



## Gibraltar Audit Office

### Report of the Principal Auditor

on the Accounts of the  
Gibraltar Savings Bank  
for the financial year ended  
31 March 2012



## **Gibraltar Audit Office**

### **THE CERTIFICATE OF THE PRINCIPAL AUDITOR TO THE MINISTER WITH RESPONSIBILITY FOR PUBLIC FINANCE**

I certify that I have audited the financial statements of the Gibraltar Savings Bank for the financial year ended 31 March 2012 in accordance with the provisions of Section 12 of the Gibraltar Savings Bank Act. These statements comprise the Income and Expenditure Account, the Deposits and Withdrawals Account, the Investment Adjustment Account, the Reserve Account, the Balance Sheet and the Statement of Investments.

#### **Respective responsibilities of the Director of the Gibraltar Savings Bank and the auditor**

The Director of the Gibraltar Savings Bank is responsible for the preparation of the financial statements and for being satisfied that they are properly presented.

My responsibility is to audit, certify and report on the financial statements and for being satisfied that they are properly presented. I have conducted my audit of the financial statements in accordance with generally accepted government auditing standards.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Gibraltar Savings Bank's circumstances and have been consistently applied and adequately disclosed; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Report of the Director of the Gibraltar Savings Bank to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by the Gibraltar Savings Bank Act and the financial transactions conform to the authorities, which govern them.

### **Opinion on Regularity**

In my opinion, in all material respects, the expenditure and income have been applied to the purposes intended by the Gibraltar Savings Bank Act and the financial transactions conform to the authorities, which govern them.

### **Opinion on financial statements**

In my opinion, the financial statements properly present the income and expenditure, the deposits and withdrawals, the investment adjustment and the reserve for the financial year ended 31 March 2012 and the assets and liabilities as at the end of that period.

### **Opinion on other matters**

In my opinion, the information given in the Report of the Director of the Gibraltar Savings Bank is consistent with the financial statements.

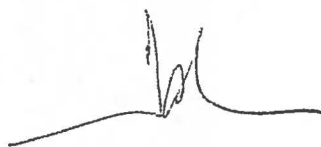
### **Matters for which I report by exception**

I have nothing to report in respect of the following matters, which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit.

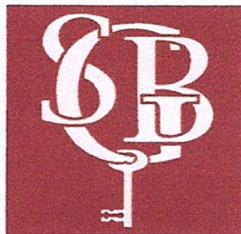
### **Report**

I have no observations to make on these financial statements.



J C Posso  
Principal Auditor  
29 August 2012

Gibraltar Audit Office  
23 John Mackintosh Square  
Gibraltar



GIBRALTAR SAVINGS BANK  
Annual Accounts

*For The Financial Year*

*Ended 31 March 2012*

*Treasury Department*

## **Gibraltar Savings Bank**

### **Director's Report on the Accounts for the Year Ended 31 March 2012**

The Gibraltar Savings Bank is accounted for through a Government Special Fund – the Savings Bank Fund.

Net income from operations during the year ended 31 March 2012 was £0.59 million, compared with a net income of £0.39 million during the previous year. Income included a contribution from the Consolidated Fund of £0.46 million of additional interest, i.e. 6% over the standard rate for non-government investments of 2%, to meet the guaranteed 8% interest payable to Provident Trust Pension Schemes. There was a capital gain on the fund's investments of £0.14 million. The net increase in reserves during the year was £0.73 million.

Crown Agents investment management charges totalled around £0.39 million (0.2% of the fund assets managed in UK).

The end of year reserves stood at £0.73 million; in the previous financial year the reserve balance of £1.3 million was transferred to the Consolidated Fund.

At the year-end, the deposits of the bank, excluding £0.11 million of accrued interest, stood at £288.80 million. The previous year-end figure totalled £330.08 million. Deposits as at 31 March 2012 were made up as follows:

|  | <u>Deposits</u>    | <u>(Previous</u>   |
|--|--------------------|--------------------|
|  | £'million          | Year)<br>£'million |
| <u>Non-Government Deposits</u>                     |                    |                    |
| Ordinary Deposits                                  | 46.2               | 39.3               |
| On-Call Investment Accounts                        | 1.3                | 0.0                |
| Pensioners' Monthly Income Debentures              | 7.3                | 9.5                |
| Monthly Income Debentures                          | 10.7               | 14.6               |
| 3-Year Fixed Term Monthly Income Debentures 1/2/15 | 1.8                | 0.0                |
| 5-Year Fixed Term Monthly Income Debentures 1/2/17 | 19.6               | 0.0                |
| 10-Year Accumulator Bonds                          | 0.8                | 0.0                |
| Other Debentures (Special Issues)                  | 2.3                | 3.5                |
| Gibraltar Provident Trust Fund Bonds               | 9.1                | 8.0                |
|  | <hr/> 99.1         | <hr/> 74.9         |
| <u>Government Deposits</u>                         |                    |                    |
| On-Call Investment Accounts                        | 189.7              | 255.2              |
|  | <hr/> <u>288.8</u> | <hr/> <u>330.1</u> |

The level of overall non-Government Deposits stood at £99.1 million. The increase of £24.2 million over the previous year is the result of the issue of new Gibraltar Savings Bank debentures.

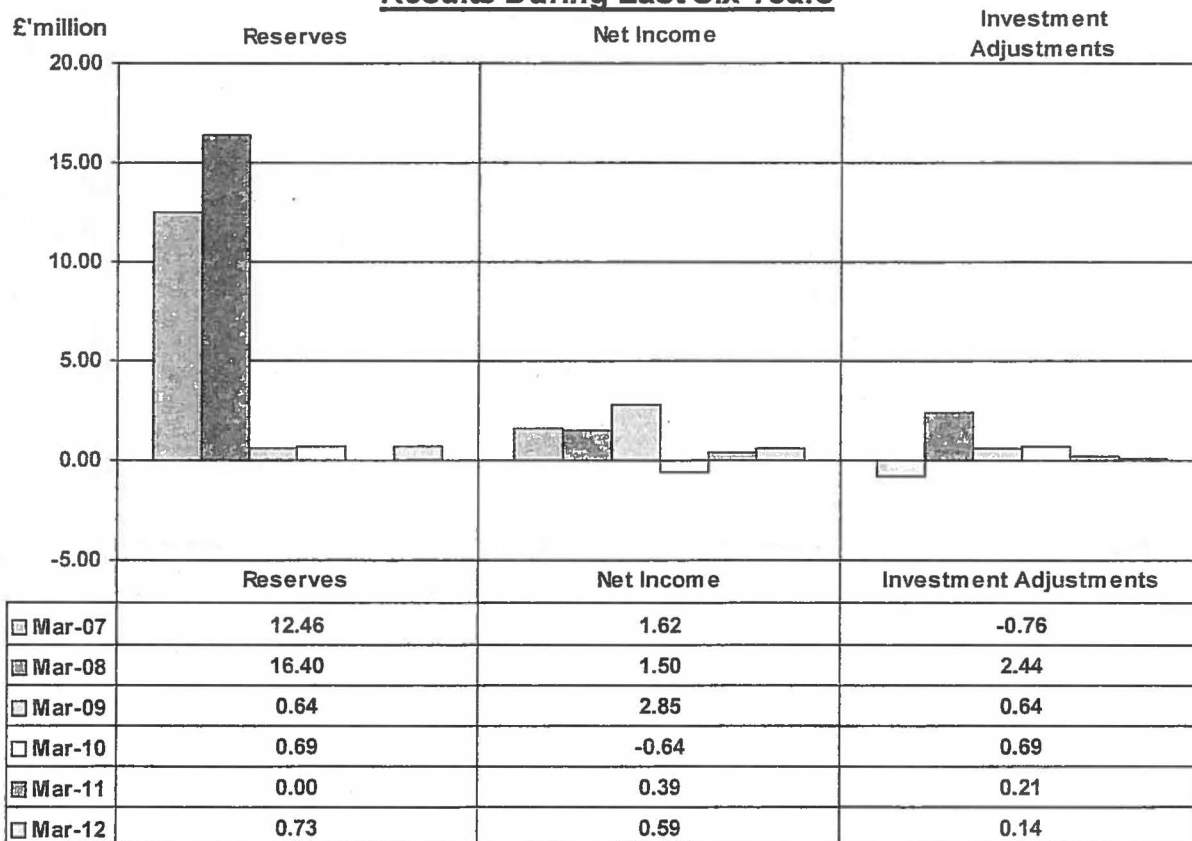
Government deposits in the Gibraltar Savings Bank were down by 25.7% reflecting a decrease in the level of Government liquid reserves held by the bank.



The following is a summary of interest rates payable to depositors by the bank during the period April 2011 to March 2012:

|  |                        |
|--|------------------------|
| Ordinary Deposits                                  | 2 per cent per annum   |
| Pensioners' Monthly Income Debentures              | 2 per cent per annum   |
| Monthly Income Debentures                          | 2 per cent per annum   |
| 3-Year Fixed Term Monthly Income Debentures 1/2/15 | 3.5 per cent per annum |
| 5-Year Fixed Term Monthly Income Debentures 1/2/17 | 5 per cent per annum   |
| 10-Year Accumulator Bonds                          | 2 per cent per annum   |

### Gibraltar Savings Bank Results During Last Six Years



C. Victory  
Accountant General and  
Director, Gibraltar Savings Bank  
24 August 2012

**SPECIAL FUNDS**  
**SAVINGS BANK FUND**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

**INCOME AND EXPENDITURE ACCOUNT**

**INCOME**

|   |                      |
|---|----------------------|
| Contribution from the Consolidated Fund | £464,623.82          |
| Interest Earned                         | £2,559,326.57        |
| Miscellaneous                           | £3,079.73            |
|   | <u>£3,027,030.12</u> |

**EXPENDITURE**

|   |                           |
|---|---------------------------|
| Interest Paid :                           |                           |
| Debentures                                | £612,053.37               |
| On-Call Investment Accounts               | £545.28                   |
| Ordinary Deposits                         | £806,982.04               |
| Bonds                                     | <u>£621,976.87</u>        |
|   | £2,041,557.56             |
| Management and Other Charges              | <u>£397,776.08</u>        |
|   | (£2,439,333.64)           |
| Net Income transferred to Reserve Account | <u><u>£587,696.48</u></u> |

**DEPOSITS AND WITHDRAWALS ACCOUNT**

**INCREASE IN DEPOSITS**

|                   |                      |
|-------------------|----------------------|
| Debentures        | £14,912,673.33       |
| Ordinary Deposits | £6,890,558.80        |
| Bonds             | <u>£1,055,488.08</u> |
|                   | £22,858,720.21       |

**DECREASE IN DEPOSITS**

|  |                                |
|--|--------------------------------|
| On-Call Investment Accounts              | (£64,136,662.16)               |
| Net Decrease in Deposits during the year | <u><u>(£41,277,941.95)</u></u> |

**INVESTMENT ADJUSTMENT ACCOUNT**

**INCREASE IN INVESTMENTS**

|                                 |             |
|---------------------------------|-------------|
| Net Capital Gain on Investments | £137,820.10 |
|---------------------------------|-------------|

**DECREASE IN INVESTMENTS**

|  |                           |
|--|---------------------------|
|  | (£0.00)                   |
| Net Increase in Investments transferred to Reserve Account | <u><u>£137,820.10</u></u> |

**RESERVE ACCOUNT**

**INCREASE IN RESERVES**

|  |                    |
|--|--------------------|
| Net Income transferred from Income and Expenditure Account                 | £587,696.48        |
| Net Increase in Investments transferred from Investment Adjustment Account | <u>£137,820.10</u> |
|  | £725,516.58        |

**DECREASE IN INVESTMENTS**

|  |                           |
|--|---------------------------|
| Transfer of Surplus to Consolidated Fund | (£0.00)                   |
| Net Increase in Reserves during the year | <u><u>£725,516.58</u></u> |

**SPECIAL FUNDS**  
**SAVINGS BANK FUND**

**BALANCE SHEET AS AT 31 MARCH 2012**

**ASSETS**

|  |                               |
|--|-------------------------------|
| Investments on 1 April 2011                                      | £330,121,373.03               |
| Net Sale of Investments during the year                          | (£40,622,225.10)              |
|  | <u>£289,499,147.93</u>        |
| Net Increase in Investments as per Investment Adjustment Account | £137,820.10                   |
| Investments on 31 March 2012                                     | <u><u>£289,636,968.03</u></u> |

**FINANCED BY**

**Debentures**

|  |                   |                |
|--|-------------------|----------------|
| Deposits on 1 April 2011                     | £27,567,219.28    |                |
| Accrued Interest on 1 April 2011             | £40,600.03        |                |
| Net Increase in Deposits                     | £14,912,673.33    |                |
| Increase in Accrued Interest during the year | <u>£68,020.37</u> |                |
| Deposits on 31 March 2012                    |                   | £42,588,513.01 |

**On Call Investment Accounts**

|  |                         |                 |
|--|-------------------------|-----------------|
| Deposits on 1 April 2011                 | £255,193,432.99         |                 |
| Net Decrease in Deposits during the year | <u>(£64,136,662.16)</u> |                 |
| Deposits on 31 March 2012                |                         | £191,056,770.83 |

**Ordinary Deposits**

|  |                      |                |
|--|----------------------|----------------|
| Deposits on 1 April 2011                 | £39,300,387.99       |                |
| Net Increase in Deposits during the year | <u>£6,890,558.80</u> |                |
| Deposits on 31 March 2012                |                      | £46,190,946.79 |

**Bonds**

|  |                      |                        |
|--|----------------------|------------------------|
| Deposits on 1 April 2011                 | £8,018,288.23        |                        |
| Net Increase in Deposits during the year | <u>£1,055,488.08</u> |                        |
| Deposits on 31 March 2012                |                      | £9,073,776.31          |
| Total Deposits on 31 March 2012          |                      | <u>£288,910,006.94</u> |

**Reserve Account**

|  |                    |                               |
|--|--------------------|-------------------------------|
| Reserve Account on 1 April 2011          | £1,444.51          |                               |
| Net Increase in Reserves during the year | <u>£725,516.58</u> |                               |
| Reserve Account on 31 March 2012         |                    | £726,961.09                   |
| Fund Account Balance on 31 March 2012    |                    | <u><u>£289,636,968.03</u></u> |



C Victory  
 Director, Gibraltar Savings Bank  
 20th July 2012



**SAVINGS BANK FUND**  
**STATEMENT OF INVESTMENTS ON 31 MARCH 2012**  
**SHOWING MARKET VALUE ON THAT DATE**

| DESCRIPTION OF STOCK                      | NOMINAL<br>VALUE | MARKET<br>PRICE<br>ACCRUED<br>INTEREST % | MARKET<br>VALUE<br>ACCRUED<br>INTEREST | TOTAL<br>MARKET<br>VALUE ON<br>31 3 12 |
|---|------------------|--|--|--|
| EIB FLOATING RATE NOTE 30/01/14           | £20,000,000.00   | 100.027<br>0.193                         | £20,005,327.20<br>£38,538.63           | £20,043,865.83                         |
| EIB FLOATING RATE NOTE 19/02/2015         | £20,000,000.00   | 100.025<br>0.128                         | £20,004,957.80<br>£25,661.59           | £20,030,619.39                         |
| EIB FLOATING RATE NOTE 05/01/16           | £25,000,000.00   | 99.925<br>0.272                          | £24,981,232.25<br>£68,083.73           | £25,049,315.98                         |
| INTERNATIONAL BK RECON & DEV FRN 19/01/16 | £4,235,000.00    | 100.006<br>0.225                         | £4,235,254.23<br>£9,519.85             | £4,244,774.08                          |
| DEUTSCHE BANK FRN 26/04/12                | £5,000,000.00    | 99.973<br>0.203                          | £4,998,671.20<br>£10,146.77            | £5,008,817.97                          |
| JP MORGAN CHASE FRN 27/06/12              | £6,000,000.00    | 99.853<br>0.012                          | £5,991,153.72<br>£744.00               | £5,991,897.72                          |
| DEXIA CREDIT LOCAL FRN 01/04/14           | £12,000,000.00   | 99.557<br>0.358                          | £11,946,832.92<br>£42,936.09           | £11,989,769.01                         |
| RABOBANK NEDERLAND FRN 06/06/14           | £18,000,000.00   | 99.984<br>0.106                          | £17,997,203.34<br>£19,027.97           | £18,016,231.31                         |
| FMS WERTMANAGEMENT FRN 16/06/14           | £10,000,000.00   | 100.140<br>0.052                         | £10,014,044.60<br>£5,203.52            | £10,019,248.12                         |
| CAISSE D'AMORT DETTE SOC FRN 30/06/14     | £10,000,000.00   | 100.000<br>0.003                         | £10,000,000.00<br>£349.83              | £10,000,349.83                         |
| KFW FRN 09/03/15                          | £17,000,000.00   | 99.918<br>0.069                          | £16,986,020.56<br>£11,690.11           | £16,997,710.67                         |
| REPUBLIC OF FINLAND FRN 25/2/16           | £5,000,000.00    | 100.085<br>0.101                         | £5,004,241.05<br>£5,028.57             | £5,009,269.62                          |
| GIH FRN 02/04/12                          | £12,500,000.00   | 100.000<br>0.005                         | £12,500,000.00<br>£684.93              | £12,500,684.93                         |
| ROYAL BANK OF SCOTLAND GBP CALL A/C       | £16,709,957.50   | 100.000<br>0.002                         | £16,709,957.50<br>£343.36              | £16,710,300.86                         |
| CROWN AGENTS BANK                         | £754.46          | 100.000                                  | £754.46                                | £754.46                                |
| BARCLAYS BANK PLC                         | £97,262,019.82   | 100.000<br>0.055                         | £97,262,019.82<br>£53,609.06           | £97,315,628.88                         |
| NATIONAL WESTMINSTER OFFSHORE LTD         | £8,704,857.37    | 100.000                                  | £8,704,857.37                          | £8,704,857.37                          |
| BANK OF ENGLAND                           | £2,002,832.49    | 100.000<br>0.002                         | £2,002,832.49<br>£39.51                | £2,002,872.00                          |
|   | £289,415,421.64  |  | £289,636,968.03                        | £289,636,968.03                        |