



**SOUTH GEORGIA  
and the  
SOUTH SANDWICH ISLANDS**

**FINANCIAL STATEMENTS**

**and**

**AUDIT REPORT**

**for the year ended**

**31<sup>st</sup> DECEMBER 2016**



---

<b>CONTENTS</b>	<b>Page</b>
<b>Introduction</b>	
Introduction and Summary of the Financial Statements	1
<b>Financial Statements</b>	
Operating Cost Statement	4-5
Balance Sheet	6
Notes to the Financial Statements	7
<b>Audit reports</b>	
Independent Auditors' Report	20

---





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

**for the year ended**

**31<sup>st</sup> DECEMBER 2016**

**INTRODUCTION**



# **SOUTH GEORGIA and the SOUTH SANDWICH ISLANDS FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> December 2016**

## **INTRODUCTION AND SUMMARY OF FINANCIAL STATEMENTS**

### **INTRODUCTION**

South Georgia and 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 and 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 and the South Sandwich Islands.

### **FINANCIAL STATEMENTS**

With the aim of modernising GSGSSI 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 2016 estimates were approved by the Secretary of State on the 11<sup>th</sup> of January 2016.

### **SUMMARY**

The statements show a surplus of £1,866,289 (2015 – surplus £542,238) for the year, compared to a budgeted cash surplus of £2,294,000 (2015 – surplus £214,560), to give a General Revenue Balance (before other realisations) at 31 December 2016 of £6,924,000 (2015 - £5,057,756).

Operating revenue was £734,287 (2015 - £474,576 above) above the approved estimated revenue of £6,826,881 (2015 - £6,467,210), mainly due to krill fishing licence revenue and landing charges.

There was an under spend of £1,018,000 (2015 – £146,898 overspend) compared to the approved estimated expenditure of £6,721,000 (2015 - £6,252,650). 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 2016 were:

<b>FCO Representative</b>	
Commissioner	HE Colin Roberts
<b>GSGSSI Senior Management</b>	
Chief Executive	James Jansen (from 2 <sup>nd</sup> July 2015)
Executive Officer	Richard McKee
Financial Secretary	Nicola Granger (until 10 <sup>th</sup> October 2016) Lydia Morrison (from 11 <sup>th</sup> October 2016 ) James Wilson (from 5 <sup>th</sup> June 2017)

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

**For the year ended 31<sup>st</sup> December 2016**

**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





**SOUTH GEORGIA  
and the  
SOUTH SANDWICH ISLANDS**

**FINANCIAL STATEMENTS**

**for the year ended**

**31<sup>st</sup> DECEMBER 2016**

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

**For the year ended 31<sup>st</sup> December 2016**

**OPERATING COST STATEMENT  
for the year ended 31<sup>st</sup> December 2016**

2015	Note	2016
£000s		£000s
<b>Operating Costs</b>		
775 Staff Costs		690
5,625 Other Operating Costs		5,005
6,400	2	5,695
<b>Total Operating Costs</b>		
6,942	3	7,561
<b>Operating Revenue</b>		
( 542)		( 1,866)
<b>OPERATING (SURPLUS)/DEFICIT FOR THE YEAR</b>		
( 542)		( 1,866)
<b>TOTAL (SURPLUS)/DEFICIT FOR THE YEAR</b>		

The main drivers for the change in results from a £2,294,000 cash surplus (2015 – £1,379,735 surplus) to a £1,866,000 (2015 – £542,238 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	(97)
Depreciation	Depreciation on Fixed Assets being recognised as an expense through the Operating Cost Statement.	303
Accruals & Prepayments	Recognising income and expenditure in the year it relates to rather than the year processed or received	85
Stock	Provision for obsolete stock	12
Sale of Stamps	Value of credit card control account	5
Grants	Grant income taken straight to reserves	120

James Wilson  
Financial Secretary

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

**For the year ended 31<sup>st</sup> December 2016**

**OPERATING COST STATEMENT FOR THE YEAR ENDED  
31<sup>st</sup> December 2016 (continued)**

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

	Note	£000s
Net Cash (surplus) 31 December		(2,294)
Resource Accounting Adjustments		428
<b>TOTAL (SURPLUS)/DEFICIT FOR THE YEAR</b>		<b>(1,866)</b>

**\* Reconciliation of Resource Accounting Adjustments**

		£000s
<b>REVENUE</b>		
Prepaid Income		295
Accrued Income		(89)
Debtors		6
Grant Income to Reserves		120
<i>Fixed Asset Sales</i>		-
Other		(3)
<b>Total Revenue Adjustments</b>		<b>329</b>
<b>EXPENDITURE</b>		
Accrued Expenditure		119
Prepaid Expenditure		(238)
Movements in Creditors & Provisions		-
Fixed Assets / Depreciation		206
Stock Consumption		-
Stock Provision		12
Other		-
<b>Total Expenditure Adjustments</b>		<b>99</b>
<b>TOTAL RESOURCE ACCOUNTING ADJUSTMENTS</b>		<b>428</b>

James Wilson  
Financial Secretary

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

**For the year ended 31<sup>st</sup> December 2016**

**BALANCE SHEET AS AT 31<sup>st</sup> DECEMBER 2016**

2015				2016	
£000s	£000s	Notes	£000s	£000s	
					<b>Fixed Assets</b>
10,554			10,348		Tangible Fixed Assets
	<b>10,554</b>				<b>Total Fixed Assets</b>
					<b>Current Assets</b>
103		5	92		Stock
519		6	678		Debtors falling due within 1 year
6,001		7	6,029		Short-term investment
1,663		8	3,532		Cash at bank and in hand
	<b>8,286</b>				<b>Total Current Assets</b>
			479		Creditors due within 1 year
					<b>Net Current Assets</b>
	<b>7,659</b>		9,851		
					<b>Total Assets Less Current Liabilities</b>
	<b>18,213</b>		<b>20,200</b>		
					<b>NET ASSETS</b>
	<b>18,213</b>		<b>20,200</b>		
<b>Financed by Taxpayers' Equity:</b>					
18,213		10		20,200	Reserves
					<b>TOTAL RESERVERS</b>
	<b>18,213</b>		<b>20,200</b>		

James Wilson  
Financial Secretary

# **SOUTH GEORGIA and the SOUTH SANDWICH ISLANDS FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> December 2016**

## **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 and 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 and 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.

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

**For the year ended 31<sup>st</sup> December 2016**

**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 and 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 2016, the split of assets disclosed in this way was:

	Cost		Net Book	
	£000	% of cost	Value £000	% of NBV
Historical Cost	12,398	96%	10,028	97%
Estimated Values	500	4%	320	3%
<b>Total Fixed Assets</b>	<b>12,898</b>	<b>100%</b>	<b>10,348</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 £50. 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 consumption or deterioration of the infrastructure network during the year requiring to be charged to the operating cost statement as excess depreciation.

# SOUTH GEORGIA and the SOUTH SANDWICH ISLANDS FINANCIAL STATEMENTS

**For the year ended 31<sup>st</sup> December 2016**

## **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 and 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 and 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.

# **SOUTH GEORGIA and the SOUTH SANDWICH ISLANDS FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> December 2016**

## **Donated Asset Reserve**

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

### **1.15 Reserves (Cont.)**

## **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.

### **1.16 Research and development**

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



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

**For the year ended 31<sup>st</sup> December 2016**

**2. STATEMENT OF EXPENDITURE**

ACTUAL EXPENDITURE			APPROVED ESTIMATE	ACTUAL	UNDER/(OVER) THE ESTIMATE
2015		Description	2016	2016	2016
£000s	Code		NOTE £000s	£000s	£000s
<b>Personal Emoluments</b>					
455	0995-0310-	Salaries Established Staff	440	428	12
258	0995-0311-	Builders Salaries	290	250	40
49	0995-0312-	Project Salaries	-	-	-
5	0995-0331-	Medical Services Tax	5	4	1
8	0995-0332-	Retirement Pension Contribs-	10	8	2
<b>775</b>		<b>Total Personal Emoluments</b>	<b>745</b>	<b>690</b>	<b>55</b>
<b>Other Charges</b>					
67	0995-0334-	Passages	75	71	4
6	0995-0600-	Telecommunications	12	3	9
97	0995-0602-	Maintenance of Buildings & Equipment	200	92	108
-	0995-0604-	Incidental Expenses	40	27	13
28	0995-0605-	Exchange Rates	-	(4)	4
125	0995-0608-	Stationery & Printing	3	1	2
4	0995-0612-	Insurance	33	34	(2)
32	0995-0614-	Vehicle - Operational Costs	3	1	2
1	0995-0615-	Plant & Machinery	-	7	(7)
-	0995-0619-	Office Administration	10	9	1
1	0995-0700-	Mail Services	18	21	(3)
19	0995-0720-	Production of Stamps & Coins	50	47	3
42	0995-0721-	KEP Post Office Non-Philatelic Expenditu	15	11	4
12	0995-0721-0001	Purchase of Website Stock	-	-	-
-	0995-0722-	Overseas Agency Commission	20	9	11
15	0995-0759-	In Service Training	-	-	-
-	0995-1171-	Official Entertainment	5	2	3
3	0995-1201-	Auditors Fees & Expenses	6	5	1
4	0995-1203-	Bank Charges	2	1	1
2	0995-1204-	Bad Debts Expenses	-	6	(6)
2	0995-1205-	Profit/Loss on sale of Fixed Assets	-	3	(3)
4	0995-1300-	Pensions	6	5	1
6	0995-1320-	Contribution to FIG Administration	52	52	(1)
52	0995-1400-	Medical Services	147	150	(3)
151	0995-1429-	Specialist Consultancy	30	13	17
11	0995-1500-	Fishing Licence Administration	-	-	-
-	0995-1501-	Fisheries Research & Protection	-	-	-
-	0995-1501-0001	Fisheries Patrol Costs	3,284	2,849	435
2,962	0995-1501-0002	Fisheries Research	220	129	91
161	0995-1501-0003	Catch Verification	18	20	(2)
17	0995-1502-	Judicial Review	-	-	-
-	0995-1503-	Observer Fees	13	-	13
2	0995-1503-0001	Toothfish Observer Fees	250	227	23
234	0995-1503-0002	Icefish Observer Fees	20	23	(3)
29	0995-1503-0003	Krill Observer Fees	40	26	14
14	0995-1505-	Project Atlantis	25	33	(8)
27	0995-1600-	Stock Consumption	-	-	-
82	0995-1601-	Provision Obs Stock	-	12	(12)
10	0995-1702-	Ancillary Equipment	-	8	(8)
-	0995-1708-	Depreciation Expense	-	303	(303)
301	0995-1903-	Museum Trust	47	49	(2)
47	0995-1908-	Flags for Commissioner	-	-	-

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

**For the year ended 31<sup>st</sup> December 2016**

**2. STATEMENT OF EXPENDITURE (CONT.)**

2	0995-1951-	Domestic Equipment	3	-	3
-	0995-1954-	Publications	19	16	3
0	0995-1963-	OTEP 1	-	-	-
11	0995-1963-0001	OTPF	-	-	-
-	0995-1963-0002	OTEP MPA	-	-	-
-	0995-1963-0003	OTEP Rats	-	-	-
-	0995-1963-0004	Darwin Mouse	-	-	-
23	0995-1963-0005	Darwin Weed Management	-	15	(15)
122	0995-1964-	Groundfish Survey	-	-	-
-	0995-1966-	Environmental Baseline Survey	5	-	5
96	0995-1966-0001	Environmental Surveys	-	-	-
5	0995-1966-0002	Environmental - Bio-Security	138	62	76
6	0995-1966-0003	Environmental - ACAP	70	21	49
-	0995-1966-0004	Environmental - South Georgia GIS (BAS C	30	12	18
52	0995-1966-0005	Environmental - Data Management	60	27	33
-	0995-1966-0006	Environmental - MPA Monitoring	50	-	50
2	0995-1966-0007	Invasive Plant Management	-	2	(2)
-	0995-1966-0008	Habitat Restoration Monitoring	-	-	-
-	0995-1966-0009	Environmental - Baseline Data	40	-	40
500	0995-1968-	Civilianisation	575	500	75
-	0995-1969-	Removal of Contaminants	25	10	15
-	0995-1970-	Whaling Station Removal	-	-	-
-	0995-1973-	Heritage Fund	-	-	-
6	0995-1975-	Expedition Consultancy	3	3	-
33	0995-1976-	MSC Consultancy	30	7	23
14	0995-1979-	Hydroelectric Scheme	6	-	6
34	0995-1981-	Funding - PhD Student	-	6	(6)
-	0995-1984-	Purchase of Scientific Equipment for BAS	-	-	-
<hr/> <b>5,476</b> <hr/>			<hr/> <b>5,698</b> <b>4,922</b> <b>768</b> <hr/>		
		<b>Special Expenditure</b>		-	
-	0995-0602-0004	Scientific equipment grant	-	-	-
-	0995-1952-	Management Plan	-	-	-
4	0995-1967-	Reindeer Eradication	-	-	-
-	0995-1972-	Discovery House	-	7	(7)
-	0995-1978-	Grytviken Clearance	-	-	-
-	0995-1980-	Drukken Villa	-	-	-
-	0995-1982-	Research Grants	-	-	-
137	0995-1983-	Heritage Work	250	63	187
8	0995-1985-	Stanley Biosecurity / Storage-	-	8	(8)
-	0995-1986-	Miscellaneous and Project Support	28	5	23
<hr/> <b>149</b> <hr/>			<hr/> <b>278</b> <b>83</b> <b>195</b> <hr/>		
<hr/> <b>6,400</b>			<hr/> <b>6,721</b> <b>5,695</b> <b>1,018</b> <hr/>		
		<b>Total Expenditure</b>			

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

**For the year ended 31<sup>st</sup> December 2016**

**3. STATEMENT OF REVENUE**

ACTUAL REVENUE 2015			APPROVED ESTIMATE 2016	ACTUAL 2016	UNDER/(OVER) THE ESTIMATE 2016
£000s	Code	Description	NOTE	£000s	£000s
-	0955-0263-0003	OTEP Rats		-	-
-	0955-1963-0003	OTEP Rats		-	-
1,142	0995-0001-	Landing Charges		1,140	1,214
153	0995-0020-	Sale of Stamps		120	123
16	0995-0021-	KEP Post Office Non-Philatelic Revenue		25	48
5	0995-0037-	Reimbursement SubCharter Commercial		25	-
-	0995-0058-	Recovery Staff Benefits/Costs		-	-
111	0995-0061-	Customs Services/Harbour Dues		80	151
4,159	0995-0070-0001	Fishing Licences - Toothfish		4,539	4,512
232	0995-0070-0002	Fishing Licences - Icefish		242	189
768	0995-0070-0003	Fishing Licences - Krill		400	1,019
-	0995-0070-0004	Environmental - South Georgia		-	-
-	0995-0070-0005	Fishing Licences - Crab		-	-
24	0995-0071-	Transshipment Fees		12	54
-	0995-0075-	Sale of Water		5	-
83	0995-0079-	Miscellaneous Revenue		-	6
9	0995-0120-	Expedition Applications		-	8
1	0995-0120-0001	Science Permits		-	-
4	0995-0120-0002	Media/Film Fees		-	2
-	0995-0120-0003	Restricted Activity Permit		7	-
10	0995-0130-	Court Fees & Fines		-	30
-	0995-0134-	Prosecution Income (Sale of Assets)		-	-
-	0995-0137-	Recovery of Legal Costs		-	-
-	0995-0150-	Sale of Publications		-	-
3	0995-0153-	Seignorage on coins		5	11
-	0995-0154-	Conservation Projects		-	-
37	0995-0185-	Income Tax		36	68
30	0995-0204-	Investment Income		41	42
-	0995-0261-	Grants Received		-	22
-	0995-0261-0001	Grants Received - Cemetery Maintenance		-	-
-	0995-0263-	OTEP1 Revenue		-	-
20	0995-0263-0001	OTPF		-	-
54	0995-0263-0002	Darwin Weed Management		12	6
-	0995-0263-0003	OTEP Rats		-	-
-	0995-0263-0004	Darwin Mouse		-	-
-	0995-0263-0005	Norwegian Heritage Funding		-	-
11	0995-0263-0006	Reindeer Meat Sales		-	-
-	0995-0263-0007	Marine Protected Area Monitoring		-	-
50	0995-0273-	Heritage Revenue Fund		120	22
-	0995-0279-	Hydro-plan Revenue		-	-
3	0995-0280-	Sponsorship - Phd Student		-	-
17	0995-0281-	Accommodation Fees-		18	33
-	0995-0281-0001	Food Charges		-	-
1	0995-0282-	Church Donations		-	2
<b>6,942</b>		<b>TOTAL REVENUE</b>		<b>6,827</b>	<b>7,561</b>

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

**For the year ended 31<sup>st</sup> December 2016**

**4. TANGIBLE FIXED ASSETS**

	<b>Buildings 002</b>	<b>Infrastructure 003</b>	<b>Furniture 004</b>	<b>Equipment 005</b>	<b>Plant &amp; Machinery 006</b>	<b>Vehicles 008</b>	<b>Air and Seacraft 009</b>	<b>Assets Under Construction 010</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or valuation</b>									
Capitalised in 2015 as b fwd	8,069	3,150	161	338	444	11	513	119	12,804
Additions	5	-	7	3	36	12	-	38	100
Disposals	-	-	-	-	-	(6)	-	-	(6)
Transfers between categories	119	-	-	-	-	-	-	(119)	-
At 31 December 2016	8,192	3,150	169	341	480	17	513	38	12,898
<b>Depreciation</b>									
Capitalised in 2015 as b fwd	919	496	19	259	275	4	278	-	2,250
Charged in year	103	61	17	62	31	3	26	-	303
Disposals	-	-	-	-	-	(3)	-	-	(3)
At 31 December 2016	1,022	557	37	322	306	3	303	-	2,550
<b>Net Book value at 31 Dec 2016</b>									
	<b>7,170</b>	<b>2,593</b>	<b>132</b>	<b>19</b>	<b>174</b>	<b>13</b>	<b>209</b>	<b>38</b>	<b>10,348</b>
<b>Net Book value as b fwd</b>									
	7,149	2,654	142	79	169	8	235	119	10,554

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

**For the year ended 31<sup>st</sup> December 2016**

**5. ANALYSIS OF STOCK**

<b>2015</b>	<b>Note</b>	<b>2016</b>
<b>£000</b>		<b>£000</b>
96 Philatelic Stock		93
26 Non Philatelic Stock		25
24 Emergency Stores		29
- Reindeer Meat		-
(43) Provision Obsolete Stock		(55)
- Write-Off Reindeer Stock		-
<b>103</b>		<b>92</b>

**6. ANALYSIS OF DEBTORS FALLING DUE WITHIN 1 YEAR**

<b>2015</b>	<b>Note</b>	<b>2016</b>
<b>£000</b>		<b>£000</b>
21 Accrued Income		93
- Remittances Falkland Islands Government		-
7 Pobjoy		-
43 Prepayments		237
430 Trade Debtors		343
18 Credit Card Control		5
<b>519</b>		<b>678</b>

**7. SHORT TERM INVESTMENTS**

<b>2015</b>	<b>Note</b>	<b>2016</b>
<b>£000</b>		<b>£000</b>
2,000 SCB Fixed Deposit		2,014
4,001 SCB Jersey Deposits		4,015
<b>6,001</b>		<b>6,029</b>

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

**For the year ended 31<sup>st</sup> December 2016**

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

2015	Note	2016
£000		£000
<b>Cash in Hand -</b>		
9	Treasury	7
-	Post Office	-
<b>9</b>	<b>Cash in Hand</b>	<b>7</b>
<b>Cash at Banks -</b>		
Standard Chartered Bank -		
419	SCB Short Call	147
1,234	SCB Jersey	3,231
1	SCB Current Account	147
<b>1,654</b>	<b>Cash at Banks</b>	<b>3,525</b>
<b>1,663</b>	<b>TOTAL</b>	<b>3,532</b>

**9. ANALYSIS OF CREDITORS**

2015	Note	2016
£000		£000
<b>AMOUNTS FALLING DUE WITHIN 1 YEAR</b>		
<b>Deposits held on Behalf of Other Administrations</b>		
292	Income Received in Advance	324
316	Accruals	130
19	Remittances Falkland Islands Government	25
-	- Trade Creditors	-
<b>627</b>	<b>Amounts Falling Due Within 1 Year</b>	<b>479</b>

**10. GENERAL FUND**

2015		note	2016
£000			£000
8,017	Fixed Asset Revaluation Reserve	11	7,873
106	Donated Asset Reserve	12	99
6,240	Consolidated Fund	13	8,365
1,185	Capital Fund	15	1,199
2,665	Earmarked Reserves	16	2,664
<b>18,213</b>			<b>20,200</b>

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

**For the year ended 31<sup>st</sup> December 2016**

**11. FIXED ASSET REVALUATION RESERVE**

<b>2015</b>		<b>2016</b>
<b>£000</b>		<b>£000</b>
8,174	Opening brought forward	8,017
-	Assets added from prior years (not previously recognised)	-
-	Bfwd Depreciation Adjustment	-
(157)	Realised element of Fixed Asset Revaluation Reserve	(144)
-	Fixed Asset Revaluation Reserve Disposals	-
<b>8,017</b>		<b>7,873</b>

**12. DONATED ASSET RESERVE**

<b>2015</b>		<b>2016</b>
<b>£000</b>		<b>£000</b>
49	Opening brought forward	106
65	Assets additions	-
(8)	Realised element of Donated Asset Revaluation Reserve	(7)
<b>106</b>		<b>99</b>

**13. CONSOLIDATED FUND**

<b>2015</b>			<b>2016</b>	
<b>£000</b>	<b>£000</b>	<b>Note</b>	<b>£000</b>	<b>£000</b>
<b>Cash and Operating Cost Statement Resource Accounting</b>				
4,516	Balance 1 Jan, brought forward			5,058
542	Surplus/(Deficit) for the year			1,866
5,058	Balance 31 December, carried forward			6,924
<b>Other Realisations and Transfers (Balance Sheet Resource Accounting Adjustments)</b>				
912	Balance 1 Jan, brought forward		1,183	
1	Transfer to/from earmarked reserves		1	
104	Utilisation of Capital Grant		106	
165	Realised element of fixed asset & donated asset revaluation reserves		152	
1,182	Balance 31 December, carried forward			1,442
<b>6,240</b>				<b>8,366</b>

It should be noted that due to the difference in their nature the FCO Revenue Grant has been credited directly to reserves whilst the King Edward Point Reserve and the Heritage Fund Reserve have been transferred to earmarked reserves from the Consolidated Fund.

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

**For the year ended 31<sup>st</sup> December 2016**

**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 £8m in total, jointly funded by GSGSSI (supported by FCO grant) and NERC.

**15. CAPITAL GRANT RESERVE**

<b>2015 £000</b>		<b>Note</b>	<b>2016 £000</b>
1,175	Opening brought forward		1,185
114	Capital Grant Received in Year		142
(105)	Capital Grant Utilised in Year		(127)
<b>1,185</b>			<b>1,199</b>

**16. EARMARKED RESERVES**

<b>2015 £000</b>		<b>Note</b>	<b>2016 £000</b>
2,000	FCO Revenue Grant Reserve		2,000
606	King Edward Point Reserve		605
59	Heritage Fund Reserve		59
<b>2,665</b>			<b>2,664</b>





**SOUTH GEORGIA  
and the  
SOUTH SANDWICH ISLANDS**

**AUDIT REPORT**

**for the year ended**

**31<sup>st</sup> DECEMBER 2016**

**INDEPENDENT AUDITORS' REPORT TO THE GOVERNMENT OF  
SOUTH GEORGIA & THE SOUTH SANDWICH ISLANDS  
YEAR ENDED 31 DECEMBER 2016**

We have audited the financial statements of the Government of South Georgia and the South Sandwich Islands for the year ended 31 December 2016 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.

**Respective responsibilities of the Financial Secretary and Independent auditors**

As explained more fully in the Financial Secretary's statement on page 2, the Financial Secretary is responsible for supervising the finances of the Government so as to ensure that a full account is made to the Commissioner, managing the General Fund and supervising, controlling and directing all matters relating to the financial affairs of the Government.

The Financial Secretary is responsible for the preparation of the financial statements in accordance with applicable law, managing the financial statements of the Government, ensuring the regularity of financial transactions, 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 and ensuring that adequate provisions exist for safe custody of public monies, stamps, securities and other accountable documents.

Our responsibility is to audit and express an opinion on the financial statements prepared by the Financial Secretary in accordance with relevant law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

**Scope of the audit**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the government's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates; and the overall presentation of the financial statements. In addition, we read all financial and non-financial information in the introduction to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatement or inconsistencies we consider the implications for our audit report.

**Opinion on the financial statements**

In our opinion:

- the financial statements properly present the assets and liabilities, in accordance with the accounting policies detailed in note 1 to the financial statements;
- its revenue and expenditure for the year then ended have been properly prepared in accordance in accordance with the Colonial Regulations subject to the change to the accruals basis; and
- the information given in the introduction is consistent with the financial statements.

Mazars LLP  
Chartered Accountants and Statutory Auditors  
90 Victoria Street  
Bristol  
BS1 6DP

