



**Government of South Georgia
& the
South Sandwich Islands**

FINANCIAL STATEMENTS

and

AUDIT REPORT

for the year ended

31st DECEMBER 2021

Government of South Georgia & the South Sandwich Islands
FINANCIAL STATEMENTS

CONTENTS	Page
Introduction	
Introduction and Summary of the Financial Statements	2-3
Financial Statements	
Operating Cost Statement	4-5
Balance Sheet	6
Notes to the Financial Statements	7-20
Audit reports	
Independent Auditors' Report	21-24

Government of South Georgia & the South Sandwich Islands
FINANCIAL STATEMENTS

INTRODUCTION AND SUMMARY OF FINANCIAL STATEMENTS
for the year ended 31st December 2021

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 the Government of 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 2021 estimates were approved on behalf of the Secretary of State on the 22nd February 2021, in the sum of £11,478,650.

SUMMARY

The statements show an accrual accounting surplus of £717k (2020 £3,182k) for the year after necessary adjustments, compared to a cash accounting deficit of £1,926k (2020 surplus £2,086k), to give a General Revenue Balance (before other realisations) at 31 December 2021 of £16,289k (2020 £15,572k).

GSGSSI SENIOR MANAGEMENT

The members of GSGSSI Senior Management during the year ended 31 December 2021 were:

FCO Representative

Commissioner	Nigel Phillips CBE
---------------------	---------------------------

GSGSSI Senior Management

Chief Executive	Laura Sinclair Willis (from 27 June 2021) Helen Havercroft (until 31 August 2021)
Executive Officer	Steve Brown
Financial Secretary	Timothy Waggott

**Government of South Georgia & the South Sandwich Islands
FINANCIAL STATEMENTS**

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



Tracey Prior
Financial Secretary

30/01/23

**Government of South Georgia & the South Sandwich Islands
FINANCIAL STATEMENTS**

**OPERATING COST STATEMENT
for the year ended 31st December 2021**

2020 £000	Note	2021 £000
	Operating Costs	
548	Staff Costs	651
5,396	Other Operating Costs	5,448
5,944	Total Operating Costs	6,099
9,126	Operating Revenue	6,816
(3,182)	OPERATING (SURPLUS) FOR THE YEAR	(717)
(3,182)	TOTAL (SURPLUS) FOR THE YEAR	(717)

The main drivers for the change in results from a £1,926k cash deficit (2020 £3,075k surplus) to a £717k (2020 £3,182k) resource surplus were:

Item £000	Main reasons for variance	£000
(171) Fixed Asset Recognition	Removing fixed asset costs from the operating cost statement and capitalising on the Balance Sheet	(98)
3 Fixed Asset Disposals	Loss on Disposal on Fixed Assets being recognised as an expense through the Operating Cost Statement	5
315 Depreciation	Depreciation on Fixed Assets being recognised as an expense through the Operating Cost Statement	358
(1,246) Accruals & Prepayments	Recognising income and expenditure in the year it relates to rather than the year processed or received	(2,890)
4 Stock	Provision for obsolete stock	1
(1) Stock	Stock movement	(57)
- Grants	Grant income taken straight to reserves	-



Tracey Prior
Financial Secretary
30/01/23

**Government of South Georgia & the South Sandwich Islands
FINANCIAL STATEMENTS**

**OPERATING COST STATEMENT
for the year ended 31st December 2021 (continued)**

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

2020 £000		2021 £000
(2,086)	Net Cash (surplus) 31 December	1,926
(1,096)	Resource Accounting Adjustments	(2,643)
(3,182)	TOTAL (SURPLUS) FOR THE YEAR	(717)

*** Reconciliation of Resource Accounting Adjustments**

2020 £000		2021 £000
	REVENUE	
-	Deferred Income	421
(151)	Accrued Income	(354)
41	Debtors	-
-	Grant Income to Reserves	-
(238)	Reversal of prior year accruals	152
(348)	Total Revenue Adjustments	220
	EXPENDITURE	
559	Accrued Expenditure	772
(243)	Prepaid Expenditure	(266)
(501)	Movements in Creditors & Provisions	(3,262)
146	Fixed Assets / Depreciation	265
4	Stock Consumption	1
(1)	Stock Provision	(57)
(712)	Reversal of prior year accruals	(316)
(748)	Total Expenditure Adjustments	(2,863)
(1,096)	TOTAL RESOURCE ACCOUNTING ADJUSTMENTS	(2,643)


 Tracey Prior
 Financial Secretary
 30/01/23
 5

**Government of South Georgia & the South Sandwich Islands
FINANCIAL STATEMENTS**

BALANCE SHEET AS AT 31st DECEMBER 2021

2020			2021	
£000	£000	Notes	£000	£000
Fixed Assets				
20,586			20,320	
20,586		4	20,320	
Current Assets				
146		5	202	
557		6	791	
7,101		7	4,071	
15,302		8	16,233	
23,106			21,297	
(3,902)		9	(1,111)	
19,204			20,187	
39,790			40,507	
NET ASSETS				
39,790			40,507	
Financed by Taxpayers' Equity:				
39,790		10	40,507	
39,790			40,507	


 Tracey Prior
 Financial Secretary
 30/01/23

Government of South Georgia & the South Sandwich Islands
FINANCIAL STATEMENTS

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.

Government of South Georgia & the South Sandwich Islands
FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

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 2021, the split of assets disclosed in this way was:

	Cost	% of cost	Net Book	
	£000		Value	% of NBV
	£000		£000	
Historical Cost	23,727	98%	20,100	99%
Estimated Values	500	2%	220	1%
Total Fixed Assets	24,227	100%	20,320	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.

Government of South Georgia & the South Sandwich Islands
FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

The asset categories and their normal useful economic lives are:

Buildings	50 years
Infrastructure	100 years
Wharf	50 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.

Government of South Georgia & the South Sandwich Islands
FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

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.

**Government of South Georgia & the South Sandwich Islands
FINANCIAL STATEMENTS**

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

**Government of South Georgia & the South Sandwich Islands
FINANCIAL STATEMENTS**

NOTES TO THE FINANCIAL STATEMENTS (continued)

1.15 Reserves (Continued)

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.

Government of South Georgia & the South Sandwich Islands
FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. STATEMENT OF EXPENDITURE

2020 £000	Code	Description	2021 £000
		Personal Emoluments	
374	0995-0310-	Salaries Established Staff	448
169	0995-0311-	Builders Salaries	199
5	0995-0332-	Retirement Pension Contribs-	4
<u>548</u>		Total Personal Emoluments	<u>651</u>
		Other Charges	
2	0995-0334-	Passages	1
20	0995-0334-0001	Contract Flights - SG based staff & partners	12
21	0995-0334-0002	Contract Flights - FI based staff	12
4	0995-0334-0003	Pharos Travel GSGSSI Staff	27
7	0995-0334-0004	Accommodation / Subsistence	12
4	0995-0334-0006	Passage to FI for UK based staff	3
18	0995-0334-0007	Accommodation Charges	17
-	0995-0337-0001	Clothing and Equipment - Government Officers	6
1	0995-0337-0002	Clothing and Equipment - Building Team	2
4	0995-0338-0001	Accommodation/Subsistence - Internationa	12
2	0995-0600-	Telecommunications	4
19	0995-0602-	Maintenance of Buildings & Equipment	15
26	0995-0602-0002	Maintenance of Buildings & Equipment - Grytviken	11
4	0995-0602-0003	Maintenance of Buildings & Equipment - Stanley	4
4	0995-0604-	Incidental Expenses	4
(1)	0995-0605-	Exchange Rates	0
-	0995-0608-	Stationery & Printing	1
41	0995-0612-	Insurance	35
1	0995-0614-	Vehicle - Operational Costs	1
7	0995-0615-0001	Plant on South Georgia	7
21	0995-0619-	Office Administration	21
29	0995-0700-	Mail Services	21
37	0995-0720-	Production of Stamps & Coins	33
30	0995-0721-	KEP Post Office Non-Philatelic Expenditu	14
7	0995-0722-	Overseas Agency Commission	7
3	0995-0759-	In Service Training	0
-	0995-1122-	Vessel Non-Compliance Costs	7
-	0995-1171-	Official Entertainment	1
-	0995-1201-	Auditors Fees & Expenses	21
1	0995-1203-	Bank Charges	1
2	0995-1205-	Profit/Loss on sale of Fixed Assets	4
6	0995-1300-	Pensions	5
50	0995-1320-	Contribution to FIG Administration	72
177	0995-1400-	Medical Services	139
158	0995-1429-	Specialist Consultancy	80
2,986	0995-1501-0001	Fisheries Patrol Costs	3,220
306	0995-1501-0002	Fisheries Research	297
16	0995-1501-0003	Catch Verification	10
191	0995-1503-0001	Toothfish Observer Fees	192
54	0995-1505-	Website development	29
(1)	0995-1600-	Stock Consumption	(57)

Government of South Georgia & the South Sandwich Islands
FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. STATEMENT OF EXPENDITURE (continued)

2020 £000	Code	Description	2021 £000
		Other Charges (Continued)	
	4 0995-1601-	Provision Obs Stock	1
	3 0995-1702-	Ancillary Equipment	0
315	0995-1708-	Depreciation Expense	358
18	0995-1903-	Museum Trust	53
2	0995-1951-	Domestic Equipment	2
1	0995-1966-0002	Environmental - Bio-Security	0
15	0995-1966-0003	Environmental - ACAP	6
4	0995-1966-0004	Environmental - South Georgia GIS (BAS C	-
34	0995-1966-0005	Environmental - Data Management	46
55	0995-1966-0007	Invasive Plant Management	47
500	0995-1968-	KEP Project	500
-	0995-1969-	Removal of Contaminants	1
1	0995-1973-0001	Heritage Improvements - Mainstore	-
2	0995-1975-0001	Expedition Consultancy	-
1	0995-1975-0002	Tourism Expenditure	4
6	0995-1976-	MSC Consultancy	6
2	0995-1977-	Maintenance of Cemeteries	3
-	0995-1979-	Hydroelectric Scheme	7
9	0995-1981-	Funding - Phd Student	-
-	0995-1982-	Research Grants	35
-	0995-1982-0001	Science Research	30
33	0995-1983-	Heritage Work	6
-	0995-1985-	Stanley Biosecurity / Storage-	1
112	0995-1985-0001	Bio-security - Detector Dog Programme	15
2	0995-1985-0002	Pre-border Biosecurity	2
1	0995-1985-0003	Post-border Biosecurity	0
3	0995-1986-	Miscellaneous and Project Support	8
2	0995-1987-	Outreach, Collaboration & Knowledge Sharing	2
14	0995-1990-	Satelite Monitoring Surveys	11
5,396			7,469
5,944		Total Expenditure	8,120

Government of South Georgia & the South Sandwich Islands
FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. STATEMENT OF REVENUE

2020 £000	Code	Description	2021 £000
925	0995-0001-	Landing Charges	388
73	0995-0020-	Sale of Stamps	80
56	0995-0021-	KEP Post Office Non-Philatelic Revenue	30
191	0995-0061-	Customs Services/Harbour Dues	42
5,136	0995-0070-0001	Fishing Licences - Toothfish	5,007
-	0995-0070-0002	Fishing Licences - Icefish	-
2,307	0995-0070-0003	Fishing Licences - Krill	680
25	0995-0070-0004	Environmental - South Georgia	27
88	0995-0071-	Transshipment Fees	7
3	0995-0079-	Miscellaneous Revenue	(28)
2	0995-0120-	Expedition Applications	-
-	0995-0120-0003	Restricted Activity Permit	-
-	0995-0131-	Court Fees & Fines	1
16	0995-0153-	Seignorage on coins	18
46	0995-0185-	Income Tax	43
145	0995-0204-	Investment Income	52
-	0995-0261-0005	Funding to support ground truthing Blue	-
-	0995-0273-	Heritage Fund Revenue	-
12	0995-0281-	Accommodation Fees-	-
1	0995-0282-	Church Donations	-
	0995-0283-	Accommodation Fees- Pharos	42
100	0995-0335-	Funding from external partners	430
9,126		TOTAL REVENUE	6,816

Government of South Georgia & the South Sandwich Islands
FINANCIAL STATEMENTS
For the year ended 31st December 2021

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 2020 as bfwd	8,329	14,100	177	376	449	17	490	199	24,137
Additions	-	62	-	31	6	-	-	-	99
Disposals	(8)	-	-	(2)	-	-	-	-	(10)
Transfers between categories	-	-	-	-	-	-	-	-	-
At 31 December 2021	8,322	14,162	177	404	455	17	490	199	24,226
Depreciation									
Capitalised in 2020 as bfwd	1,459	853	108	357	386	13	377	-	3,553
Charged in year	114	169	18	13	18	1	25	-	358
Disposals	(3)	-	-	(1)	-	-	-	-	(4)
At 31 December 2021	1,570	1,022	126	369	404	13	401	-	3,906
Net Book value at 31 Dec 2021	6,751	13,140	51	35	51	4	89	199	20,320
Net Book value as bfwd	6,870	13,247	69	19	63	5	114	199	20,586

Government of South Georgia & the South Sandwich Islands
FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. ANALYSIS OF STOCK

2020	2021
£000	£000
87 Philatelic Stock	127
51 Non Philatelic Stock	68
28 Emergency Stores	28
(20) Provision Obsolete Stock	(21)
146	202

6. ANALYSIS OF DEBTORS

2020	2021
£000	£000
AMOUNTS FALLING DUE WITHIN 1 YEAR	
181 Accrued Income	201
243 Prepayments	265
39 Trade Debtors	194
- Credit Card Control	16
94 Remittances Falkland Islands	115
557	791

7. SHORT TERM INVESTMENTS

2020	2021
£000	£000
- SCB Fixed Deposit	-
7,101 SCB Jersey Deposits	4,071
7,101	4,071

**Government of South Georgia & the South Sandwich Islands
FINANCIAL STATEMENTS**

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. CASH IN HAND, AT BANKS AND IN TRANSIT

2020		2021
£000		£000
Cash in Hand -		
	Treasury	
<u>3</u>	Post Office	<u>8</u>
<u>3</u>	Cash in Hand	<u>8</u>
Cash at Banks -		
Standard Chartered Bank -		
1,081	SCB Short Call	221
14,217	SCB Jersey	16,003
1	SCB Current Account	1
<u>15,299</u>	Cash at Banks	<u>16,225</u>
<u>15,302</u>	TOTAL	<u>16,233</u>

9. ANALYSIS OF CREDITORS

2020		2021
£000		£000
AMOUNTS FALLING DUE WITHIN 1 YEAR		
Deposits held on Behalf of Other Administrations		
	- Income Received in Advance	450
3,838	Accruals	601
61	Trade Creditors	60
3	Credit Card Control	-
<u>3,902</u>	Amounts Falling Due Within 1 Year	<u>1,111</u>

Government of South Georgia & the South Sandwich Islands
FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. GENERAL FUND

2020 £000		Note	2021 £000
7,314	Fixed Asset Revaluation Reserve	11	7,177
4,742	Donated Asset Reserve	12	4,734
17,880	Consolidated Fund	13	18,071
1,062	Capital Fund	14	1,015
8,792	Earmarked Reserves	15	8,792
39,790			39,789

11. FIXED ASSET REVALUATION RESERVE

2020 £000		2021 £000
7,456	Opening brought forward	7,314
(5)	Assets added from prior years (not previously recognised)	(1)
(137)	Realised element of Fixed Asset Revaluation Reserve	(137)
7,314		7,176

12. DONATION ASSET RESERVE

2020 £000		2021 £000
76	Opening brought forward	4,742
4,700	Assets additions	
(34)	Realised element of Donated Asset Revaluation Reserve	(8)
4,742		4,734

13. CONSOLIDATED FUND

2020 £000	£000		2021 £000	£000
Cash and Operating Cost Statement Resource				
12,390		Balance 1 Jan, brought forward		15,572
<u>3,182</u>		Surplus/(Deficit) for the year		<u>717</u>
15,572		Balance 31 December, carried forward		16,289
Other Realisations and Transfers (Balance Sheet Resource Accounting Adjustments)				
2,047		Balance 1 Jan, brought forward	2,308	
19		Transfer to/from earmarked reserves	-	
89		Utilisation of Capital Grant	47	
<u>153</u>		Realised element of fixed asset & donated asset	<u>145</u>	
	2,308	Balance 31 December, carried forward		2,500
17,880				18,789

**Government of South Georgia & the South Sandwich Islands
FINANCIAL STATEMENTS**

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. CAPITAL GRANT RESERVE

2020		2021
£000		£000
1,127	Opening brought forward	1,062
(65)	Capital Grant Utilised in Year	(46)
1,062		1,016

15 EARMARKED RESERVES

2020		2021
£000		£000
4,150	FCO Revenue Grant Reserve	4,150
603	King Edward Point Reserve	603
59	Heritage Fund Reserve	59
3,980	KEP Wharf Reserve	3,980
8,792		8,792

16. POST BALANCE SHEET EVENT

The global COVID-19 pandemic has significantly impacted on global tourism, expeditions and fisheries, which will negatively impact future income from these sources. Though the extent of disruption is expected to be temporary, the full ongoing extent of the financial impact and other possible impacting matters are unknown at this time.



**Government of South Georgia
& the
South Sandwich Islands**

AUDIT REPORT

for the year ended

31st DECEMBER 2021

**INDEPENDENT AUDITORS' REPORT TO THE GOVERNMENT OF
SOUTH GEORGIA & THE SOUTH SANDWICH ISLANDS
YEAR ENDED 31 DECEMBER 2021**

Opinion

We have audited the financial statements of The Government of South Georgia & the South Sandwich Islands for the year ended 31 December 2021 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 2021 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 the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Falkland Islands Tourist Board Ordinance 2014.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue (which we pinpointed to the cut-off assertion) and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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.

Use of our report

Our audit work has been undertaken so that we might state to the corporation'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 corporation and the corporation's members as a body for our audit work, for this report, or for the opinions we have formed.

Mazars LLP
Chartered Accountants and Statutory Auditor
90 Victoria Street, Bristol, BS1 6DP, United Kingdom