



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

**FINANCIAL STATEMENTS**

**and**

**AUDIT REPORT**

**for the year ended**

**31<sup>st</sup> DECEMBER 2022**

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

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

**INTRODUCTION AND SUMMARY OF FINANCIAL STATEMENTS  
for the year ended 31st December 2022**

**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 2022 estimates were approved on behalf of the Secretary of State on the 16<sup>th</sup> December 2022 and with a mid year financial review signed the 27<sup>th</sup> July 2022, giving consent for an allowable expenditure in the sum of £8,388,550.

**SUMMARY**

The statements show an accrual accounting deficit of £377k (2021 surplus £717k) for the year after necessary adjustments, compared to a cash accounting deficit of £88k (2021 Deficit £1,926k), to give a General Revenue Balance (before other realisations) at 31 December 2022 of £15,912k (2021 £16,289k).

**GSGSSI SENIOR MANAGEMENT**

The members of GSGSSI Senior Management during the year ended 31 December 2022 were:

**FCDO Representative**

Commissioner

Alison Blake CMG Appointed July 2022  
Nigel Phillips CBE left July 2022

**GSGSSI Senior Management**

Chief Executive

Laura Sinclair Willis

Executive Officer

Steve Winn Appointed March 2022  
Steve Brown left April 2022

Financial Secretary

Tracey Prior Appointed November 2022  
Timothy Waggott left November 2022

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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



Tracey Prior  
Financial Secretary

31/01/24

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**OPERATING COST STATEMENT  
for the year ended 31<sup>st</sup> December 2022**

2021 £000	Note	2022 £000
		<b>Operating Costs</b>
651		Staff Costs 617
5,448		Other Operating Costs 7,763
<b>6,099</b>	<b>2</b>	<b>8,380</b>
6,816	3	8,003
<b>(717)</b>		<b>OPERATING (SURPLUS)/DEFICIT FOR THE YEAR 377</b>
<b>(717)</b>		<b>TOTAL (SURPLUS)/DEFICIT FOR THE YEAR 377</b>

The main drivers for the change in results from a £88k cash deficit (2021 £1,926k deficit) to a £377k (2021 (surplus) £717k) resource deficit were:

**OPERATING COST STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022 (cont.)**

Item £000	Main reasons for variance	£000
(98) Fixed Asset Recognition	Removing fixed asset costs from the operating cost statement and capitalising on the Balance Sheet	(109)
5 Fixed Asset Disposals	Loss on Disposal on Fixed Assets being recognised as an expense through the Operating Cost Statement	12
358 Depreciation	Depreciation on Fixed Assets being recognised as an expense through the Operating Cost Statement	354
(2,890) Accruals & Prepayments	Recognising income and expenditure in the year it relates to rather than the year processed or received	36
1 Stock	Provision for obsolete stock	9
(57) Stock	Stock movement	(13)
- Grants	Grant income taken straight to reserves	-

  
Tracey Prior

Financial Secretary

**Government of South Georgia & the South Sandwich Islands  
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**OPERATING COST STATEMENT  
for the year ended 31<sup>st</sup> December 2022 (continued)**

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

2021 £000		2022 £000
1,926	Net Cash (Surplus)/Deficit 31 December	88
(2,643)	Resource Accounting Adjustments	289
<b>(717)</b>	<b>TOTAL (SURPLUS)/DEFICIT FOR THE YEAR</b>	<b>377</b>

**Reconciliation of Resource Accounting Adjustments**

2021 £000		2022 £000
	<b>REVENUE</b>	
421	Deferred Income	594
(354)	Accrued Income	(163)
-	Debtors	11
152	Reversal of prior year accruals	(239)
219	Other	203
	<b>Total Revenue Adjustments</b>	<b>203</b>
	<b>EXPENDITURE</b>	
772	Accrued Expenditure	242
(266)	Prepaid Expenditure	(102)
(3,262)	Movements in Creditors & Provisions	(21)
265	Fixed Assets / Depreciation	257
1	Stock Consumption	(13)
(57)	Stock Provision	9
(316)	Reversal of prior year accruals	(286)
<b>(2,863)</b>	<b>Total Expenditure Adjustments</b>	<b>86</b>
<b>(2,643)</b>	<b>TOTAL RESOURCE ACCOUNTING ADJUSTMENTS</b>	<b>289</b>

  
 Tracey Prior  
 Financial Secretary

**Government of South Georgia & the South Sandwich Islands  
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**BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER 2022**

2021			2022	
£000	£000		£000	£000
		<b>Fixed Assets</b>		
20,320		Tangible Fixed Assets	4	20,063
	<b>20,320</b>	<b>Total Fixed Assets</b>		<b>20,063</b>
		<b>Current Assets</b>		
202		Stock	5	206
791		Debtors falling due within 1 year	6	603
4,071		Short-term investment	7	1,023
16,233		Cash at bank and in hand	8	19,365
	<b>21,297</b>	<b>Total Current Assets</b>		<b>21,197</b>
		(1,111) Creditors due within 1 year	9	(1,130)
	<b>20,187</b>	<b>Net Current Assets</b>		<b>20,067</b>
	<b>40,507</b>	<b>Total Assets Less Current Liabilities</b>		<b>40,130</b>
	<b>40,507</b>	<b>NET ASSETS</b>		<b>40,130</b>

**Financed by Taxpayers' Equity:**

40,507	Reserves	10	40,130
	<b>40,507</b>	<b>TOTAL RESERVES</b>	<b>40,130</b>



Tracey Prior  
Financial Secretary

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



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**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		Net Book	
	£000	% of cost	Value £000	% of NBV
Historical Cost	23,820	0%	19,863	0%
Estimated Values	500	0%	200	0%
<b>Total Fixed Assets</b>	<b>24,320</b>	<b>100%</b>	<b>20,063</b>	<b>100%</b>

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**  
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**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**  
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**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 FCDO 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.

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**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 FCDO Revenue Grant Reserve, the King Edward Point Reserve and the Heritage Fund Reserve.

**FCDO Revenue Grant Reserve**

This reflects grant income received from the FCDO 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 FCDO and, for that reason, these grants are separately earmarked. Once approved expenditure is incurred a reserve transfer is made from the FCDO 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 British Antarctic Survey 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

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**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.

**2. STATEMENT OF EXPENDITURE**

ACTUAL EXPENDITURE 2021 £000	Code	Description	ACTUAL 2,022 £000
		<b>Personal Emoluments</b>	
448	0995-0310-	Salaries Established Staff	431
199	0995-0311-	Builders Salaries	181
4	0995-0332-	Retirement Pension Contributions	5
<u>651</u>		<b>Total Personal Emoluments</b>	<u>617</u>

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

<b>Other Charges</b>			
1	0995-0334-	Passages	11
12	0995-0334-0001	Contract Flights - SG based staff & partners	15
12	0995-0334-0002	Contract Flights - FI based staff	10
27	0995-0334-0003	Pharos Travel GSGSSI Staff	44
12	0995-0334-0004	Accommodation / Subsistence	2
3	0995-0334-0006	Passage to FI for UK based staff	11
17	0995-0334-0007	Accommodation Charges	51
6	0995-0337-0001	Clothing and Equipment - Government Officers	1
2	0995-0337-0002	Clothing and Equipment - Building Team	1
12	0995-0338-0001	Accommodation/Subsistence - International	9
4	0995-0600-	Telecommunications	4
15	0995-0602-	Maintenance of Buildings & Equipment	-
11	0995-0602-0002	Maintenance of Buildings & Equipment - Grytviken	16
4	0995-0602-0003	Maintenance of Buildings & Equipment - Stanley	-
4	0995-0604-	Incidental Expenses	6
1	0995-0608-	Stationery & Printing	1
35	0995-0612-	Insurance	(2)
1	0995-0614-	Vehicle - Operational Costs	2
7	0995-0615-0001	Plant on South Georgia	-
21	0995-0619-	Office Administration	21
21	0995-0700-	Mail Services	33
33	0995-0720-	Production of Stamps & Coins	24
14	0995-0721-	KEP Post Office Non-Philatelic Expenditure	38
7	0995-0722-	Overseas Agency Commission	7
-	0995-0724-	Installation of EPOS system	1
-	0995-0759-	In Service Training	1
7	0995-1122-	Vessel Non-Compliance Costs	-
1	0995-1171-	Official Entertainment	3
21	0995-1201-	Auditors Fees & Expenses	15
1	0995-1203-	Bank Charges	1
-	0995-1204-	Bad Debts Expenses	11
4	0995-1205-	(Profit)/Loss on sale of Fixed Assets	2
5	0995-1300-	Pensions	5
72	0995-1320-	Contribution to FIG Administration	37
139	0995-1400-	Medical Services	227
-	0995-1400-0001	Covid 19 Expenses	2
80	0995-1429-	Specialist Consultancy	212
-	0995-1500-	Fishing Licence Administration	4
3,220	0995-1501-0001	Fisheries Patrol Costs	5,166
297	0995-1501-0002	Fisheries Research	177

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10	0995-1501-0003	Catch Verification	12
192	0995-1503-0001	Toothfish Observer Fees	191
29	0995-1505-	Website development	26
(57)	0995-1600-	Stock Consumption	(13)
1	0995-1601-	Provision Obs Stock	9
358	0995-1708-	Depreciation Expense	354
53	0995-1903-	Museum Trust	52
2	0995-1951-	Domestic Equipment	1
-	0995-1954-	Publications	6
-	0995-1966-0002	Environmental - Bio-Security	2
6	0995-1966-0003	Environmental - ACAP	11
46	0995-1966-0005	Environmental - Data Management	36
47	0995-1966-0007	Invasive Plant Management	58
500	0995-1968-	KEP Project	500
1	0995-1969-	Removal of Contaminants	-
-	0995-1975-0001	Expedition Consultancy	1
4	0995-1975-0002	Tourism Expenditure	6
6	0995-1976-	MSC Consultancy	-
3	0995-1977-	Maintenance of Cemeteries	-
7	0995-1979-	Hydroelectric Scheme	-
35	0995-1982-	Research Grants	-
2	0995-1987-	Outreach, Collaboration & Knowledge Sharing	8
<hr/>			
	<b>5,374</b>		<b>7,429</b>
<hr/>			
		<b>Special Expenditure</b>	
-	0995-0602-0006	IT Equipment	5
30	0995-1982-0001	Science Research	124
6	0995-1983-	Heritage Work	4
1	0995-1985-	Stanley Biosecurity / Storage-	5
15	0995-1985-0001	Bio-security - Detector Dog Programme	73
2	0995-1985-0002	Pre-border Biosecurity	2
1	0995-1985-0003	Post-border Biosecurity	3
8	0995-1986-	Miscellaneous and Project Support	16
-	0995-1988-0001	Special expenditure - Bio-security Facility KEP	31
-	0995-1988-0003	EM - Oil Removal Project	61
11	0995-1990-	Satelite Monitoring Surveys	10
<hr/>			
	<b>74</b>		<b>334</b>
<hr/>			
<b>6,099</b>	<b>Total Expenditure</b>		<b>8,380</b>

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**3. STATEMENT OF REVENUE**

ACTUAL REVENUE 2021 £000	Code	Description	ACTUAL REVENUE 2022 £000
388	0995-0001-	Landing Charges	1,494
79	0995-0020-	Sale of Stamps	87
30	0995-0021-	KEP Post Office Non-Philatelic Revenue	72
-	0995-0058-	Recovery of Staff Benefits/Costs	9
42	0995-0061-	Customs Services/Harbour Dues	142
5,007	0995-0070-0001	Fishing Licences - Toothfish	4,286
-	0995-0070-0002	Fishing Licences - Icefish	103
680	0995-0070-0003	Fishing Licences - Krill	752
27	0995-0070-0004	Environmental - South Georgia	132
6	0995-0071-	Transshipment Fees	15
(28)	0995-0079-	Miscellaneous Revenue	9
1	0995-0131-	Court Fees & Fines	4
18	0995-0153-	Seignorage on coins	(7)
43	0995-0185-	Income Tax	37
52	0995-0204-	Investment Income	27
-	0995-0281-	Accommodation Fees-	2
-	0995-0282-	Church Donations	1
41	0995-0283-	Accommodation Fees- Pharos	30
430	0995-0335-	Funding from external partners	533
-	0995-0336-	Micro Hydro Project funding	275
<b>6,816</b>		<b>TOTAL REVENUE</b>	<b>8,003</b>



**Government of South Georgia & the South Sandwich Islands**  
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For the year ended 31<sup>st</sup> December 2022

**4. 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
<b>Cost or valuation</b>									
bfwd	8,322	14,162	177	404	455	17	490	199	24,226
Additions	-	6	-	13	22	1	-	66	108
Disposals	(14)	-	-	-	-	-	-	-	(14)
Transfers between	60	(62)	-	201	-	-	-	(199)	-
At 31 December 2022	8,368	14,106	177	618	477	18	490	66	24,320
<b>Depreciation</b>									
bfwd	1,570	1,022	126	369	404	13	401	-	3,905
Charged in year	115	170	17	15	12	1	25	-	355
Disposals	(3)	-	-	-	-	-	-	-	(3)
At 31 December 2022	1,682	1,192	143	384	416	14	426	-	4,257
<b>Net Book value at 31 Dec 2022</b>	<b>6,686</b>	<b>12,914</b>	<b>34</b>	<b>234</b>	<b>61</b>	<b>4</b>	<b>64</b>	<b>66</b>	<b>20,063</b>
<b>Net Book value as bfwd</b>	<b>6,751</b>	<b>13,140</b>	<b>51</b>	<b>35</b>	<b>51</b>	<b>4</b>	<b>89</b>	<b>199</b>	<b>20,320</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 5. ANALYSIS OF STOCK

2021	2022
£000	£000
127 Philatelic Stock	150
68 Non Philatelic Stock	58
28 Emergency Stores	28
(21) Provision Obsolete Stock	(30)
<b>202</b>	<b>206</b>

### 6. ANALYSIS OF DEBTORS

2021	2022
£000	£000
<b>AMOUNTS FALLING DUE WITHIN 1 YEAR</b>	
201 Accrued Income	164
265 Prepayments	102
194 Trade Debtors	192
16 Credit Card Control	49
115 Remittances Falkland Islands	96
<b>791</b>	<b>603</b>

### 7. SHORT TERM INVESTMENTS

2021	Note	2022
£000		£000
4,071 SCB Jersey Deposits		1,023
<b>4,071</b>		<b>1,023</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 8. CASH IN HAND, AT BANKS AND IN TRANSIT

2021 £000		2022 £000
<b>Cash in Hand -</b>		
7	Post Office	1
<u>7</u>	<b>Cash in Hand</b>	<u>1</u>
<b>Cash at Banks -</b>		
Standard Chartered Bank -		
221	SCB Short Call	46
16,003	SCB Jersey	19,318
1	SCB Current Account	-
<u>16,225</u>	<b>Cash at Banks</b>	<u>19,364</u>
<u>16,233</u>	<b>TOTAL</b>	<u>19,365</u>

### 9. ANALYSIS OF CREDITORS

2021 £000	Note	2022 £000
<b>AMOUNTS FALLING DUE WITHIN 1 YEAR</b>		
<b>Deposits held on Behalf of Other Administrations</b>		
450	Income Received in Advance	594
601	Accruals	328
	- SCB Current Account	147
60	Trade Creditors	61
	Credit Card Control	
<u>1,111</u>	<b>Amounts Falling Due Within 1 Year</b>	<u>1,130</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 10. GENERAL FUND

2021			2022	
£000			Note	£000
7,176	Fixed Asset Revaluation Reserve	11	7,040	
4,734	Donated Asset Reserve	12	4,726	
18,789	Consolidated Fund	13	18,596	
1,016	Capital Fund	14	976	
8,792	Earmarked Reserves	15	8,792	
<b>40,507</b>			<b>40,130</b>	

### 11. FIXED ASSET REVALUATION RESERVE

2021			2022	
£000				£000
7,314	Opening brought forward		7,176	
(1)	Assets added from prior years (not previously recognised)		-	
(137)	Realised element of Fixed Asset Revaluation Reserve		(136)	
<b>7,176</b>			<b>7,040</b>	

### 12. DONATION ASSET RESERVE

2021			2022	
£000				£000
4,742	Opening brought forward		4,734	
(8)	Realised element of Donated Asset Revaluation Reserve		(8)	
<b>4,734</b>			<b>4,726</b>	

### 13. CONSOLIDATED

2021			2022	
£000	£000		£000	£000
<b>Cash and Operating Cost Statement Resource</b>				
15,572	Balance 1 Jan, brought forward		16,289	
717	Surplus/(Deficit) for the year		(377)	
16,289	Balance 31 December, carried forward		15,912	
<b>Other Realisations and Transfers (Balance Sheet Resource Accounting Adjustments)</b>				
2,308	Balance 1 Jan, brought forward	2,500		
47	Utilisation of Capital Grant	39		
145	Realised element of fixed asset & donated asset	145		
	2,500 Balance 31 December, carried forward		2,684	
<b>18,789</b>			<b>18,596</b>	

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 14. CAPITAL GRANT RESERVE

2021		2022
£000		£000
1,061	Opening brought forward	1,015
(46)	Capital Grant Utilised in Year	(39)
<b>1,015</b>		<b>976</b>

### 15. EARMARKED RESERVES

2021		2022
£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
<b>8,792</b>		<b>8,792</b>



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

**AUDIT REPORT**

**for the year ended**

**31<sup>st</sup> DECEMBER 2022**

**INDEPENDENT AUDITORS' REPORT TO THE GOVERNMENT OF  
SOUTH GEORGIA & THE SOUTH SANDWICH ISLANDS  
YEAR ENDED 31 DECEMBER 2022**

## **Opinion**

We have audited the financial statements of The Government of South Georgia & the South Sandwich Islands for the year ended 31 December 2022 which comprise the operating cost statement, the balance sheet and the notes to the financial statements. 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 2022 and of its deficit for the year then ended;
- have been properly prepared in accordance with the Colonial Regulations subject to the change to the accrual's 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**

In auditing the financial statements, we have concluded that those charged with governance use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Government of South Georgia & the South Sandwich Islands' ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of those charged with governance with respect to going concern are described in the relevant sections of this report.

## **Other information**

The other information comprises the information included in the introduction, other than the financial statements and our auditor's report thereon. Those charged with governance are responsible for the other information contained within the introduction. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.



The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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 corporation and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the corporation is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the corporation which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Falkland Islands Tourist Board Ordinance 2014.

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

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of the audit 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

Mazars LLP (Feb 15, 2024 17:16 GMT)

**Mazars LLP**

**Chartered Accountants and Statutory Auditor**

**90 Victoria Street, Bristol, BS1 6DP, United Kingdom**

**Date** Feb 15, 2024