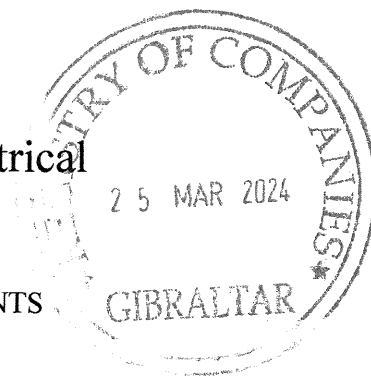


**GOVERNMENT
RECOVERY**

**Gibraltar Mechanical and Electrical
Services Limited**

REPORT AND FINANCIAL STATEMENTS

31 December 2015



CO-99257-2708166
Gibraltar Mechanical and Electrical
Document 461 (27)
ANNUAL FILING OF ACCOUNTS
YEAR ENDING 31/12/2015

Gibraltar Mechanical and Electrical Services Limited

DIRECTORS, OFFICERS AND OTHER INFORMATION

DIRECTORS

Gibraltar Investment (Directors) Limited
Michael Caetano
Gareth Flower

SECRETARY

GOC (Secretaries) Limited

REGISTERED OFFICE

206-210 Main Street
Gibraltar

AUDITORS

EY Limited
Chartered Accountants
Regal House
Queensway
Gibraltar

Gibraltar Mechanical and Electrical Services Limited

DIRECTORS' REPORT

The directors present their report and audited financial statements of Gibraltar Mechanical and Electrical Services Limited ("the Company") for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is employment and secondment of staff. Members of staff are seconded to AquaGib and HM Government of Gibraltar's ("HMGoG") Garages & Workshop Department. Additionally, a number of employees employed by the Company used to work at the Ministry of Defence ("MOD") power station. Since the decommission of this power station these employees assist in the running of the ex-MOD high voltage distribution network. The Company receives income from AquaGib, the Gibraltar Electricity Authority and HMGoG to cover the costs incurred by the Company.

REVIEW OF THE BUSINESS

The directors consider the state of affairs of the Company to be satisfactory.

POST-BALANCE SHEET EVENT

The directors note that the Company's principal activity is employment and secondment of staff and that its focus is not on profit generation. The Company incurs expenses that are not all fully recoverable hence its operating model is a loss-making one. The directors have assessed that the COVID-19 does not have an impact on the Company. In mid-March 2020, the Company implemented social distancing measures taking account the public health advice. Whilst the Company has remained operational throughout the COVID-19 lockdown, the directors have requested and received confirmation in writing from the ultimate parent entity that it will provide the necessary financial support to the Company to continue to meet its financial commitments for at least twelve months from the date of approval of the financial statements. Accordingly, the financial statements are prepared on a going concern basis.

The second lockdown in January 2021, once again saw the implementation of social distancing measures as case numbers and hospitalisations increased exponentially. Services to the public remained uninterrupted throughout the lockdown periods by utilising both established and new working processes which allowed the Company to continue its electricity production services.

There have been no other events subsequent to the balance sheet date that require adjustment or disclosure in the financial statements.

RESULTS, DIVIDENDS AND MOVEMENTS ON RESERVES

The results for the year are shown on page 7. The loss for the year of £219,506 (2014: loss of £385,062) has been transferred to reserves. The directors do not recommend the payment of a dividend.

DIRECTORS

The directors of the Company during the year and to the date of signing of these financial statements were:

	Appointed:	Resigned:
Manolo Alecio		15/04/2016
Gibraltar Investment (Directors) Limited		
Michael Caetano	15/04/2016	
Gareth Flower	19/01/2022	

None of the directors had any beneficial interest in the share capital of the Company during the year under review.

Gibraltar Mechanical and Electrical Services Limited

DIRECTORS' REPORT

AUDITORS

A resolution to appoint EY Limited as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



Director

For and on behalf of
Gibraltar Investment
(Directors) Limited

Date..... **05 DEC 2023**

Gibraltar Mechanical and Electrical Services Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the requirements of the Gibraltar Companies Act 2014. They are 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GIBRALTAR MECHANICAL AND ELECTRICAL SERVICES LIMITED

Report on the Financial Statements

We have audited the financial statements of Gibraltar Mechanical And Electrical Services Limited (the Company) for the year ended 31 December 2015 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and statement of cash flows for the year then ended, 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. 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.



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GIBRALTAR MECHANICAL AND ELECTRICAL SERVICES 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 loss 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 Gibraltar Companies Act 2014.

Opinions on other matter prescribed by the Companies Act

In our opinion the Directors' Report has been properly prepared in accordance with the Companies Act 2014 and the information given in the Director's 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 Director's Report; or
- we have not received all the information and explanations we require for our audit.

Johann Olivera
Statutory auditor for and on behalf of

EY LIMITED
Registered auditors

Chartered Accountants
Regal House
Queensway
Gibraltar

Date **23 JAN 2024**

Gibraltar Mechanical and Electrical Services Limited
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2015

	<i>Notes</i>	<i>2015</i> £	<i>2014</i> £
TURNOVER	3	31,358,486	31,519,598
Direct costs	4	(29,909,893)	(29,574,641)
GROSS PROFIT		<u>1,448,593</u>	<u>1,944,957</u>
Administrative expenses	5	(1,668,974)	(2,253,774)
OPERATING LOSS		<u>(220,381)</u>	<u>(308,817)</u>
Interest receivable and similar income		875	-
Interest payable and similar charges		-	(76,245)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(219,506)</u>	<u>(385,062)</u>
Taxation	2	-	-
LOSS FOR THE FINANCIAL YEAR		<u>(219,506)</u>	<u>(385,062)</u>
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		<u><u>(219,506)</u></u>	<u><u>(385,062)</u></u>

The Company has had no discontinued activities in the year. Accordingly, the above results for the Company relates solely to continuing activities. These results are stated on a historical cost basis.

There is no other comprehensive income recognised during the year.

Gibraltar Mechanical and Electrical Services Limited
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 1 January 2014	1,500,000	(415,208)	1,084,792
Loss for the year	-	(385,062)	(385,062)
At 31 December 2014	<u>1,500,000</u>	<u>(800,270)</u>	<u>699,730</u>
Loss for the year	-	(219,506)	(219,506)
At 31 December 2015	<u><u>1,500,000</u></u>	<u><u>(1,019,776)</u></u>	<u><u>480,224</u></u>

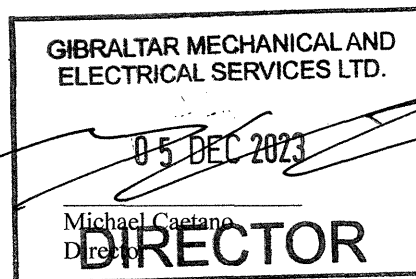
Gibraltar Mechanical and Electrical Services Limited
STATEMENT OF FINANCIAL POSITION
as at 31 December 2015

	<i>Notes</i>	<i>2015</i> £	<i>2014</i> £
FIXED ASSETS			
Tangible assets	7	827,651	976,657
CURRENT ASSETS			
Debtors	8	22,200,721	10,580,758
CREDITORS: amounts falling due and payable within one year	9	(22,548,148)	(10,857,685)
NET CURRENT LIABILITIES		<u>(347,427)</u>	<u>(276,927)</u>
NET ASSETS		<u>480,224</u>	<u>699,730</u>
 EQUITY CAPITAL AND RESERVES			
Called-up share capital	10	1,500,000	1,500,000
Profit and loss account		(1,019,776)	(800,270)
SHAREHOLDER'S FUNDS		<u>480,224</u>	<u>699,730</u>

Approved by the board on **05 DEC 2023**



For and on behalf of
Gibraltar (Investment) Directors Limited
Director



Gibraltar Mechanical and Electrical Services Limited
 STATEMENT OF CASH FLOWS
 for the year ended 31 December 2015

	<i>Notes</i>	<i>2015</i> £	<i>2014</i> £
CASH FLOW FROM OPERATING ACTIVITIES			
Loss on ordinary activities before taxation		(219,506)	(385,062)
Adjustment for:			
Depreciation of tangible assets	7	149,006	149,006
(Increase)/decrease in debtors		(11,620,838)	6,087,160
Increase/(decrease) in creditors		11,690,463	(5,774,859)
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		(875)	76,245
CASH FLOW FROM FINANCING ACTIVITIES			
Interest payable and similar charges		-	(76,245)
Interest receivable and similar income		875	-
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		875	(76,245)
NET INCREASE IN CASH		-	-
As at 1 January		-	-
As at 31 December		-	-

Gibraltar Mechanical and Electrical Services Limited

PRINCIPAL ACCOUNTING POLICIES

for the year ended 31 December 2015

COMPANY INFORMATION

Gibraltar Mechanical and Electrical Services Limited (“the Company”) was incorporated as a limited liability company on 3 August 2007. The registered office is as stated on page 1 and the principal activities are as stated on page 2.

BASIS OF ACCOUNTING

These financial statements have been prepared in compliance with Gibraltar Financial Reporting Standards 102 (‘GFRS’), being applicable Gibraltar Accounting Standards (Gibraltar Generally Accepted Accounting Practice). The Company is also subject to the requirements of the Companies Act 2014.

The financial statements are prepared in Pounds Sterling (£) which is the functional currency of the Company and rounded to the nearest Pounds Sterling.

The financial statements have been prepared under the historical cost convention. A summary of the more important accounting policies, which have been applied consistently throughout the year, are set out below.

GOING CONCERN

The directors note that the Company’s principal activity is employment and secondment of staff and that its focus is not on profit generation. The Company incurs expenses that are not all fully recoverable hence its operating model is a loss-making one. The directors have assessed that the COVID-19 does not have an impact on the Company. In mid-March 2020, the Company implemented social distancing measures taking account the public health advice. Whilst the Company has remained operational throughout the COVID-19 lockdown, the directors have requested and received confirmation in writing from the ultimate parent entity that it will provide the necessary financial support to the Company to continue to meet its financial commitments for at least twelve months from the date of approval of the financial statements. Accordingly, the financial statements are prepared on a going concern basis.

The second lockdown in January 2021, once again saw the implementation of social distancing measures as case numbers and hospitalisations increased exponentially. Services to the public remained uninterrupted throughout the lockdown periods by utilising both established and new working processes which allowed the Company to continue its electricity production services.

TURNOVER

Turnover represents the value of the services it provides for the production of electricity, together with the amounts reimbursed in relation to employees seconded to HMGoG and Aquagib Limited.

DEBTORS AND CREDITORS

Debtors and creditors with no stated interest rate and receivable or payable within one year are measured at the transaction price. Any losses arising from impairment are recognised in the profit and loss.

TANGIBLE ASSETS AND DEPRECIATION

The Company's tangible assets pertain to its purchased generators which are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life of 10 years.

Gibraltar Mechanical and Electrical Services Limited
PRINCIPAL ACCOUNTING POLICIES
for the year ended 31 December 2015

TAXATION

Current taxation

Current taxation is provided for on the basis of tax rates and tax laws that have been enacted or substantially enacted at the year-end date.

PENSIONS

Contributions to defined contribution schemes are recognised in the profit and loss account in the period in which they become payable.

Gibraltar Mechanical and Electrical Services Limited
NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2015

1. OPERATING LOSS	2015 £	2014 £
Operating loss is stated after charging:		
Depreciation	149,006	149,006
Audit fees	7,500	7,500
Accounting fees	750	750
Tax fees	500	500
	-----	-----
2. TAXATION	2015 £	2014 £
<i>Current tax:</i>		
Gibraltar corporation tax on profits for the year at 10% (2014: 10%)	-	-
<i>Deferred tax:</i>		
Origination and reversal of timing differences	-	-
Tax on profit on ordinary activities	-----	-----
<i>Factors affecting the total tax charge:</i>		
The tax assessed for the period is lower than (2014: lower than) the standard rate of corporation tax in Gibraltar of 10%.		
Loss on ordinary activities before taxation	(219,506)	(385,062)
Loss on ordinary activities multiplied by the standard rate of corporation tax of 10%	(21,951)	(38,506)
<i>Effects of:</i>		
Expenses not deductible for tax	35	37
Difference between depreciation and capital allowance	3,468	1,451
Income not taxable	(707)	(2,118)
Effect of tax losses not utilised in the current period	19,155	39,136
Total tax expense	-----	-----

Gibraltar Mechanical and Electrical Services Limited

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2015

3. TURNOVER		
	<i>2015</i>	<i>2014</i>
	£	£
Electricity production income	30,349,266	30,438,288
Reimbursement of salaries related to seconded employees to HMGoG	760,972	786,655
Reimbursement of salaries of seconded employees to AquaGib Limited	241,168	273,477
Other income	7,080	21,178
	<u>31,358,486</u>	<u>31,519,598</u>
4. DIRECT COSTS		
	<i>2015</i>	<i>2014</i>
	£	£
Fuel and oil	15,467,444	15,171,633
Hire of equipment	7,590,148	10,070,760
Production costs	4,702,432	2,066,589
Salaries and wages	1,994,863	2,110,653
Depreciation expense	149,006	149,006
Administration fee expense	6,000	6,000
	<u>29,909,893</u>	<u>29,574,641</u>
5. ADMINISTRATIVE EXPENSES		
	<i>2015</i>	<i>2014</i>
	£	£
Salaries and wages	1,034,757	1,082,454
Security and safety equipment	219,328	86,936
Repairs	170,983	734,103
Legal and professional fees	81,103	89,323
Insurance	49,104	49,565
Service contracts	43,367	49,759
Office expenses	41,390	61,593
Audit fees	7,500	7,500
Travel and training	5,857	37,219
Utilities expense	5,537	8,784
Customs duty	1,706	42,185
Miscellaneous expenses	8,342	4,353
	<u>1,668,974</u>	<u>2,253,774</u>

Gibraltar Mechanical and Electrical Services Limited
NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2015

6. STAFF COST

	<i>2015</i>	<i>2014</i>
	<i>No.</i>	<i>No.</i>
The average number of persons (including directors) employed by the Company during the year was:		
Electricity production	37	45
Seconded employees to HMGoG	15	20
Seconded employees to Aquagib Limited	4	3
	56	68
	56	68
Staff costs for above persons:		
Wages and salaries	2,651,048	2,781,217
Social security costs	97,871	115,593
Pension costs	280,701	296,297
	3,029,620	3,193,107
	3,029,620	3,193,107

The pension cost charge represents contributions payable by the Company. There are no contributions payable at the year-end and the comparative year.

7. TANGIBLE ASSETS

	<i>Generators</i>
	<i>£</i>
<i>Cost</i>	
At 1 January 2015	1,490,064
Additions	-
At 31 December 2015	1,490,064
	1,490,064
<i>Depreciation</i>	
At 1 January 2015	513,407
Charge for the year	149,006
At 31 December 2015	662,413
	662,413
<i>Net book value</i>	
At 31 December 2015	827,651
	827,651
At 31 December 2014	976,657
	976,657

Gibraltar Mechanical and Electrical Services Limited

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2015

8. DEBTORS

	2015	2014
	£	£
Trade debtors	21,612,148	10,204,906
Amounts due from related parties	586,573	21,431
Corporate tax debtor	2,000	2,000
Other debtor	-	352,421
	<u>22,200,721</u>	<u>10,580,758</u>

Amounts due from related parties are unsecured, interest free and due and repayable on demand.

9. CREDITORS: amounts falling due and payable within one year

	2015	2014
	£	£
Trade creditors	757,182	2,278,642
Amounts due to related parties	20,170,016	6,368,752
Accruals	1,620,950	2,209,327
Other creditor	-	964
	<u>22,548,148</u>	<u>10,857,685</u>

Amounts due to related parties are unsecured, interest free and due and repayable on demand.

10. SHARE CAPITAL

	2015	2014
	£	£
Authorised:		
1,500,000 ordinary shares of £1 each	1,500,000	1,500,000
	<u>1,500,000</u>	<u>1,500,000</u>
Allotted, called-up and fully paid:		
1,500,000 ordinary shares of £1 each	1,500,000	1,500,000
	<u>1,500,000</u>	<u>1,500,000</u>

Gibraltar Mechanical and Electrical Services Limited
 NOTES TO THE FINANCIAL STATEMENTS
 as at 31 December 2015

11. RELATED PARTY TRANSACTIONS AND BALANCES

	2015		2014	
	<i>Income/ (Expense)</i>	<i>Debtor/ (Creditor)</i>	<i>Income/ (Expense)</i>	<i>Debtor/ (Creditor)</i>
	£	£	£	£
<i>Entities with control, joint control or significant influence over the entity</i>				
HMGoG				
Reimbursements	760,972	-	786,655	-
Advances	-	(15,291,372)	-	(1,490,108)
Deposits	-	-	-	167
Gibraltar Investment (Holdings) Limited				
Loans	-	(4,878,644)	-	(4,878,644)
<i>Entity under common ownership</i>				
ES Limited				
Due from ES Limited	-	352,421	-	-
<i>Entity under common control</i>				
Gibraltar Electricity Authority				
Electricity production income	26,640,709	-	26,470,077	-
Trade debtors	-	18,107,144	-	6,520,306
<i>Other related party</i>				
Aquagib Limited				
Reimbursements	241,168	-	273,477	-
Due from Aquagib	-	234,152	-	21,264
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Key management personnel

The directors do not receive emoluments from the Company for their services as directors.

12. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate and ultimate parent undertaking is Gibraltar Investment (Holdings) Limited, a company registered in Gibraltar. The ultimate controlling party is HM Government of Gibraltar.

Gibraltar Mechanical and Electrical Services Limited
NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2015

13. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

	2015	2014
	£	£
<i>Financial assets that are debt instruments measured at amortised cost</i>		
Trade debtors	21,612,148	10,204,906
Amounts due from related parties	586,573	21,431
Other debtors	-	352,421
	<u>22,198,721</u>	<u>10,578,758</u>
<i>Financial liabilities that are debt instruments measured at amortised cost</i>		
Trade creditors	757,182	2,278,642
Amounts due to related parties	20,170,016	6,368,752
Accruals	1,620,950	2,209,327
Other creditors	-	964
	<u>22,548,148</u>	<u>10,857,685</u>

Included in the statement of comprehensive income are the following amounts per category of financial instruments:

	2015	2014
	£	£
Financial assets (liabilities) that are debt instruments measured at amortised cost	875	(76,245)

14. EVENTS AFTER THE END OF THE REPORTING PERIOD

The directors note that the Company's principal activity is employment and secondment of staff and that its focus is not on profit generation. The Company incurs expenses that are not all fully recoverable hence its operating model is a loss-making one. The directors have assessed that the COVID-19 does not have an impact on the Company. In mid-March 2020, the Company implemented social distancing measures taking account the public health advice. Whilst the Company has remained operational throughout the COVID-19 lockdown, the directors have requested and received confirmation in writing from the ultimate parent entity that it will provide the necessary financial support to the Company to continue to meet its financial commitments for at least twelve months from the date of approval of the financial statements. Accordingly, the financial statements are prepared on a going concern basis.

The second lockdown in January 2021, once again saw the implementation of social distancing measures as case numbers and hospitalisations increased exponentially. Services to the public remained uninterrupted throughout the lockdown periods by utilising both established and new working processes which allowed the Company to continue its electricity production services.

There have been no other events subsequent to the balance sheet date that require adjustment or disclosure in the financial statements.