accordingly this interest paid has not been allowed as a tax expense in computing the assessable income of the company

11 Investment in subsidiary

	Place of incorporation	Number of shares held	Percentage held	2015 £	2014 £
Gibraltar Home Loans Company Limited	Gibraltar	Nil (2014: 100,000) shares at £1 each	Nil (2014: 100%)	-	100,000

During the year, the company sold the 100,000 shares it held in its subsidiary to Gibraltar Investment (Holdings) Limited for £100,000. The consideration is outstanding as at year-end and is included in other debtors in the balance sheet.

Notes to the financial statements for the year ended 31 December 2015 - continued

12 Investments: financial assets at amortised cost

	2015 £	2014 £
Fixed asset investments:		
Investments in financial asset at amortised cost	**48,021,556**	28,749,881
Current asset investments:		
Investments in financial asset at amortised cost	**7,792,866**	4,296,731
Total investments in financial asset at amortised cost	**55,814,422**	33,046,612

Movement in investments in financial asset at amortised cost	2015 £	2014 £
At 1 January	**33,046,612**	19,706,892
Acquisition of investments	**23,736,637**	13,765,726
Interest accrued	**2,995,860**	1,786,499
Cash inflow from investments	**(3,964,687)**	(2,212,505)
At 31 December	**55,814,422**	33,046,612

The company entered into an agreement with the Government of Gibraltar and individual pensioners to finance the gratuities that are payable to civil servants who have elected to commute a part or the whole of their pension that is payable under the Pensions Act. The pensioner receives their commutation from the company; the Government of Gibraltar then pays the equivalent of the corresponding pension directly to the company. The company charges interest at 6.5% on the outstanding balance until this is repaid in full.

The company entered into additional agreements with the Government of Gibraltar and each eligible retiring employee. The Government has agreed a number of Early Exit schemes with eligible retiring employees payable over 10 years (the "Early Exit Scheme payments"). The agreements allow the employee to assign the Early Exit Scheme payments receivable to the company in exchange for an up-front lump sum payable by the company. The Government of Gibraltar then pays the assigned Early Exit Scheme payments to the company over the period of 10 years. The company charges interest at 6.5% on the outstanding balance until this is repaid in full.

The director analysed the economic substance of the arrangement, noting that the company's initial cash outflow secures future cash inflows for future periods. As a result, the director opted to classify the financial asset as an investment measured at amortised cost.

Notes to the financial statements for the year ended 31 December 2015 - continued

13 Debtors

Amounts receivable after more than one year		2015 £	2014 £
Loans receivable	(i)	**46,439,099**	49,222,600

Amounts receivable within one year		2015 £	2014 £
Loans receivable	(i)	**23,291,118**	1,683,720
Amounts due from a related party	(ii)	**400,610**	1,299,125
Fixed rate notes	(iii)	**309,843,900**	350,843,900
Other debtors		**141,664**	13,964
		333,677,292	353,840,709

(i) These amounts represent commercial loans receivable that were issued for projects that are considered to be of benefit to the economy and the community. The loans have average repayment terms of 5 years and accrued interest of £2,756,598 (2014: £2,724,359) during the year.

(ii) The amounts due from a related party represents cash held by HM Government of Gibraltar on behalf of the company. This amount is unsecured, interest free and have no fixed terms of repayment.

(iii) The company invested in fixed rate notes issued by a related party that accrue interest at the rate of 6.5% and 8% respectively and are repayable on demand. During the year, the company received proceeds from the repayment of fixed rate notes amounting to £41,000,000 (2014: £10,000,000). The interest income earned and received during the year was £21,317,117 (2014: £23,460,633).

14 Creditors: amounts falling due within one year

	2015 £	2014 £
Accruals and other creditors	**35,364**	21,903
Corporation tax liability	**1,316,120**	2,851,610
Redeemable preference shares (see note 15)	**124,821,000**	101,744,400
	126,172,484	104,617,913

Notes to the financial statements for the year ended 31 December 2015 - continued

15 Creditors: amounts falling due after more than one year

	2015 £	2014 £
Redeemable preference shares	**275,179,000**	298,255,600

Redeemable preference shares represents 400,000,000 fully paid shares of £1 each. The shares are redeemable at a specific date specified at the time of issuance, which can be extended by the shareholder. Redeemable preference shares entitle the holder to dividends at a specified rate which is generally between 3 to 8 percent per annum. The total interest incurred and paid during the year was £22,599,066 (2014: £22,401,024). As the shares are mandatorily redeemable on a specified date, they are recognised as liabilities.

16 Called up share capital

	2015 £	2014 £
Authorised		
30,000,000 ordinary shares of £1 each	**30,000,000**	30,000,000
1,000,000,000 redeemable preference shares of £1 each	**1,000,000,000**	1,000,000,000
	1,030,000,000	1,030,000,000
Allotted and fully paid		
Equity		
30,000,000 ordinary shares of £1 each	**30,000,000**	30,000,000
Liability		
400,000,000 redeemable preference shares of £1 each (see note 15)	**400,000,000**	400,000,000

Notes to the financial statements for the year ended 31 December 2015 - continued

17 Notes to the cash flow statement

	2015 £	2014 £
Profit for the financial year	**1,242,921**	2,177,060
Adjustments for:		
Tax on profit on ordinary activities	**2,649,166**	2,730,953
Finance costs	**22,599,066**	22,453,223
Interest income	**(27,069,575)**	(27,971,491)
	(578,422)	(610,255)
Working capital movements:		
Increase in debtors less non-cash transaction	**(17,953,082)**	(1,417,738)
Increase/(decrease) in creditors	**13,461**	(29,998,054)
Cash flow used in operating activities	**(18,518,043)**	(32,026,047)

18 Related party transactions

The director considers that the transactions during the year with related parties were as follows:

	2015 £	2014 £
Gibraltar statutory bodies		
Rental income	-	157,323
Finance cost	**(22,599,066)**	(22,453,223)
Interest income from loans	**20,342**	-
Government and entities under common control		
Interest income from investments	**2,995,860**	1,786,499
Income from fixed rate notes	**21,317,117**	23,460,633
Corporation tax expense	**(2,649,166)**	(2,730,953)

Notes to the financial statements for the year ended 31 December 2015 - continued

18 Related party transactions - continued

The director considers that the balances with related parties as at 31 December were as follows:

	2015 £	2014 £
Gibraltar statutory bodies		
Loans receivable	**470,342**	450,000
Redeemable preference shares	**(400,000,000)**	(400,000,000)
Government and entities under common control		
Investments in financial asset at amortised cost	**55,814,422**	33,046,612
Loans receivable	**21,668,559**	-
Other debtors	**141,664**	13,964
Fixed rate notes	**309,843,900**	350,843,900
Amounts due from a related party	**400,610**	1,299,125
Accruals and other creditors	**(27,864)**	(12,903)
Corporation tax liability	**(1,316,120)**	(2,851,610)

19 Immediate parent undertaking and ultimate controlling party

The immediate parent undertaking as at 31 December 2015 was the Gibraltar Development Corporation, a statutory body established by the Gibraltar Development Corporation Act.