

Gibraltar Investor Compensation Scheme

REPORT AND FINANCIAL STATEMENTS

31 December 2010

Gibraltar Investor Compensation Scheme

DIRECTORS, OFFICERS AND OTHER INFORMATION

BOARD MEMBERS

Marcus Killick (Chairman)
Heidi Bocarisa
Philip Canessa
Roy Clinton (appointed June 2010)
David Dumas Q.C.
Raymond Joubaud
Lawrence Podesta
Colin Vaughan
Thomas Westh Olsen (resigned June 2010)

ALTERNATES

Christian Bjorlow (appointed June 2010)
Moe Cohen
James Lasry
Desiree McHard
Kenneth Navas
Emma Perez

SECRETARY

Joanne Beiso (resigned March 2010)
Susan Harland (appointed March 2010)

AUDITORS

Baker Tilly (Gibraltar) Limited
Chartered Accountants
Suite 3C
Regal House
Queensway
Gibraltar

BANKERS

Natwest
57/63 Line Wall Road
Gibraltar

Barclays Bank Plc
Regal House
3 Queensway
Gibraltar

LEGAL ADVISERS

Triay Stagnetto Neish
Burns House
19 Town Range
Gibraltar

Gibraltar Investor Compensation Scheme

CHAIRMAN'S REPORT

I have pleasure in presenting the Annual Report of the Gibraltar Investor Compensation Scheme for the period ending 31 December 2010.

This report is made in accordance with Section 6 of the Investor Compensation Scheme Act 2002 (the Act).

There have been no cases in 2010 that have caused the Scheme to be triggered or that have required action on the part of the Board.

The Board opted to retain the scheme's insurance cover, which will become payable when the Commissioner declares a participant in default as prescribed by the Act.

The insurance premium payable this year, although no change to the level of cover which stands at 2.5 million Euros, was further reduced from that paid for 2009/2010 period following successful negotiations with the insurers.

The Board will continue to work with Government, industry and other stakeholders to ensure the operation of the scheme remains efficient, effective and appropriate for Gibraltar.

Details of the current Board, whose appointments were effected 2 August 2009 for a two year term, are provided in the financial statements.

Marcus Killick
Chairman

31 October 2011



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

This report is made solely to the Board's members, as a body, in accordance with section 4 (9) of the Investor Compensation Scheme Act. Our audit work has been undertaken so that we might state to the Board's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board and the Board's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of the Gibraltar Investor Compensation Scheme for the year ended 31 December 2010 which comprise the Income and Expenditure Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Board members' responsibilities

The Board members are responsible for the preparation and the true and fair presentation of these financial statements in accordance with the Investor Compensation Scheme Act. 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.

Auditor's 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 auditor's judgment, 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 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 the Board members, 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.



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

Opinion

In our opinion, the financial statements give a true and fair view, in accordance with the Investor Compensation Scheme Act, of the state of the Scheme's affairs as at 31 December 2010 and of its surplus for the year then ended.

Report on other Legal and Regulatory Requirements

In addition to reporting on the financial statements, the Investor Compensation Scheme Act also requires us to report to you our opinion as to whether:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the audit;
- (b) proper accounting records have been kept by the Board; and
- (c) the Board's balance sheet and accounts dealt with by this report are in agreement with the books of account.

Opinion

In our opinion:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the audit;
- (b) proper accounting records have been kept by the Board; and
- (c) the Board's balance sheet and accounts dealt with by this report are in agreement with the books of account.

Jose Julio Pisharello
Statutory auditor for and on behalf of

BAKER TILLY (GIBRALTAR) LIMITED
Registered auditors

Chartered Accountants
Regal House,
Queensway
Gibraltar

22 November 2011

Gibraltar Investor Compensation Scheme
INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 December 2010

	<i>Notes</i>	<i>2010</i> £	<i>2009</i> £
INCOME			
Levies receivable from scheme participants		259,154	318,667
Bank interest		9	6
		<u>259,163</u>	<u>318,673</u>
EXPENDITURE			
Audit fee		500	530
Secretarial fees		4,000	2,000
Bank charges		262	251
Internet fees		150	150
Insurance		250,446	239,173
Legal fees		350	-
Bad Debt	5	1,173	-
		<u>256,881</u>	<u>242,104</u>
SURPLUS FOR THE YEAR			
(TAKEN TO ADMINISTRATION FUND)		<u>2,282</u>	<u>76,569</u>

There are no recognised gains or losses other than as disclosed above.

Gibraltar Investor Compensation Scheme

BALANCE SHEET

at 31 December 2010

	<i>Notes</i>	<i>2010</i> £	<i>2009</i> £
CURRENT ASSETS			
Debtors	2	47,884	62,333
Cash at bank		118,203	97,297
		<u>166,087</u>	<u>159,630</u>
CREDITORS: amounts due within one year			
	3	(7,100)	(2,925)
		<u>158,987</u>	<u>156,705</u>
ADMINISTRATION FUND			
	4	158,987	156,705
		<u>158,987</u>	<u>156,705</u>

The financial statements were approved by the Board on 31 October 2011 and signed on their behalf by:

Marcus Killick
Chairman
Gibraltar Investor Compensation Scheme

The following notes form part of these financial statements.

Gibraltar Investor Compensation Scheme

PRINCIPAL ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention.

INCOME

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

Bank interest receivable is accounted for on an accruals basis.

Gibraltar Investor Compensation Scheme

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

1. TAXATION

Under the provisions of the Investor Compensation Scheme Act, the income of the Scheme is exempt from income tax.

2. DEBTORS

	2010 £	2009 £
Amounts due from scheme participants	-	10,166
Prepaid insurance	47,884	52,167
	<u>47,884</u>	<u>62,333</u>

3. CREDITORS: amounts falling due within one year

	2010 £	2009 £
Deferred income	2,600	-
Audit fee	500	925
Secretarial fee	4,000	2,000
	<u>7,100</u>	<u>2,925</u>

4. ADMINISTRATION FUND

	2010 £	2009 £
At 1 January 2010	156,705	80,136
Surplus for the year	2,282	76,569
At 31 December 2010	<u>158,987</u>	<u>156,705</u>

5. BAD DEBT

The amount stated as bad debt is being written off as it refers to irretrievable fees from a former scheme participant. This relates to a firm against whom the Financial Services Commission had taken regulatory action and is no longer a company registered in Gibraltar.