

**GOVERNMENT  
RECOVERY**

**Gibraltar Mechanical and Electrical  
Services Limited**

**REPORT AND FINANCIAL STATEMENTS**

31 December 2016



CO-99257-2708167  
Gibraltar Mechanical and Electrical  
Document 461 (27)  
ANNUAL FILING OF ACCOUNTS  
YEAR ENDING 31/12/2016

# Gibraltar Mechanical and Electrical Services Limited

## DIRECTORS, OFFICERS AND OTHER INFORMATION

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### **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

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The directors present their report and audited financial statements of Gibraltar Mechanical and Electrical Services Limited ("the Company") for the year ended 31 December 2016.

### 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 8. The loss for the year of £332,673 (2015: loss of £219,506) 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

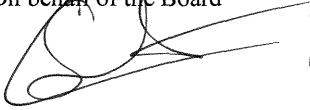
## DIRECTORS' REPORT

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### 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



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

Director

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

# Gibraltar Mechanical and Electrical Services Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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**

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### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Gibraltar Mechanical and Electrical Services Limited (the "Company"), which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of the Company's loss 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

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.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics for Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Information**

The directors are responsible for the other information. The other information comprises the Directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GIBRALTAR MECHANICAL AND ELECTRICAL SERVICES LIMITED (*continued*)**

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### **Responsibilities of the Directors for the Financial Statements**

The directors are responsible for the preparation and true and fair presentation of the financial statements in accordance with applicable law in Gibraltar and Gibraltar Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 account unless the directors either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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.
- 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 directors 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 AUDITORS' REPORT TO THE MEMBERS OF  
GIBRALTAR MECHANICAL AND ELECTRICAL SERVICES LIMITED (*continued*)**

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**Report on Other Legal and Regulatory Requirements**

**Opinions 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.



**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 2016

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	<i>Notes</i>	<i>2016</i> £	<i>2015</i> £
<b>TURNOVER</b>	3	32,556,537	31,358,486
Direct costs	4	(29,221,612)	(29,909,893)
<b>GROSS PROFIT</b>		3,334,925	1,448,593
Administrative expenses	5	(3,666,673)	(1,668,974)
<b>OPERATING LOSS</b>		(331,748)	(220,381)
Interest payable and similar charges		(925)	-
Interest receivable and similar income		-	875
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(332,673)	(219,506)
Taxation	2	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		(332,673)	(219,506)
<b>TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR</b>		(332,673)	(219,506)

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 2016

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	<i>Share capital</i> £	<i>Profit and loss account</i> £	<i>Total</i> £
At 1 January 2015	1,500,000	(800,270)	699,730
Loss for the year	-	(219,506)	(219,506)
At 31 December 2015	<u>1,500,000</u>	<u>(1,019,776)</u>	<u>480,224</u>
Loss for the year	-	(332,673)	(332,673)
At 31 December 2016	<u><u>1,500,000</u></u>	<u><u>(1,352,449)</u></u>	<u><u>147,551</u></u>

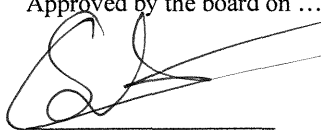
# Gibraltar Mechanical and Electrical Services Limited

## STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	<i>Notes</i>	<i>2016</i> £	<i>2015</i> £
<b>FIXED ASSETS</b>			
Tangible assets	7	678,645	827,651
<b>CURRENT ASSETS</b>			
Debtors	8	9,093,605	22,200,721
<b>CREDITORS: amounts falling due and payable within one year</b>	9	(9,624,699)	(22,548,148)
<b>NET CURRENT LIABILITIES</b>		(531,094)	(347,427)
<b>NET ASSETS</b>		147,551	480,224
<b>EQUITY CAPITAL AND RESERVES</b>			
Called-up share capital	10	1,500,000	1,500,000
Profit and loss account		(1,352,449)	(1,019,776)
<b>SHAREHOLDER'S FUNDS</b>		147,551	480,224

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 2016**

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	<i>Notes</i>	<i>2016</i>	<i>2015</i>
		£	£
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss on ordinary activities before taxation		(332,673)	(219,506)
Adjustment for:			
Depreciation of tangible assets	7	149,006	149,006
Decrease/(increase) in debtors		13,107,115	(11,620,838)
(Decrease)/increase in creditors		(12,922,523)	11,690,463
		<hr/>	<hr/>
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>		925	(875)
		<hr/>	<hr/>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Interest payable and similar charges		(925)	-
Interest receivable and similar income		-	875
		<hr/>	<hr/>
<b>NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES</b>		(925)	875
		<hr/>	<hr/>
<b>NET INCREASE IN CASH</b>		-	-
As at 1 January		-	-
		<hr/>	<hr/>
As at 31 December		-	-
		<hr/> <hr/>	<hr/> <hr/>

# Gibraltar Mechanical and Electrical Services Limited

## PRINCIPAL ACCOUNTING POLICIES

for the year ended 31 December 2016

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### 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 accordance with Gibraltar Financial Reporting Standards (GFRS) 102, 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 to provide services related to Gibraltar’s production of electricity and maintenance of generators 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 2016**

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**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 2016

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### 1. OPERATING LOSS

	2016	2015
	£	£
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
	<u>          </u>	<u>          </u>

### 2. TAXATION

	2016	2015
	£	£
<i>Current tax:</i>		
Gibraltar corporation tax on profits for the year at 10% (2015: 10%)	-	-
<i>Deferred tax:</i>		
Origination and reversal of timing differences	-	-
Tax on profit on ordinary activities	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>
<i>Factors affecting the total tax charge:</i>		
The tax assessed for the period is lower than (2015: lower than) the standard rate of corporation tax in Gibraltar of 10%.		
Loss on ordinary activities before taxation	(332,673)	(219,506)
	<u>          </u>	<u>          </u>
Loss on ordinary activities multiplied by the standard rate of corporation tax of 10%	(33,267)	(21,951)
<i>Effects of:</i>		
Expenses not deductible for tax	35	35
Difference between depreciation and capital allowance	-	3,468
Income not taxable	-	(707)
Tax losses not utilised in current period	33,232	19,155
Total tax expense	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>

# Gibraltar Mechanical and Electrical Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2016

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3. <b>TURNOVER</b>	2016	2015
	£	£
Electricity production income	31,442,851	30,349,266
Reimbursement of salaries related to seconded employees to HMGoG	732,308	760,972
Reimbursement of salaries of seconded employees to AquaGib Limited	381,378	241,168
Other income	-	7,080
	<u>32,556,537</u>	<u>31,358,486</u>
4. <b>DIRECT COSTS</b>	2016	2015
	£	£
Fuel and oil	11,917,739	15,467,444
Hire of equipment	8,331,578	7,590,148
Production costs	7,044,383	4,702,432
Salaries and wages	1,772,906	1,994,863
Depreciation expense	149,006	149,006
Administration fee expense	6,000	6,000
	<u>29,221,612</u>	<u>29,909,893</u>
5. <b>ADMINISTRATIVE EXPENSES</b>	2016	2015
	£	£
Salaries and wages	1,257,005	1,034,757
Settlement fees*	1,741,302	-
Repairs	170,972	170,983
Legal and professional fees	238,155	81,103
Security and safety equipment	106,178	219,328
Office expenses	37,991	41,390
Insurance	57,097	49,104
Service contracts	36,293	43,367
Utilities expense	10,457	5,537
Audit fees	7,500	7,500
Customs duty	1,232	1,706
Travel and training	1,602	5,857
Miscellaneous expenses	889	8,342
	<u>3,666,673</u>	<u>1,668,974</u>

\* Administrative expenses include exceptional costs relating to an isolated and non-recurring event. During the year, the Company incurred £1,741,302 of settlement fees as a result of the signed Deed of Settlement for the termination of the contract with one of its third-party suppliers.



# Gibraltar Mechanical and Electrical Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2016

### 6. STAFF COST

	<i>2016</i>	<i>2015</i>
	<i>No.</i>	<i>No.</i>
The average number of persons employed by the Company during the year was:		
Electricity production	33	37
Seconded employees to HMGoG	15	15
Seconded employees to Aquagib Limited	4	4
	<u>52</u>	<u>56</u>
Staff costs for above persons:		
Wages and salaries	2,550,954	2,651,048
Social security costs	163,551	97,871
Pension costs	315,406	280,701
	<u>3,029,911</u>	<u>3,029,620</u>

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>Cost</i>	<i>Generators</i>
	<i>£</i>
At 1 January 2016	1,490,064
Additions	-
At 31 December 2016	<u>1,490,064</u>
<i>Depreciation</i>	
At 1 January 2016	662,413
Charge for the year	149,006
At 31 December 2016	<u>811,419</u>
<i>Net book value</i>	
At 31 December 2016	<u>678,645</u>
At 31 December 2015	<u>827,651</u>

# Gibraltar Mechanical and Electrical Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2016

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### 8. DEBTORS

	2016	2015
	£	£
Trade debtors	8,726,552	21,612,148
Amounts due from related parties	365,053	586,573
Corporate tax debtor	2,000	2,000
	<u>9,093,605</u>	<u>22,200,721</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

	2016	2015
	£	£
Trade creditors	6,877	757,182
Amounts due to related parties	8,087,457	20,170,016
Accruals	1,530,365	1,620,950
	<u>9,624,699</u>	<u>22,548,148</u>

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

### 10. SHARE CAPITAL

	2016	2015
	£	£
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 2016

### 11. RELATED PARTY TRANSACTIONS AND BALANCES

	2016		2015	
	<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>				
<b>HMGoG</b>				
Reimbursements	732,308	-	760,972	-
Advances	-	(3,208,813)	-	(15,291,372)
Deposits	-	12,632	-	-
<b>Gibraltar Investment (Holdings) Limited</b>				
Loans	-	(4,878,644)	-	(4,878,644)
<i>Entity under common ownership</i>				
<b>ES Limited</b>				
Due from ES Limited	-	352,421	-	352,421
<i>Entity under common control</i>				
<b>Gibraltar Electricity Authority</b>				
Electricity production income	27,155,974	-	26,640,709	-
Trade debtors	-	4,899,680	-	18,107,144
<i>Other related party</i>				
<b>Aquagib Limited</b>				
Reimbursements	381,378	-	241,168	-
Due from Aquagib Limited	-	-	-	234,152
	<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 2016

### 13. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

	2016 £	2015 £
<i>Financial assets that are debt instruments measured at amortised cost</i>		
Trade debtors	8,726,552	21,612,148
Amounts due from related parties	365,053	586,573
	<u>9,091,605</u>	<u>22,198,721</u>
<i>Financial liabilities that are debt instruments measured at amortised cost</i>		
Trade creditors	6,877	757,182
Amounts due to related parties	8,087,457	20,170,016
Accruals	1,530,365	1,620,950
	<u>9,624,699</u>	<u>22,548,148</u>

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

	2016 £	2015 £
Financial (liabilities)/assets that are debt instruments measured at amortised cost	(925)	875

### 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.