



**SOUTH GEORGIA
& the
SOUTH SANDWICH ISLANDS**

FINANCIAL STATEMENTS

and

AUDIT REPORT

for the year ended

31st DECEMBER 2018

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**SOUTH GEORGIA
& the
SOUTH SANDWICH ISLANDS
FINANCIAL STATEMENTS**

for the year ended

31st DECEMBER 2018

SOUTH GEORGIA & the SOUTH SANDWICH ISLANDS FINANCIAL STATEMENTS

For the year ended 31st December 2018

INTRODUCTION AND SUMMARY OF FINANCIAL STATEMENTS

INTRODUCTION

South Georgia & the South Sandwich Islands are an Overseas Territory of the United Kingdom and are administered by a Commissioner appointed by Her Majesty the Queen.

The Commissioner is resident in the Falkland Islands. By arrangement between the Government of South Georgia & the South Sandwich Islands (GSGSSI) and the Falkland Islands Government, the services of some Falkland Islands Government officers are made available on a part time basis to the Government of South Georgia & the South Sandwich Islands.

FINANCIAL STATEMENTS

With the aim of modernising South Georgia & the South Sandwich Islands accounting framework the accounts from 2008 were moved from a cash basis to a resource accounting basis. The financial statements therefore now incorporate Fixed Assets, Debtors, Stock and Creditors.

Approval was received from the Secretary of State to deviate from Chapter VIII of Part II of the Colonial Regulations. These accounts are therefore prepared on the accruals basis as detailed in note 1.1.

AUTHORITY FOR EXPENDITURE

The 2018 estimates were approved by the Secretary of State on the 1st of January 2018.

SUMMARY

The statements show a surplus of £1,823,000 (2017 – surplus £1,308,000) for the year, compared to a budgeted cash surplus of £3,535,000 (2017 – surplus £2,867,996), to give a General Revenue Balance (before other realisations) at 31 December 2018 of £10,055,000 (2017 - £8,232,000).

Operating revenue was £1,515,000 (2017 - £1,836,000 above) below the approved estimated revenue of £9,576,000 (2017 - £9,142,466), mainly due to the accounting treatment of the KEP Wharf grant.

There was an under spend of £2,309,000 (2017 – £4,065,000 underspend) compared to the approved estimated expenditure of £8,546,000 (2017 - £10,064,000). This is primarily due to the accounting treatment of the KEP Wharf grant as estimates are prepared on a cash basis whereas the accounts are prepared using resource accounting principles.

GSGSSI SENIOR MANAGEMENT

The members of GSGSSI Senior Management during the year ended 31 December 2018 were:

FCO Representative	
Commissioner	Nigel Phillips CBE
GSGSSI Senior Management	
Chief Executive	Helen Havercroft (from 17 June 2018) James Jansen (until 2 July 2018)
Executive Officer	Steve Brown (from 1 September 2017)
Financial Secretary	James Wilson (from 5 th June 2017)

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STATEMENT OF FINANCIAL SECRETARY'S RESPONSIBILITIES

The Financial Secretary is responsible for supervising the finances of the Government by managing the General Revenue Balance Account and supervising, controlling and directing all matters relating to the financial affairs of the Government so as to ensure that a full account is made to the Commissioner.

The Financial Secretary is responsible for compiling and managing the financial statements of the Government. This includes ensuring that all monies received and paid by Government are brought promptly and properly to account, reporting to the Commissioner in writing any apparent defect in departmental controls of revenue, expenditure, cash, stamps, stores and other property of the Government and any breach or non-observance of Colonial Regulations. The Financial Secretary is also responsible for ensuring that adequate provisions exist for the safe custody of public monies, stamps, securities and other documents for which they are accountable.

Approved by

James Wilson
Financial Secretary



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**OPERATING COST STATEMENT
for the year ended 31st December 2018**

2017	Note	2018
£000s		£000s
Operating Costs		
639 Staff Costs		511
5,360 Other Operating Costs		5,727
5,999 Total Operating Costs	2	6,238
7,308 Operating Revenue	3	8,061
(1,308) OPERATING (SURPLUS)/DEFICIT FOR THE YEAR		(1,823)
(1,308) TOTAL (SURPLUS)/DEFICIT FOR THE YEAR		
(1,823)		

The main drivers for the change in results from a £3,535,000 cash surplus (2017 – £2,867,000 surplus) to a £1,813,000 (2017 – £1,308,000 surplus) resource surplus were:

Item	Main reasons for variance	£000s
Fixed Asset Recognition	Removing fixed asset costs from the operating cost statement and capitalising on the Balance Sheet	(150)
Depreciation	Depreciation on Fixed Assets being recognised as an expense through the Operating Cost Statement	249
Accruals & Prepayments	Recognising income and expenditure in the year it relates to rather than the year processed or received	1,463
Stock	Provision for obsolete stock	(46)
Stock	Stock movement	(4)
Exchange rates	Exchange rate movements	0
Grants	Grant income taken straight to reserves	200

James Wilson
Financial Secretary

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**OPERATING COST STATEMENT FOR THE YEAR ENDED
31st December 2018 (continued)**

Comparison of Cash (Surplus) to Resource (Surplus)/Deficit

	2018
Note	£000s
Net Cash (surplus) 31 December	(3,535)
Resource Accounting Adjustments	1,712
TOTAL (SURPLUS)/DEFICIT FOR THE YEAR	(1,823)

*** Reconciliation of Resource Accounting Adjustments**

	2018
	£000s
REVENUE	
Deferred Income	364
Accrued Income	(115)
Debtors	(10)
Grant Income to Reserves	200
Fixed Asset Sales	-
Reversal of prior year accruals	(219)
Other	33
Total Revenue Adjustments	256
EXPENDITURE	
Accrued Expenditure	809
Prepaid Expenditure	(242)
Movements in Creditors & Provisions	55
Fixed Assets / Depreciation	99
Stock Consumption	(4)
Stock Provision	(46)
Reversal of prior year accruals	786
Total Expenditure Adjustments	1,459
TOTAL RESOURCE ACCOUNTING ADJUSTMENTS	1,712

James Wilson
Financial Secretary

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NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements on pages 4 to 6 and should be treated as such.

1. Accounting Policies

1.1 Basis of Accounting

These financial statements are prepared and published in accordance with approval from the Secretary of State. The financial statements generally follow UK generally accepted accounting practice (UK GAAP) to the extent it is meaningful and appropriate to the Government of South Georgia & the South Sandwich Islands. Where there is a choice of accounting policies available, the accounting policy judged to be the most appropriate to the particular circumstances of the Government of South Georgia & the South Sandwich Islands for the purposes of giving a true and fair view has been selected. The Government's accounting policies have been applied consistently in dealing with items considered material in relation to the financial statements. Where relevant, principles outlined in the pre- IFRS Financial Reporting Manual issued by HM Treasury have been followed. The financial statements are not required to comply fully with statements issued by the financial reporting and accounting standards setting bodies in the United Kingdom.

1.2 Accounting Convention

These financial statements have been prepared under the accruals concept of accounting and the historical cost convention for the measurement of fixed assets, as modified for the revaluation of listed fixed asset investments. Differences to the historical cost method of valuation for tangible fixed assets and stocks have been referred to in notes 1.8 and 1.13d.

1.3 Recognition of Income

Income is recognised on an accruals basis, accruing into the financial statements where late invoicing has occurred and deferring income not relating to the period of account. Operating income relates directly to the operating activities of the department. It principally comprises fees and charges for services provided on a full-cost basis to external customers.

With regards to taxation income, income from personal tax is recognised when an assessment is issued by the Taxation Department. Income from corporation tax and payments on account of tax (POAT) are recognised at the time payments are due and payable according to the taxation legislation. All penalties accruing for late payment of tax at 31 December form part of revenue.

1.4 Notional and other non-cash charges

The Operating Cost Statement includes depreciation charged.

1.5 Recognition of Expenditure

Expenditure is recognised on an accruals basis, matching costs incurred to the period of account. Costs relating to a future accounting period are recognised as prepayments.

1.6 Foreign Currency Transactions

The financial statements are maintained and reported in Falkland Islands pounds, which are on par with the pound sterling, in accordance with the provisions of Section 4 of the Falkland Island Currency Ordinance 1987. Expenditure and revenue in other currencies are converted to Falkland Islands pounds at the foreign exchange rate on the date the transactions take place. Balances and investments held are converted at the closing mid-point foreign exchange rate of 31 December.

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1.7 Intangible Fixed Assets

Mineral, oil and fishing rights are not capitalised. It is not possible to ascertain their value without incurring considerable cost. Purchased software licences are put through the operating cost statement as the majority of licences are renewed annually, and values of longer term licences are considered immaterial. As such, there are no intangible fixed assets accounted for within the Government of South Georgia & the South Sandwich Islands.

1.8 Tangible Fixed Assets

With the exceptions stated below concerning non-operational heritage assets, tangible fixed assets are stated at historical cost including any costs such as delivery and installation directly attributable to bringing them into working condition. There are some fixed assets for which it has not been possible to identify historic cost. In these cases, an estimate of replacement cost has been made. As at 31 December 2018, the split of assets disclosed in this way was:

	Cost		Net Book	
	£000	% of cost	Value £000	% of NBV
Historical Cost	12,561	96%	9,756	97%
Estimated Values	500	4%	280	3%
Total Fixed Assets	13,061	100 %	10,036	100 %

No consideration of potential impairment in recoverable amount or value in use of tangible fixed assets has been made. All fixed assets of cost or estimated value over £1,000 are capitalised, with the exception of IT, which is capitalised at £200. Non-operational heritage assets have not been capitalised, either because it is impossible to obtain a reliable valuation, or because the cost of obtaining a reliable valuation would be greater than the benefit arising.

1.9 Assets under the Course of Construction

Assets under the course of construction are included in the fixed assets figure in the Balance Sheet and detailed in note 4 to the financial statements.

As a project is completed and the asset is brought into use, the asset is transferred out of the Assets under Construction class into the relevant asset category.

1.10 Donated Assets

Donated tangible fixed assets are capitalised at their current value on receipt, this value being credited to the Donated Assets Reserve. Each year, an amount equal to the depreciation charge on the asset is released from the Donated Asset Reserve to the Operating Cost Statement.

1.11 Depreciation Policy

Tangible fixed assets are depreciated at rates calculated to write them down to their estimated residual value on a straight-line basis over their estimated useful economic lives. Assets under the course of construction are not depreciated until the asset is brought into use and transferred out of that category. Leased assets are depreciated over the shorter of the lease term and their estimated useful economic lives. No depreciation is provided on freehold land since it has an unlimited useful life.

The initial cost of capital infrastructure is depreciated over 100 years, being management's current estimated useful life. All repairs expenditure in relation to such infrastructure is charged to the operating cost statement. In addition, annual condition reviews are performed by management in order to consider any further material

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consumption or deterioration of the infrastructure network during the year requiring to be charged to the operating cost statement as excess depreciation.

1.11 Depreciation Policy (Cont.)

The asset categories and their normal useful economic lives are:

Buildings	50 years
Infrastructure (Jetties, etc)	100 years
Furniture/Fittings	10 years
Equipment	5 years
Plant & Machinery	10 years
Information Technology	3 years
Vehicles	10 years
Air and Sea craft	20 years

1.12 Debtors

The sum of debtors shown in the balance sheet is made up of accrued income, advances, prepayments, trade debtors and loans advanced by Government of South Georgia & the South Sandwich Islands.

1.13 Stocks

Government stocks are included in the financial statements using the following policy guidelines.

- a. Aggregate stocks held by a type are excluded if less than £1,000 in value.
- b. Minor assets held, which are below the fixed asset threshold, and which are of an inventory nature rather than consumable items, are not included within the stocks figure.
- c. The initial recognition of stocks has been created and a corresponding entry in the General Fund represents the increase to the balance sheet value of Taxpayers' Equity.
- d. Stocks are valued at the lower of cost or net realisable value on a first in first out basis. Where a cost figure is unknown, either a replacement cost value or an estimated or notional value has been assigned in order to establish the opening stocks position.
- e. Stocks have been measured by way of an annual stock take.
- f. Stocks recognised for the first time are accounted for as described in note 1.13c. All other movements in stock are accounted for under stock consumption in the operating cost statement. Negative stock consumption arises when in-year purchases exceed usage.

1.14 Provisions for Liabilities

The Government of South Georgia & the South Sandwich Islands provides for legal and constructive obligations, which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation.

1.15 Reserves

The Government's reserves represent the balance of assets and liabilities as shown on the balance sheet comprising the Revaluation Reserve, Donated Asset Reserve, Consolidated Fund, Capital Grant Reserve, and Earmarked Reserves consisting of the FCO Revenue Grant Reserve, the King Edward Point Reserve, and the Heritage Fund Reserve.

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1.15 Reserves (Cont.)

Revaluation Reserve

The Revaluation Reserve was created on 1 January 2008 when the Government changed from a cash accounting basis to a resource accounting basis. Since inception the reserve has been used to recognise unrealised revaluation gains and associated transactions.

Donated Asset Reserve

The Donated Asset Reserve exists to account for assets as noted in accounting policy 1.10.

Consolidated Fund

The Consolidated Fund is a statutory reserve which represents the balance available to carry forward to meet expenditure in future years.

Capital Grant Reserve

Capital grant income used to fund the purchase of fixed assets is accounted for by crediting the Capital Grant Reserve in the Balance Sheet upon receipt of the grant. The grant is then recognised in the Consolidated Fund by a reserve transfer over the period of the useful economic life of the relevant assets purchased.

Earmarked Reserves

These represent amounts set aside from the Consolidated Fund in earmarked reserves to provide financing for specific future expenditure and comprise the FCO Revenue Grant Reserve, the King Edward Point Reserve and the Heritage Fund Reserve.

FCO Revenue Grant Reserve

This reflects grant income received from the FCO to which there are no specific conditions attached and which has been credited directly to reserves. This funding is restricted in that it can only be used to demonstrably further policy objectives for GSGSSI or to mitigate against contingencies. In order to use this reserve a formal warrant will need to be produced, supported by approval from the FCO and, for that reason, these grants are separately earmarked. Once approved expenditure is incurred a reserve transfer is made from the FCO Revenue Grant Reserve to the Consolidated Fund.

King Edward Point Reserve

This reserve reflects income received that can only be used to support work to encourage greater scientific use of the facilities at KEP. This is fully recognised as income in the year of receipt as it reflects a return of funding previously provided to BAS and accounted for through the OCS. This is represented on the balance sheet in an earmarked reserve to ensure the funding is used for the specific purpose it was intended. When expenditure is incurred to fund the scientific use of facilities at King Edward Point, a reserve transfer is made from the King Edward Point Reserve to the Consolidated Fund.

Heritage Fund Reserve

This reserve reflects income received that can only be used to fund heritage projects. This is fully recognised as income in the year of receipt as there are no conditions associated with its return, and it is accounted for through the OCS. This is represented on the balance sheet in an earmarked reserve to ensure the funding is used for the specific purpose it was intended. When applicable expenditure is incurred, a reserve transfer is made from the Heritage Fund Reserve to the Consolidated Fund.

King Edward Point Wharf Reserve

This reserve reflects income granted to fund the upgrade of the wharf at King Edward Point to accommodate the new Antarctic Research vessel the Sir David Attenborough. This is represented on the balance sheet in an earmarked reserve to ensure the funding is used for the specific purpose it was intended. When applicable expenditure is incurred, a reserve transfer is made from the Reserve to the Consolidated Fund.

1.16 Research and development

Expenditure on research and development is charged through the operating cost statement.

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2. STATEMENT OF EXPENDITURE

ACTUAL EXEPNDITURE			APPROVED ESTIMATE	ACTUAL	UNDER/(OVER) THE ESTIMATE
2017 £000s	Code	Description	2018 £000s	2018 £000s	2018 £000s
Personal Emoluments					
389	0995-0310-	Salaries Established Staff	381	374	7
243	0995-0311-	Builders Salaries	260	133	127
4	0995-0331-	Medical Services Tax	-	-	-
4	0995-0332-	Retirement Pension Contribs-	4	4	(1)
639		Total Personal Emoluments	644	511	133
Other Charges					
16	0995-0334-	Passages	22	39	(17)
11	0995-0334-0004	Accommodation / Subsistence	12	19	(7)
5	0995-0334-0003	Pharos Travel GSGSSI Staff	7	4	2
15	0995-0334-0001	Contract Flights - SG based staff & partners	12	20	(8)
11	0995-0334-0002	Contract Flights - FI based staff	25	31	(6)
5	0995-0337-0001	Clothing and Equipment - Government Office	3	-	3
2	0995-0337-0002	Clothing and Equipment - Building Team	10	2	8
1	0995-0338-	Accommodation/Subsistence Allowance	-	-	-
3	0995-0600-	Telecommunications	3	3	(0)
(7)	0995-0602-	Maintenance of Buildings & Equipment	-	-	-
86	0995-0602-0002	Maintenance of Buildings & Equipment - Gr	50	47	3
11	0995-0602-0003	Maintenance of Buildings & Equipment - St	10	1	9
6	0995-0604-	Incidental Expenses	5	7	(2)
1	0995-0605-	Exchange Rates	-	-	-
1	0995-0608-	Stationery & Printing	1	1	(0)
35	0995-0612-	Insurance	38	38	(0)
1	0995-0614-	Vehicle - Operational Costs	1	1	(0)
10	0995-0619-	Office Administration	10	11	(1)
38	0995-0700-	Mail Services	25	32	(7)
44	0995-0720-	Production of Stamps & Coins	55	28	27
10	0995-0721-	KEP Post Office Non-Philatelic Expenditu	24	45	(21)
10	0995-0722-	Overseas Agency Commission	20	9	11
4	0995-0759-	In Service Training	10	-	10
4	0995-1171-	Official Entertainment	5	4	1
5	0995-1201-	Auditors Fees & Expenses	6	6	0
1	0995-1203-	Bank Charges	1	1	0
(5)	0995-1204-	Bad Debts Expenses	-	(3)	3
9	0995-1205-	Profit/Loss on sale of Fixed Assets	-	-	-
5	0995-1300-	Pensions	6	6	0
52	0995-1320-	Contribution to FIG Administration	67	54	13
155	0995-1400-	Medical Services	157	159	(2)
37	0995-1429-	Specialist Consultancy	30	130	(100)
2,931	0995-1501-0001	Fisheries Patrol Costs	3,360	3,140	220
236	0995-1501-0002	Fisheries Research	220	193	27
15	0995-1501-0003	Catch Verification	20	14	6
-	0995-1503-	Observer Fees	13	-	13

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STATEMENT OF EXPENDITURE (CONT.)

219	0995-1503-0001	Toothfish Observer Fees	244	336	(92)
16	0995-1503-0002	Icefish Observer Fees	27	-	27
21	0995-1503-0003	Krill Observer Fees	54	31	23
26	0995-1505-	Website development	30	27	3
(4)	0995-1600-	Stock Consumption	-	(4)	4
7	0995-1601-	Provision Obs Stock	-	(46)	46
-	0995-1702-	Ancillary Equipment	5	1	4
250	0995-1708-	Depreciation Expense	-	249	(249)
49	0995-1903-	Museum Trust	50	54	(4)
-	0995-1951-	Domestic Equipment	3	28	(26)
1	0995-1954-	Publications	15	1	14
123	0995-1964-	Groundfish Survey	-	3	(3)
-	0995-1966-	Environmental Baseline Survey	-	-	-
68	0995-1966-0002	Environmental - Bio-Security	165	206	(41)
20	0995-1966-0003	Environmental - ACAP	50	54	(4)
73	0995-1966-0004	Environmental - South Georgia GIS (BAS C	80	49	31
45	0995-1966-0006	Environmental - MPA Monitoring	100	45	55
2	0995-1966-0009	Environmental - Baseline Data	5	4	1
-	0995-1966-0010	Environmental - Sustainability	15	-	15
5	0995-1966-0011	Environmental - Biodiversity Monitoring	16	-	16
500	0995-1968-	KEP Project	540	500	40
118	0995-1969-	Removal of Contaminants	30	69	(39)
2	0995-1975-	Expedition Consultancy	3	4	(1)
33	0995-1976-	MSC Consultancy	20	-	20
-	0995-1979-	Hydroelectric Scheme	5	-	5
9	0995-1987-	Outreach, Collaboration & Knowledge Shari	10	7	3
-	0995-1988-	KEP Wharf Redevelopment	2,000	-	2,000
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5,339			7,692	5,660	2,032
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Special Expenditure					
8	0995-1983-	Heritage Work	182	56	126
3	0995-1985-	Stanley Biosecurity / Storage-	-	-	-
3	0995-1986-	Miscellaneous and Project Support	28	11	16
<hr/>					
14			210	67	142
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5,992			8,546	6,238	2,309
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Total Expenditure					

**SOUTH GEORGIA & the SOUTH SANDWICH ISLANDS
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For the year ended 31st December 2018

2. STATEMENT OF REVENUE

ACTUAL REVENUE 2017			APPROVED ESTIMATE 2018	ACTUAL 2018	UNDER/(OVER) THE ESTIMATE 2018
£000s	Code	Description	£000s	£000s	£000s
1,261	0995-0001-	Landing Charges	1,200	1,336	(136)
120	0995-0020-	Sale of Stamps	100	109	(9)
40	0995-0021-	KEP Post Office Non-Philatelic Revenue	45	33	12
116	0995-0061-	Customs Services/Harbour Dues	95	108	(13)
4,885	0995-0070-0001	Fishing Licences - Toothfish	5,364	5,227	137
177	0995-0070-0002	Fishing Licences - Icefish	154	334	(180)
538	0995-0070-0003	Fishing Licences - Krill	500	739	(239)
14	0995-0071-	Transshipment Fees	12	18	(6)
2	0995-0079-	Miscellaneous Revenue	5	2	3
-	0995-0120-	Expedition Applications	-	1	(1)
-	0995-0120-0001	Science Permits	-	(2)	2
(1)	0995-0120-0002	Media/Film Fees	-	-	-
5	0995-0120-0003	Restricted Activity Permit	3	-	3
5	0995-0130-	Court Fees & Fines	-	-	-
2	0995-0153-	Seignorage on coins	5	7	(2)
46	0995-0185-	Income Tax	40	42	(2)
48	0995-0204-	Investment Income	36	44	(8)
27	0995-0261-	Grants Received	-	40	(40)
-	0995-0261-0002	Grants Received - KEP Wharf	2,000	-	2,000
21	0995-0281-	Accommodation Fees-	18	23	(5)
1	0995-0282-	Church Donations	-	-	-
7,308			TOTAL REVENUE		
			9,576	8,061	1,516

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3. TANGIBLE FIXED ASSETS

	Buildings 002	Infrastructure 003	Furniture 004	Equipment 005	Plant & Machinery 006	Vehicles 008	Air and Seacraft 009	Assets Under Construction 010	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
Capitalised in 2017 as bfwd	8,199	3,150	169	359	454	17	513	62	12,923
Additions	-	-	-	19	-	-	-	131	150
Disposals	-	-	-	(7)	(4)	-	-	-	(11)
Transfers between categories	-	-	-	-	-	-	-	-	-
At 31 December 2018	8,199	3,150	169	371	451	17	513	194	13,062
Depreciation									
Capitalised in 2017 as bfwd	1,125	618	54	334	320	6	329	-	2,787
Charged in year	103	60	17	13	27	3	26	-	249
Disposals	-	-	-	(7)	(4)	-	-	-	(11)
At 31 December 2018	1,229	678	71	340	344	9	355	-	3,026
Net Book value at 31 Dec 2018									
	6,970	2,472	97	31	107	8	158	194	10,036
Net Book value as bfwd									
	7,073	2,532	115	25	134	10	184	62	10,135

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5. ANALYSIS OF STOCK

2017	Note	2018
£000		£000
96 Philatelic Stock		72
31 Non Philatelic Stock		55
25 Emergency Stores		27
(62) Provision Obsolete Stock		(16)
89		138

6. ANALYSIS OF DEBTORS FALLING DUE WITHIN 1 YEAR

2017	Note	2018
£000		£000
188 Accrued Income		38
2,236 Prepayments		5,431
122 Trade Debtors		215
- Credit Card Control		9
41 Remittances Falkland Islands Government		113
2,587		5,806

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7. SHORT TERM INVESTMENTS

2017	Note	2018
£000		£000
2,029	SCB Fixed Deposit	2,038
6,025	SCB Jersey Deposits	9,059
8,054		11,097

8. CASH IN HAND, AT BANKS AND IN TRANSIT

2017	Note	2018
£000		£000
Cash in Hand -		
-	Treasury	
31	Post Office	22
31	Cash in Hand	22
Cash at Banks -		
Standard Chartered Bank -		
967	SCB Short Call	1,165
3,641	SCB Jersey	3,795
1	SCB Current Account	1
4,609	Cash at Banks	4,962
4,640	TOTAL	4,983

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9. ANALYSIS OF CREDITORS

2017		2018
£000	Note	£000
AMOUNTS FALLING DUE WITHIN 1 YEAR		
Deposits held on Behalf of Other Administrations		
1,357	Income Received in Advance	2,564
475	Accruals	874
-	- Remittances Falkland Islands Government	-
2	Trade Creditors	-
72	Credit Card Control	-
1,906	Amounts Falling Due Within 1 Year	3,438

10. GENERAL FUND

2017		note	2018
£000			£000
7,732	Fixed Asset Revaluation Reserve	11	7,593
91	Donated Asset Reserve	12	83
9,879	Consolidated Fund	13	11,903
1,236	Capital Fund	15	1,181
4,663	Earmarked Reserves	16	7,862
23,600			28,623

11. FIXED ASSET REVALUATION RESERVE

2017		2018
£000		£000
7,873	Opening brought forward	7,732
-	Assets added from prior years (not previously recognised)	
-	Bfwd Depreciation Adjustment	
(141)	Realised element of Fixed Asset Revaluation Reserve	(139)
-	Fixed Asset Revaluation Reserve Disposals	
7,732		7,593

**SOUTH GEORGIA & the SOUTH SANDWICH ISLANDS
FINANCIAL STATEMENTS**

For the year ended 31st December 2018

12. DONATED ASSET RESERVE

2017		2018
£000		£000
99	Opening brought forward	91
-	Assets additions	
(8)	Realised element of Donated Asset Revaluation Reserve	(8)
91		83

13. CONSOLIDATED FUND

2017			2018	
£000	£000	Note	£000	£000
Cash and Operating Cost Statement Resource Accounting				
	6,924	Balance 1 Jan, brought forward		8,232
	1,308	Surplus/(Deficit) for the year		1,823
	<u>8,232</u>	Balance 31 December, carried forward		<u>10,055</u>
Other Realisations and Transfers (Balance Sheet Resource Accounting Adjustments)				
1,441		Balance 1 Jan, brought forward	1,646	
1		Transfer to/from earmarked reserves	1	
55		Utilisation of Capital Grant	54	
149		Realised element of fixed asset & donated asset revaluation reserves	<u>146</u>	
	1,646	Balance 31 December, carried forward		1,848
	9,879			11,903

14. COMMITMENTS

In 2016, GSGSSI signed a four year tripartite agreement with the Foreign and Commonwealth Office and Natural Environment Research Council (NERC) to build a new wharf and associated facilities at King Edwards Point. The contract value is £11m in total, jointly funded by GSGSSI (supported by FCO grant) and NERC.

15. CAPITAL GRANT RESERVE

2017		2018
£000		£000
1,198	Opening brought forward	1,235
92	Capital Grant Received in Year	-
(54)	Capital Grant Utilised in Year	(54)
1,235		1,180

**SOUTH GEORGIA & the SOUTH SANDWICH ISLANDS
FINANCIAL STATEMENTS**

For the year ended 31st December 2018

16. EARMARKED RESERVES

2017		2018
£000	Note	£000
2,000	FCO Revenue Grant Reserve	2,000
604	King Edward Point Reserve	603
59	Heritage Fund Reserve	59
2,000	KEP Wharf Reserve	5,200
4,663		7,862

17. CONTINGENT LIABILITY

In 2018, the Chief Justice granted leave for an unsuccessful toothfish licence applicant to seek judicial review of the Director of Fisheries' decision not to award a licence. In October 2018, the Chief Justice set aside leave on all grounds. In November 2018, the applicant made a renewed application to the Court of Appeal for leave to apply for judicial review and for leave to appeal. A hearing date for the renewed leave application has not yet been confirmed



**SOUTH GEORGIA
& the
SOUTH SANDWICH ISLANDS**

AUDIT REPORT

for the year ended

31st DECEMBER 2018

**INDEPENDENT AUDITORS' REPORT TO THE GOVERNMENT OF
SOUTH GEORGIA & THE SOUTH SANDWICH ISLANDS
YEAR ENDED 31 DECEMBER 2018**

Opinion

We have audited the financial statements of The Government of South Georgia & the South Sandwich Islands for the year ended 31 December 2018 which comprise the operating cost statement, the balance sheet and the related notes. The financial statements generally follow UK generally accepted accounting practice (UK GAAP) to the extent it is meaningful and appropriate to the Government of South Georgia and South Sandwich Islands.

In our opinion, the financial statements:

- give a true and fair view of the state of the Government of South Georgia & the South Sandwich Islands' affairs as at 31 December 2018 and of its surplus for the year then ended;
- have been properly prepared in accordance with the Colonial Regulations subject to the change to the accruals basis

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 Government of South Georgia & the South Sandwich Islands in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- those charged with governance have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Government of South Georgia & the South Sandwich islands' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

Those charged with governance are responsible for the other information. The other information comprises the information included in the introduction, other than 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 our 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Government of South Georgia & the South Sandwich Islands and its environment obtained in the course of the audit, we have not identified material misstatements in the other information.

Responsibilities of Financial Secretary

As explained more fully in the Statement of Financial Secretary's responsibilities set out on page 2, the Financial Secretary is responsible for the preparation of the financial statements and for ensuring that all monies received and paid by Government are brought promptly and properly to account, reporting to the Commissioner in writing any apparent defect in departmental controls of revenue, expenditure, cash, stamps, stores and other property of the Government and any breach or non-observance of Colonial Regulation. The financial secretary is also responsible for ensuring that adequate provisions exist for the safe custody of public monies, stamps, securities and other documents for which they are accountable.

In preparing the financial statements, the Financial Secretary is responsible for assessing the Government of South Georgia & the South Sandwich Islands' 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 Financial Secretary either intends to cease operations, or has 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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Mazars LLP
Chartered Accountants and Statutory Auditor
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