

# GOVERNMENT RECOVERY



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Credit Finance Company Limited  
Document 461 (15)  
ANNUAL FILING OF ACCOUNTS  
YEAR ENDING 31/12/2023

**Credit Finance Company Limited**

**Annual report  
for the year ended 31 December 2023**

**Registered number: 107372**



# Credit Finance Company Limited

## Annual report for the year ended 31 December 2023

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**Director's report for the year ended 31 December 2023**

The director presents the annual report and the audited financial statements of Credit Finance Company Limited (the "company") for the year ended 31 December 2023.

**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**

On 15 February 2023, the company declared and paid a dividend of £500,000. Based on the ultimate controlling party's forfeiture of their share of the dividend, which was confirmed by special resolution on the same date, the total amount of this dividend was paid in full to the Gibraltar Savings Bank ("GSB").

On 30 June 2023, the company entered into an agreement with His Majesty's Government of Gibraltar ("HMGoG") in respect of the Pension Commutation Agreements (the 'agreement'). The agreement has an effective date of 1st April 2012. After notifying and obtaining approval from its ultimate controlling party and in accordance with the terms of the agreement with HMGoG, the company agreed to waive certain debtors. The £6,037,453 waived as at the date of signing relates to debtors that remained unpaid by HMGoG, in respect of specific pensioners who had passed away since the effective date of the agreement up to and including 30 June 2023. In substance, as HMGoG is the ultimate beneficial owner of the company, the waiver is therefore considered and has been accounted for as a distribution of the company's reserves.

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

**Results and dividends**

The profit during the year of £5,162,628 (2022: £4,844,029) was transferred to retained earnings.

During the current year, the director paid dividends amounting to £500,000 (2022: £5,000,000) and distributed non-cash dividends amounting to £6,037,453 (2022: £nil).

**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 annual report and the financial statements in accordance with applicable law and regulations.

Gibraltar 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 Gibraltar Accounting Standards and applicable law, including Financial Reporting Standard 102 ('FRS 102'), 'The Financial Reporting Standard issued by the United Kingdom Financial Reporting Council', as applied pursuant to the requirements of the Gibraltar Companies Act 2014.

**Director's report for the year ended 31 December 2023 - continued**

**Statement of director's responsibilities - continued**

Under Gibraltar company law, the director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its profit or loss for that year. 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 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 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 a 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**  
Company Secretary

Gibraltar

Date..... **19 DEC 2024** .....



**Independent auditor's report  
To the members of Credit Finance Company Limited**

**Report on the audit of the financial statements**

***Our opinion***

In our opinion, the accompanying financial statements of Credit Finance Company Limited (the "company"):

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 102 ('FRS 102'), 'The Financial Reporting Standard issued by the United Kingdom Financial Reporting Council', as applied pursuant to the requirements of the Gibraltar Companies Act 2014; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

***What we have audited***

We have audited the financial statements of the company, which comprise:

- the balance sheet as at 31 December 2023;
- the profit and loss account for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

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

***Independence***

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

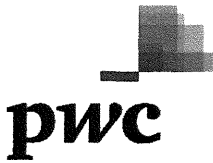
***Other information***

The director is responsible for the other information. The other information comprises the Director's Report for the year ended 31 December 2023 (but does not include the financial statements and our auditor's report thereon).

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

PricewaterhouseCoopers Limited is registered in Gibraltar with registration number 94799 and the principal place of business is at the above address.



**Independent auditor's report  
To the members of Credit Finance Company Limited - continued**

**Report on the audit of the financial statements - continued**

***Other information - continued***

Our opinion on the financial statements does not cover the other information and 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 identified above 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.

With respect to the Director's Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2014 requires us also to report on certain opinions and matters as described below:

***Director's Report***

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Director's Report for the year ended 31 December 2023 is consistent with the financial statements; and
- the Director's Report has been prepared in accordance with the requirements of the Companies Act 2014.

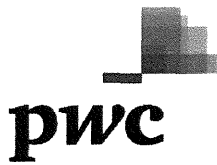
In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Director's Report.

***Responsibilities of the director for the financial statements***

The director is responsible for the preparation of financial statements that give a true and fair view in accordance with applicable law in Gibraltar and Financial Reporting Standard 102 ('FRS 102'), 'The Financial Reporting Standard issued by the United Kingdom Financial Reporting Council', as applied pursuant to the requirements of the Gibraltar Companies Act 2014, and for such internal control as the director 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 director is responsible for assessing the company'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 director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.



**Independent auditor's report  
To the members of Credit Finance Company Limited - continued**

**Report on the audit of the financial statements - 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 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 company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director;
- conclude on the appropriateness of the director'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 company'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 company to cease to continue as a going concern; and
- 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 director 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 Credit Finance Company Limited - continued**

**Report on the audit of the financial statements - continued**

***Use of this report***

This report, including the opinion on the financial statements and the opinions on other matters prescribed by the Companies Act 2014, 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.

**Report on other legal and regulatory requirements**

***Opinion on other matters prescribed by the Companies Act 2014***

In our opinion, based on the work undertaken in the course of the audit:

- we have received all the information and explanations we require for our audit.

A handwritten signature in black ink, appearing to read 'Kevin Duarte', is written over a faint, circular stamp or watermark.

Kevin Duarte  
Statutory auditor  
For and on behalf of  
PricewaterhouseCoopers Limited  
Gibraltar  
19 December 2024



## Profit and loss account for the year ended 31 December 2023

	Note	2023 £	2022 £
<b>Interest income</b>	5	<b>29,085,435</b>	28,422,906
Finance costs	6	(23,055,002)	(22,935,742)
<b>Net finance income</b>		<b>6,030,433</b>	5,487,164
Administrative expenses		(54,507)	(42,482)
Net foreign exchange (loss)/gain	13	(75,780)	92,265
<b>Profit on ordinary activities before taxation</b>	7	<b>5,900,146</b>	5,536,947
Tax on ordinary activities	10	(737,518)	(692,918)
<b>Profit for the financial year</b>		<b>5,162,628</b>	4,844,029

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 2023

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Investment in participating interest	12	16,039,978	17,446,376
Investment in fixed income security	13	-	3,546,616
Investments: financial asset at amortised cost	14	147,376,701	144,544,482
		<b>163,416,679</b>	<b>165,537,474</b>
<b>Current assets</b>			
Investment in fixed income security	13	3,470,836	-
Investments: financial asset at amortised cost	14	7,925,181	6,007,125
Investments in fixed rate notes	15	274,843,900	276,843,900
Debtors	16	9,328,232	11,952,151
		<b>295,568,149</b>	<b>294,803,176</b>
<b>Creditors: amounts falling due within one year</b>	17	<b>(391,906,659)</b>	<b>(1,887,656)</b>
<b>Net current (liabilities)/assets</b>		<b>(96,338,510)</b>	<b>292,915,520</b>
<b>Total assets less current liabilities</b>		<b>67,078,169</b>	<b>458,452,994</b>
<b>Creditors: amounts falling due after more than one year</b>	18	<b>(28,000,000)</b>	<b>(418,000,000)</b>
<b>Net assets</b>		<b>39,078,169</b>	<b>40,452,994</b>
<b>Capital and reserves</b>			
Share capital	19	30,000,000	30,000,000
Capital redemption reserve		4,001	4,001
Retained earnings		9,074,168	10,448,993
<b>Total equity</b>		<b>39,078,169</b>	<b>40,452,994</b>

The financial statements on pages 7 to 23 were approved and signed by the director on ..... **19 DEC 2024**



For and on behalf of  
**GDC (Directors) Limited**  
 Director

The notes on pages 11 to 23 form an integral part of these financial statements.

## Statement of changes in equity for the year ended 31 December 2023

	Note	Share capital £	Capital redemption reserves £	Retained earnings £	Total £
At 1 January 2022		30,000,000	4,001	10,604,964	40,608,965
Profit for the financial year		-	-	4,844,029	4,844,029
Dividends paid	11	-	-	(5,000,000)	(5,000,000)
<b>At 31 December 2022</b>		<b>30,000,000</b>	<b>4,001</b>	<b>10,448,993</b>	<b>40,452,994</b>
Profit for the financial year		-	-	5,162,628	5,162,628
Dividends paid	11	-	-	(500,000)	(500,000)
Non-cash dividends	11	-	-	(6,037,453)	(6,037,453)
<b>At 31 December 2023</b>		<b>30,000,000</b>	<b>4,001</b>	<b>9,074,168</b>	<b>39,078,169</b>

## Statement of cash flows for the year ended 31 December 2023

	Note	2023 £	2022 £
<b>Cash flow generated from/(used in) operating activities</b>	20	<b>1,857,292</b>	<b>(1,768,425)</b>
Tax paid		-	(800)
<b>Net cash generated from/(used in) operating activities</b>		<b>1,857,292</b>	<b>(1,769,225)</b>
<b>Cash flow from investing activities</b>			
Interest received from fixed income security	13	282,394	201,108
Interest received from loan to associate	12	658,131	843,666
Payments received from loan receivables		87,576	683,254
Redemption of fixed rate notes	15	2,000,000	-
Payments received from loan to associate		1,406,398	3,119,483
Interest received from fixed rate notes	15	18,102,733	18,108,254
Interest received from other income		200,000	-
Acquisition of investments	14	(17,992,304)	(13,890,300)
Cash inflow from investments	14	16,952,782	15,670,815
<b>Net cash generated from investing activities</b>		<b>21,697,710</b>	<b>24,736,280</b>
<b>Cash flow used in financing activities</b>			
Proceeds from issuance of debentures		-	15,000,000
Payment of debentures		-	(10,000,000)
Interest paid on debentures		(23,055,002)	(22,967,055)
Dividends paid	11	(500,000)	(5,000,000)
<b>Net cash used in financing activities</b>		<b>(23,555,002)</b>	<b>(22,967,055)</b>
<b>Net movement of cash and cash equivalents</b>		<b>-</b>	<b>-</b>
Cash and cash equivalents at 1 January		-	-
<b>Cash and cash equivalents at 31 December</b>		<b>-</b>	<b>-</b>

Significant non-cash transactions are disclosed in note 20.

**Notes to the financial statements for the year ended 31 December 2023****1 General information**

The company is registered in Gibraltar as a private company limited by shares and its ordinary share capital is majority owned by Gibraltar Development Corporation (“GDC”), a statutory body established under the Gibraltar Development Corporation Act.

Credit Finance Company Limited is a licensed 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 payments under the various Early Exit Schemes.

**2 Statement of compliance**

The financial statements of the company have been prepared in compliance with Gibraltar Accounting Standards, including Financial Reporting Standard 102 (‘FRS 102’), ‘The Financial Reporting Standard issued by the United Kingdom Financial Reporting Council’, as applied pursuant to the requirements of the Gibraltar 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 and 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.

**Foreign currency balances***(i) Functional and presentation currency*

Items included in these financial statements are measured and presented using Gibraltar Pounds (£), the currency of the primary economic environment in which the company operates (the ‘functional currency’), which is also the company’s presentation currency.

*(ii) Transactions and balances*

Assets and liabilities denominated in foreign currencies are translated into Gibraltar Pounds at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Gibraltar Pounds at the rates ruling at the date of transaction. Profits and losses arising on translation of foreign currency are taken to the profit and loss account in the year in which they arise.

**Notes to the financial statements for the year ended 31 December 2023 - continued****3 Summary of significant accounting policies - continued****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.

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

**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 associate**

Investment in associate is held at cost less accumulated impairment losses.

**Impairment**

Investments are subject to an impairment review if there are events or changes in circumstances that indicate that their carrying amount may not be fully recoverable. The impairment review comprises a comparison of the carrying amount of the assets with its recoverable amount, which is the higher of net realisable value and value in use. The carrying value of assets is written down by the amount of any impairment and this loss is recognised in the profit and loss account in the period in which it occurs. If an external event gives rise to the reversal of an impairment loss, the reversal is recognised in the profit and loss account by increasing the carrying amount of the asset in the period in which it occurs. The carrying amount of the asset will only be increased up to the amount that it would have been had the original impairment not occurred.

**Amounts due from related parties**

The company's amounts due from related parties include cash in banks which are held by HM Government of Gibraltar. Since these are held by a related party, they are presented as amounts due from/to a related party. They are presented on the net basis as there is a legally enforceable right to set off the recognised amount and there is an intention to settle on a net basis or to realise the asset and liability simultaneously.

## Notes to the financial statements for the year ended 31 December 2023 - continued

**3 Summary of significant accounting policies - continued****Financial instruments**

The company has chosen to adopt Sections 11 and 12 of FRS 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 measured at the present value of the future payments 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.

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 2023 - 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****Recoverability of financial investments measured at amortised cost, fixed income securities, fixed rate notes and debtors**

The company's financial investments measured at amortised cost, fixed income securities, fixed rate notes and debtors 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 assesses 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.

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.

After considering all of the above, the director does not believe that there are any impairment indicators that would require an adjustment to the carrying value of the assets.

**Impairment of investment in participating interest**

If there is an indication that the investment in the associate may be impaired, the director will compare the asset's carrying value with its recoverable amount. In determining impairment indicators, the director considers external sources of information including, technological, market, economical or environmental factors, and internal factors, such as the financial performance and position of the associate. The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use, which is defined as the present value of future cash flows as a result of the asset's continued use. Both the fair value and the value in use calculation require the director to estimate significant inputs that are required for the calculation. In performing the estimates, the director uses relevant information to support the calculation.

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

**(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. There are no 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.



## Notes to the financial statements for the year ended 31 December 2023 - continued

**5 Interest income**

	Note	2023 £	2022 £
Income from loan to associate	12	520,359	629,283
Income from fixed income security	13	282,394	201,108
Income from investments	14	9,748,206	9,246,538
Income from fixed rate notes	15	18,102,733	18,108,254
Income from third-party loans	16	231,743	237,723
Other interest income		200,000	-
		<b>29,085,435</b>	<b>28,422,906</b>

**6 Finance costs**

	Note	2023 £	2022 £
Interest on debentures	18	23,055,002	22,935,742

**7 Profit on ordinary activities**

	2023 £	2022 £
<b>Profit on ordinary activities is stated after charging:</b>		
Audit fees	21,500	17,000
Other non-audit fees paid to the statutory auditors	2,950	3,750
Tax compliance services paid to the statutory auditors	1,100	1,500

**8 Director's emoluments**

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

**9 Employee information**

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

## Notes to the financial statements for the year ended 31 December 2023 - continued

**10 Tax on ordinary activities****(a) Analysis of tax charge in the year**

	2023	2022
	£	£
<b>Current taxation</b>		
Current tax charge for the year	737,518	692,118
Under accrual of prior year tax	-	800
	<b>737,518</b>	<b>692,918</b>

**(b) Factors affecting tax charge for the year**

	2023	2022
	£	£
<b>Profit on ordinary activities before taxation</b>	<b>5,900,146</b>	<b>5,536,947</b>
Notional tax at applicable rates (i)	737,518	692,118
<b>Tax charge for the year</b>	<b>737,518</b>	<b>692,118</b>

- (i) The company is a money-lending institution hence all interest income is integral part of the company's revenue and this revenue is considered taxable.

**11 Dividends**

	2023	2022
	£	£
<b>Ordinary shares</b>		
Dividends paid of £0.0167 (2022: £0.167) per share	500,000	5,000,000
Non-cash dividends	<b>6,037,453</b>	-

On 15 February 2023, the company declared a dividend of £500,000 to its ordinary shareholders, the Gibraltar Savings Bank ("GSB") and Gibraltar Development Corporation ("GDC"), in the following proportions:

- (i) On account of GSB's 1 ordinary share in the Company, the amount of £0.02; and
- (ii) On account of GDC's 29,999,999 ordinary shares in the Company, the amount of £499,999.98.

In accordance with Article 113 of the Company's Articles of Association, GDC has directed the company that its respective dividend be paid out to GSB.

On 30 June 2023, the company entered into an agreement with His Majesty's Government of Gibraltar ("HMGoG") in respect of the Pension Commutation Agreements (the 'agreement'). The agreement has an effective date of 1st April 2012. After notifying and obtaining approval from its ultimate controlling party and in accordance with the terms of the agreement with HMGoG, the company agreed to waive certain debtors. The £6,037,453 waived as at the date of signing relates to debtors that remained unpaid by HMGoG, in respect of specific pensioners who had passed away since the effective date of the agreement up to and including 30 June 2023. In substance, as HMGoG is the ultimate beneficial owner of the company, the waiver is therefore considered and has been accounted for as a distribution of the company's reserves.

## Notes to the financial statements for the year ended 31 December 2023 - continued

**12 Investment in participating interest**

	2023 £	2022 £
Investment in associate	6,576,840	6,576,840
Loans to associate	9,463,138	10,869,536
	<b>16,039,978</b>	<b>17,446,376</b>

The investment represents an equity interest held in the associate that was incorporated to develop an onshore small-scale liquefied natural gas receiving and regasification terminal in Gibraltar. It is expected to produce a return in excess of 6%. The net assets of Shell LNG Gibraltar Limited ("Shell LNG") were £15,238,947 at 31 December 2023 (2022: £12,423,636) and the company recorded a profit of £2,815,311 (2022: £1,844,099). The year end financial position and the financial results of Shell LNG are based on the most recent audited financial statements available.

The initial capitalisation of Shell LNG is to be in proportion of 20% by equity participation in the form of shares and 80% by shareholders loan. As at 31 December 2023, the total loan provided by the company was £9,463,138 (2022: £10,869,536) and is repayable on 31 December 2030. The loan accrues interest at an annual rate of 5%, interest is receivable quarterly in arrears. The total interest received during the year amounted to £658,131 (2022: £843,666). The total interest accrued during the year was £520,359 (2022: £629,283), and the total receivable of £6,898 (2022: £144,670) was outstanding as of 31 December 2023 (see note 16).

Company name	Place of incorporation	Number of shares held	Percentage held	2023 £	2022 £
Shell LNG Gibraltar Limited	Gibraltar	343 shares of £1 each	49%	6,576,840	6,576,840

**13 Investment in fixed income security**

	2023 £	2022 £
<b>Fixed assets:</b>		
Investment in bonds	-	3,546,616
<b>Current assets:</b>		
Investment in bonds	<b>3,470,836</b>	-

The amount represents the €4,000,000 (2022: €4,000,000) listed bond that was issued at 99% of the nominal value. The bond accrues interest at EURIBOR (3 months) plus a floating rate margin of 5%, interest is receivable quarterly in arrears. The bond was previously repayable on 24 March 2024. However, the repayment date has been extended and the bond is now repayable on 31 December 2024. The bond is measured at amortised cost. The total interest income of £282,394 (2022: £201,108) was recognised during the year. As at year end, the investment was revalued to £3,470,836 (2022: £3,546,616) resulting in a foreign exchange loss of £75,780 (2022: gain of £92,265).

## Notes to the financial statements for the year ended 31 December 2023 - continued

**14 Investments: financial assets at amortised cost**

The company holds an agreement with HM 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; HM 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.

HM Government of Gibraltar also holds an agreement in respect of Early Exit Schemes with Credit Finance Company Limited and the eligible retiring employees payable over 10 years (the 'Early Exit Schemes payments'). The agreement allows the employee to assign the Early Exit Scheme payments receivables to the company, in exchange for an up-front lump sum payable by the company. HM 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.

The portion of this financial asset shown under current assets represents the expected repayments receivable in the 12 months following the year end.

	2023 £	2022 £
<b>Fixed asset investments:</b>		
Investments in financial asset at amortised cost (i)	147,376,701	144,544,482
<b>Current asset investments:</b>		
Investments in financial asset at amortised cost	7,925,181	6,007,125
<b>Total investments in financial asset at amortised cost</b>	<b>155,301,882</b>	<b>150,551,607</b>
<b>Movement in investments in financial asset at amortised cost</b>		
	2023 £	2022 £
At 1 January	150,551,607	143,085,584
Acquisition of investments	17,992,304	13,890,300
Interest accrued	9,748,206	9,246,538
Cash inflow from investments	(16,952,782)	(15,670,815)
Waiver of debt (i)	(6,037,453)	-
<b>At 31 December</b>	<b>155,301,882</b>	<b>150,551,607</b>

- (i) As part of the Pension Commutation Agreement with His Majesty's Government of Gibraltar ("HMGoG"), the company agreed to waive certain debtors. The amount waived as at the date of signing is £6,037,453. The amount waived relates to debtors that remained unpaid by HMGoG, in respect of pensioners who had passed away since the effective date of the agreement up to and including 30 June 2023. In substance, as HMGoG is the ultimate beneficial owner of the company, the waiver is considered as a distribution of reserves. As at 31 December 2023, this amount of £6,037,453 was therefore removed from the fixed asset investment balance.

## Notes to the financial statements for the year ended 31 December 2023 - continued

**15 Investments in fixed rate notes**

	2023 £	2022 £
Fixed rate notes	<b>274,843,900</b>	276,843,900

The company invested in fixed rate notes issued by a related party that accrue interest at the rate of 6.5% and 8% respectively. The fixed rate notes are repayable on demand at the option of the company. During the year, the company received proceeds from the redemptions amounting to £2,000,000 (2022: £nil). The interest income earned and received during the year was £18,102,733 (2022: £18,108,254).

**16 Debtors**

		2023 £	2022 £
Loans receivable	(i)	<b>6,837,831</b>	6,693,664
Amounts due from a related party	(ii)	<b>1,381,136</b>	3,262,419
Interest receivable from loans to associate (see note 12)		<b>6,898</b>	144,670
Other debtors		-	11,513
Corporation tax asset	(iii)	<b>1,102,367</b>	1,839,885
		<b>9,328,232</b>	11,952,151

- (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 earned of £231,743 (2022: £237,723) 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 has no fixed terms of repayment.
- (iii) The company applied a tax credit to the tax charge during the year which amounted to £737,518. The client deemed the year end balance to remain as a tax asset to be offset against future tax payables.

## Notes to the financial statements for the year ended 31 December 2023 - continued

## 17 Creditors: amounts falling due within one year

	2023 £	2022 £
Accruals and other creditors	111,879	92,876
Interest payable on debentures	1,794,780	1,794,780
Debentures	390,000,000	-
	<b>391,906,659</b>	<b>1,887,656</b>

The debentures have varying maturity terms with varying rates of interest payable monthly in arrears. The total interest incurred on debentures during the year was £23,055,002 (2022: £22,935,742). A balance of £1,794,780 (2022: £1,794,780) was outstanding at the year end in relation to interest on debentures incurred.

Maturity date	Interest rate	2023 £	2022 £
<b>Current debentures</b>			
1 April 2024	4%	65,000,000	-
1 April 2024	5%	40,750,000	-
1 April 2024	6%	275,000,000	-
1 April 2024	5%	9,250,000	-
		<b>390,000,000</b>	<b>-</b>

## Notes to the financial statements for the year ended 31 December 2023 - continued

## 18 Creditors: amounts falling due after more than one year

		2023 £	2022 £
<hr/>			
Debtentures		28,000,000	418,000,000
<hr/>			
Maturity date	Interest rate	2023 £	2022 £
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<b>Non-current debtentures</b>			
1 April 2024	4%	-	65,000,000
1 April 2024	5%	-	40,750,000
1 April 2024	6%	-	275,000,000
1 April 2024	5%	-	9,250,000
1 February 2025	4.5%	5,000,000	5,000,000
1 April 2025	4.5%	10,000,000	10,000,000
1 January 2029	6%	9,250,000	9,250,000
1 March 2031	6%	3,750,000	3,750,000
		<b>28,000,000</b>	<b>418,000,000</b>
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## 19 Called up share capital

	2023 £	2022 £
<hr/>		
<b>Authorised</b>		
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
		<b>1,030,000,000</b>
<hr/>		
<b>Allotted and fully paid</b>		
30,000,000 ordinary shares of £1 each	30,000,000	30,000,000
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## Notes to the financial statements for the year ended 31 December 2023 - continued

## 20 Notes to the cash flow statement

(a) Cash flow from operating activities	2023 £	2022 £
<b>Profit for the financial year</b>	<b>5,162,628</b>	<b>4,844,029</b>
<b>Adjustments for:</b>		
Tax on profit on ordinary activities	737,518	692,918
Finance costs	23,055,002	22,935,742
Interest income	(29,085,435)	(28,422,906)
Net foreign exchange loss/(gain)	75,780	(92,265)
	<b>(54,507)</b>	<b>(42,482)</b>
<b>Working capital movements:</b>		
Decrease/(increase) in debtors	1,892,796	(1,725,943)
Increase in creditors	19,003	-
<b>Cash flow generated from/(used in) operating activities</b>	<b>1,857,292</b>	<b>(1,768,425)</b>

## (b) Analysis of changes in net debt

	At 1 January 2023 £	Cashflows £	Interest accrued £	At 31 December 2023 £
Debentures (including interest payable)	(419,794,780)	23,055,002	(23,055,002)	<b>(419,794,780)</b>

## (c) Significant non-cash transactions

As part of the Pension Commutation Agreement with His Majesty's Government of Gibraltar ("HMGoG"), the company agreed to waive certain debtors. The amount waived during the year is £6,037,453. The amount waived relates to debtors that remained unpaid by HMGoG, in respect of pensioners who had passed away since the effective date of the agreement up to and including 30 June 2023. In substance, as HMGoG is the ultimate beneficial owner of the company, the waiver is considered as a distribution of reserves. This balance is a non-cash transaction.



## Notes to the financial statements for the year ended 31 December 2023 - continued

**21 Related party transactions**

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

	2023 £	2022 £
<b>Gibraltar statutory bodies</b>		
Finance cost	(23,055,002)	(22,935,742)
<b>Government and entities under common control</b>		
Interest income from investments	9,748,206	9,246,538
Income from fixed rate notes	18,102,733	18,108,254
Corporation tax expense	(737,518)	(692,918)
<b>Associate</b>		
Interest income from associate	520,359	629,283
<b>Gibraltar statutory bodies</b>		
Debentures (including interest payable)	(419,794,780)	(419,794,780)
<b>Government and entities under common control</b>		
Investments in financial asset at amortised cost	155,301,882	150,551,607
Fixed rate notes	274,843,900	276,843,900
Advances	1,381,136	3,262,419
Corporation tax asset	1,102,367	1,839,885
<b>Associate</b>		
Investment in associate	6,576,840	6,576,840
Loans to associate	9,463,138	10,869,536
Interest receivable from loans to associate	6,898	144,670

**22 Immediate parent undertaking and ultimate controlling party**

The immediate parent undertaking and ultimate controlling party as at 31 December 2023 was the Gibraltar Development Corporation, a statutory body established by the Gibraltar Development Corporation Act.

**23 Events after the end of the reporting period**

On 20 March 2024, two resolutions were made to declare interim dividends amounting to £3,000,000 and £2,000,000.