



**SOUTH GEORGIA
and the
SOUTH SANDWICH ISLANDS**

FINANCIAL STATEMENTS

and

AUDIT REPORT

for the year ended

31st DECEMBER 2017

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

for the year ended

31st DECEMBER 2017

SOUTH GEORGIA and the SOUTH SANDWICH ISLANDS FINANCIAL STATEMENTS

For the year ended 31st December 2017

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 2017 estimates were approved by the Secretary of State on the 1st of January 2017.

SUMMARY

The statements show a surplus of £1,308,000 (2016 – surplus £1,866,289) for the year, compared to a budgeted cash surplus of £2,867,996 (2016 – surplus £2,294,000), to give a General Revenue Balance (before other realisations) at 31 December 2017 of £8,232,000 (2016 - £6,924,000).

Operating revenue was £1,836,000 (2016 - £734,287 above) below the approved estimated revenue of £9,142,466 (2016 - £6,826,881), mainly due to the accounting treatment of the KEP Wharf grant.

There was an under spend of £4,065,000 (2016 – £1,022,840 underspend) compared to the approved estimated expenditure of £10,064,000 (2017 - £6,716,720). 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 2017 were:

FCO Representative	
Commissioner	Nigel Phillips CBE
GSGSSI Senior Management	
Chief Executive	James Jansen (from 2 nd July 2015)
Executive Officer	Richard McKee (until 1 st September 2017) Steve Brown (from 1 September 2017)
Financial Secretary	Lydia Morrison (from 11 th October 2016) James Wilson (from 5 th June 2017)

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STATEMENT OF FINANCIAL SECRETARY'S RESPONSIBILITIES

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

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

Approved by

James Wilson
Financial Secretary



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**OPERATING COST STATEMENT
for the year ended 31st December 2017**

2016	Note	2017
£000s		£000s
Operating Costs		
690 Staff Costs		639
5,005 Other Operating Costs		5,360
5,695 Total Operating Costs	2	5,999
7,561 Operating Revenue	3	7,308
(1,866) OPERATING (SURPLUS)/DEFICIT FOR THE YEAR		(1,308)
(1,866) TOTAL (SURPLUS)/DEFICIT FOR THE YEAR		

The main drivers for the change in results from a £2,867,000 cash surplus (2016 – £2,294,000 surplus) to a £1,308,000 (2016 – £1,866,000 surplus) resource surplus were:

Item	Main reasons for variance	£000s
Fixed Asset Recognition	Removing fixed asset costs from the operating cost statement and capitalising on the Balance Sheet	(37)
Depreciation	Depreciation on Fixed Assets being recognised as an expense through the Operating Cost Statement	250
Accruals & Prepayments	Recognising income and expenditure in the year it relates to rather than the year processed or received	(748)
Stock	Provision for obsolete stock	7
Stock	Stock movement	(4)
Exchange rates	Exchange rate movements	0
Grants	Grant income taken straight to reserves	2,092

James Wilson
Financial Secretary

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**OPERATING COST STATEMENT FOR THE YEAR ENDED
31st December 2017 (continued)**

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

	Note	2017 £000s
Net Cash (surplus) 31 December		(2,868)
Resource Accounting Adjustments		1,560
TOTAL (SURPLUS)/DEFICIT FOR THE YEAR		(1,308)

*** Reconciliation of Resource Accounting Adjustments**

		2017 £000s
REVENUE		
Deferred Income		357
Accrued Income		(217)
Debtors		(8)
Grant Income to Reserves		2,092
Fixed Asset Sales		4
Reversal of prior year accruals		(222)
Other		0
Total Revenue Adjustments		2,006
EXPENDITURE		
Accrued Expenditure		446
Prepaid Expenditure		(1,238)
Movements in Creditors & Provisions		-
Fixed Assets / Depreciation		209
Stock Consumption		(4)
Stock Provision		7
Reversal of prior year accruals		135
Total Expenditure Adjustments		(443)
TOTAL RESOURCE ACCOUNTING ADJUSTMENTS		1,560

James Wilson
Financial Secretary

SOUTH GEORGIA and the SOUTH SANDWICH ISLANDS FINANCIAL STATEMENTS

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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 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.

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1.7 Intangible Fixed Assets

Mineral, oil and fishing rights are not capitalised. It is not possible to ascertain their value without incurring considerable cost. Purchased software licences are put through the operating cost statement as the majority of licences are renewed annually, and values of longer term licences are considered immaterial. As such, there are no intangible fixed assets accounted for within the Government of South Georgia 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 2017, the split of assets disclosed in this way was:

	Cost		Net Book	
	£000	% of cost	Value £000	% of NBV
Historical Cost	12,323	96%	10,236	97%
Estimated Values	506	4%	343	3%
Total Fixed Assets	12,829	100%	10,579	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 £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.

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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.

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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.

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2. STATEMENT OF EXPENDITURE

ACTUAL EXEPNDITURE 2016 £000s			APPROVED ESTIMATE 2017 £000s	ACTUAL 2017 £000s	UNDER/(OVER) THE ESTIMATE 2017 £000s
Code	Description				
Personal Emoluments					
428	0995-0310-	Salaries Established Staff	460	389	71
250	0995-0311-	Builders Salaries	293	243	50
-	0995-0312-	Project Salaries	-	-	-
4	0995-0331-	Medical Services Tax	4	4	0
8	0995-0332-	Retirement Pension Contribs-	7	4	3
690		Total Personal Emoluments	764	639	125
Other Charges					
71	0995-0334-	Passages	17	16	0
-	0995-0334-0004	Accommodation / Subsistence	-	11	(11)
-	0995-0334-0003	Pharos Travel GSGSSI Staff	7	5	2
-	0995-0334-0001	Contract Flights - SG based staff & partners	7	15	(8)
-	0995-0334-0002	Contract Flights - FI based staff	25	11	14
-	0995-0337-0001	Clothing and Equipment - Government Office	3	5	(2)
-	0995-0337-0002	Clothing and Equipment - Building Team	10	2	8
-	0995-0338-	Accommodation/Subsistence Allowance	12	1	11
3	0995-0600-	Telecommunications	3	3	(0)
92	0995-0602-	Maintenance of Buildings & Equipment	-	(7)	7
-	0995-0602-0002	Maintenance of Buildings & Equipment - Gr	140	86	54
-	0995-0602-0003	Maintenance of Buildings & Equipment - St:	40	11	29
27	0995-0604-	Incidental Expenses	10	6	4
(4)	0995-0605-	Exchange Rates	-	1	(1)
1	0995-0608-	Stationery & Printing	3	1	2
34	0995-0612-	Insurance	35	35	(1)
1	0995-0614-	Vehicle - Operational Costs	3	1	2
7	0995-0615-	Plant & Machinery	-	-	-
9	0995-0619-	Office Administration	10	10	0
21	0995-0700-	Mail Services	18	38	(20)
47	0995-0720-	Production of Stamps & Coins	55	44	11
11	0995-0721-	KEP Post Office Non-Philatelic Expenditu	15	10	5
9	0995-0722-	Overseas Agency Commission	20	10	10
-	0995-0759-	In Service Training	9	4	5
2	0995-1171-	Official Entertainment	5	4	1
5	0995-1201-	Auditors Fees & Expenses	6	5	1
1	0995-1203-	Bank Charges	1	1	(0)
6	0995-1204-	Bad Debts Expenses	-	(5)	5
3	0995-1205-	Profit/Loss on sale of Fixed Assets	-	9	(9)
5	0995-1300-	Pensions	6	5	0
52	0995-1320-	Contribution to FIG Administration	52	52	-
150	0995-1400-	Medical Services	155	155	0
13	0995-1429-	Specialist Consultancy	35	37	(2)
-	0995-1501-	Fisheries Research & Protection	3	-	3
2,849	0995-1501-0001	Fisheries Patrol Costs	3,360	2,931	428
129	0995-1501-0002	Fisheries Research	240	236	4
20	0995-1501-0003	Catch Verification	19	15	4
-	0995-1502-	Judicial Review	-	-	-
-	0995-1503-	Observer Fees	13	-	13
227	0995-1503-0001	Toothfish Observer Fees	244	219	25

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STATEMENT OF EXPENDITURE (CONT.)

23	0995-1503-0002	Icefish Observer Fees	27	16	11
26	0995-1503-0003	Krill Observer Fees	54	21	33
33	0995-1505-	Project Atlantis	35	26	9
-	0995-1600-	Stock Consumption	-	(4)	4
12	0995-1601-	Provision Obs Stock	-	7	(7)
8	0995-1702-	Ancillary Equipment	20	-	20
303	0995-1708-	Depreciation Expense	-	250	(250)
49	0995-1903-	Museum Trust	49	49	(0)
-	0995-1908-	Flags for Commissioner	-	-	-
-	0995-1951-	Domestic Equipment	3	0	2
16	0995-1954-	Publications	15	1	14
-	0995-1963-	OTEP 1	-	-	-
-	0995-1963-0001	OTPF	-	-	-
-	0995-1963-0002	OTEP MPA	-	-	-
-	0995-1963-0003	OTEP Rats	-	-	-
-	0995-1963-0004	Darwin Mouse	-	-	-
15	0995-1963-0005	Darwin Weed Management	-	-	-
-	0995-1964-	Groundfish Survey	140	123	17
-	0995-1966-	Environmental Baseline Survey	-	-	-
-	0995-1966-0001	Environmental Surveys	-	0	(0)
62	0995-1966-0002	Environmental - Bio-Security	165	68	97
21	0995-1966-0003	Environmental - ACAP	73	20	53
12	0995-1966-0004	Environmental - South Georgia GIS (BAS C	80	73	7
27	0995-1966-0005	Environmental - Data Management	-	-	-
-	0995-1966-0006	Environmental - MPA Monitoring	150	45	105
2	0995-1966-0007	Invasive Plant Management	-	-	-
-	0995-1966-0008	Habitat Restoration Monitoring	-	-	-
-	0995-1966-0009	Environmental - Baseline Data	5	2	3
-	0995-1966-0010	Environmental - Sustainability	15	-	15
-	0995-1966-0011	Environmental - Biodiversity Monitoring	16	5	11
500	0995-1968-	Civilianisation	540	500	40
10	0995-1969-	Removal of Contaminants	120	118	2
3	0995-1975-	Expedition Consultancy	3	2	2
7	0995-1976-	MSC Consultancy	20	33	(13)
-	0995-1979-	Hydroelectric Scheme	5	-	5
6	0995-1981-	Funding - PhD Student	-	0	(0)
-	0995-1987-	Outreach, Collaboration & Knowledge Shari	10	9	1
-	0995-1988-	KEP Wharf Redevelopment	3,000	0	3,000
4,929			9,122	5,346	3,776
-	-	Special Expenditure	-	-	-
-	0995-0602-0004	Scientific equipment grant	-	-	-
-	0995-1952-	Management Plan	-	-	-
-	0995-1967-	Reindeer Eradication	-	-	-
7	0995-1972-	Discovery House	-	-	-
-	0995-1978-	Grytviken Clearance	-	-	-
-	0995-1980-	Drukken Villa	-	-	-
-	0995-1982-	Research Grants	-	-	-
63	0995-1983-	Heritage Work	150	8	142
8	0995-1985-	Stanley Biosecurity / Storage-	-	3	(3)
5	0995-1986-	Miscellaneous and Project Support	28	3	25
83			178	14	164
5,702	Total Expenditure		10,064	5,999	4,065

**SOUTH GEORGIA and the SOUTH SANDWICH ISLANDS
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2. STATEMENT OF REVENUE

ACTUAL REVENUE 2016			APPROVED ESTIMATE 2017	ACTUAL 2017	UNDER/(OVER) THE ESTIMATE 2017
£000s	Code	Description	£000s	£000s	£000s
1,214	0995-0001-	Landing Charges	1,140	1,261	(121)
123	0995-0020-	Sale of Stamps	120	120	0
48	0995-0021-	KEP Post Office Non-Philatelic Revenue	30	40	(10)
151	0995-0061-	Customs Services/Harbour Dues	80	116	(36)
4,512	0995-0070-0001	Fishing Licences - Toothfish	4,845	4,885	(40)
189	0995-0070-0002	Fishing Licences - Icefish	154	177	(24)
1,019	0995-0070-0003	Fishing Licences - Krill	500	538	(38)
54	0995-0071-	Transshipment Fees	12	14	(2)
6	0995-0079-	Miscellaneous Revenue	5	2	3
8	0995-0120-	Expedition Applications	-	-	-
-	0995-0120-0001	Science Permits	-	-	-
2	0995-0120-0002	Media/Film Fees	-	(1)	1
-	0995-0120-0003	Restricted Activity Permit	5	5	0
30	0995-0130-	Court Fees & Fines	-	5	(5)
-	0995-0134-	Prosecution Income (Sale of Assets)	-	0	(0)
-	0995-0137-	Recovery of Legal Costs	-	-	-
-	0995-0150-	Sale of Publications	-	-	-
11	0995-0153-	Seignorage on coins	5	2	3
-	0995-0154-	Conservation Projects	-	-	-
68	0995-0185-	Income Tax	36	46	(10)
42	0995-0204-	Investment Income	40	48	(8)
22	0995-0261-	Grants Received	27	27	-
-	0995-0261-0001	Grants Received - Cemetery Maintenance	-	-	-
-	0995-0261-0002	Grants Received - KEP Wharf	2,000	-	2,000
-	0995-0263-	OTEP1 Revenue	-	-	-
-	0995-0263-0001	OTPF	-	-	-
6	0995-0263-0002	Darwin Weed Management	5	-	5
-	0995-0263-0003	OTEP Rats	-	-	-
-	0995-0263-0004	Darwin Mouse	-	-	-
-	0995-0263-0005	Norwegian Heritage Funding	-	-	-
-	0995-0263-0006	Reindeer Meat Sales	-	-	-
-	0995-0263-0007	Marine Protected Area Monitoring	-	-	-
22	0995-0273-	Heritage Revenue Fund	120	-	120
-	0995-0279-	Hydro-plan Revenue	-	-	-
-	0995-0280-	Sponsorship - Phd Student	-	-	-
33	0995-0281-	Accommodation Fees-	18	21	(3)
-	0995-0281-0001	Food Charges	0	-	0
2	0995-0282-	Church Donations	0	1	(1)
7,561		TOTAL REVENUE	9,142	7,308	1,836

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3. TANGIBLE FIXED ASSETS

	Buildings 002	Infrastructure 003	Furniture 004	Equipment 005	Plant & Machinery 006	Vehicles 008	Air and Seacraft 009	Assets Under Construction 010	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
Capitalised in 2016 as bfwd	8,192	3,150	169	341	480	17	513	38	12,898
Additions	6	-	-	19	-	-	-	25	50
Disposals	-	-	-	-	(26)	-	-	-	(26)
Transfers between categories	-	-	-	-	-	-	-	-	-
At 31 December 2017	8,199	3,150	169	359	454	17	513	62	12,923
Depreciation									
Capitalised in 2016 as bfwd	1,022	557	37	322	306	3	303	-	2,550
Charged in year	103	61	17	12	27	3	26	-	250
Disposals	-	-	-	-	(13)	-	-	-	(13)
At 31 December 2017	1,125	618	54	334	320	6	329	-	2,787
Net Book value at 31 Dec 2017									
	7,073	2,532	115	25	134	10	184	62	10,135
Net Book value as bfwd									
	7,170	2,593	132	19	174	13	209	38	10,348

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

For the year ended 31st December 2017

5. ANALYSIS OF STOCK

2016	Note	2017
£000		£000
93 Philatelic Stock		96
25 Non Philatelic Stock		31
29 Emergency Stores		25
(55) Provision Obsolete Stock		(62)
92		89

6. ANALYSIS OF DEBTORS FALLING DUE WITHIN 1 YEAR

2016	Note	2017
£000		£000
93 Accrued Income		188
237 Prepayments		2,236
343 Trade Debtors		122
5 Credit Card Control		-
- Remittances Falkland Islands Government		41
678		2,587

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

For the year ended 31st December 2017

7. SHORT TERM INVESTMENTS

2016	Note	2017
£000		£000
2,014	SCB Fixed Deposit	2,029
4,015	SCB Jersey Deposits	6,025
6,029		8,054

8. CASH IN HAND, AT BANKS AND IN TRANSIT

2016	Note	2017
£000		£000
Cash in Hand -		
7	Treasury	-
-	Post Office	31
7	Cash in Hand	31
Cash at Banks -		
Standard Chartered Bank -		
147	SCB Short Call	967
3,231	SCB Jersey	3,641
147	SCB Current Account	1
3,524	Cash at Banks	4,610
3,531	TOTAL	4,641

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

For the year ended 31st December 2017

9. ANALYSIS OF CREDITORS

2016	Note	2017
£000		£000
AMOUNTS FALLING DUE WITHIN 1 YEAR		
Deposits held on Behalf of Other Administrations		
324 Income Received in Advance		1,357
130 Accruals		475
25 Remittances Falkland Islands Government		-
- Trade Creditors		2
- Credit Card Control		72
479 Amounts Falling Due Within 1 Year		1,906

10. GENERAL FUND

2016		note	2017
£000			£000
7,873	Fixed Asset Revaluation Reserve	11	7,732
99	Donated Asset Reserve	12	91
8,365	Consolidated Fund	13	9,879
1,199	Capital Fund	15	1,236
2,664	Earmarked Reserves	16	4,663
20,200			23,600

11. FIXED ASSET REVALUATION RESERVE

2016		2017
£000		£000
8,017	Opening brought forward	7,873
-	Assets added from prior years (not previously recognised)	-
-	Bfwd Depreciation Adjustment	-
(144)	Realised element of Fixed Asset Revaluation Reserve	(141)
-	Fixed Asset Revaluation Reserve Disposals	-
7,873		7,732

12. DONATED ASSET RESERVE

2016		2017
£000		£000
106	Opening brought forward	99
-	Assets additions	-
(7)	Realised element of Donated Asset Revaluation Reserve	(8)
99		91

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

For the year ended 31st December 2017

13. CONSOLIDATED FUND

2016		Note	2017	
£000	£000		£000	£000
Cash and Operating Cost Statement Resource Accounting				
	5,058			6,924
	Balance 1 Jan, brought forward			
	1,866			1,308
	Surplus/(Deficit) for the year			
	6,924			8,232
	Balance 31 December, carried forward			
Other Realisations and Transfers (Balance Sheet Resource Accounting Adjustments)				
1,183			1,441	
	Balance 1 Jan, brought forward			
1			1	
	Transfer to/from earmarked reserves			
106			55	
	Utilisation of Capital Grant			
152			149	
	Realised element of fixed asset & donated asset revaluation reserves			
	1,441			1,646
	Balance 31 December, carried forward			
8,365			9,879	

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

2016		Note	2017
£000			£000
1,185	Opening brought forward		1,198
142	Capital Grant Received in Year		92
(127)	Capital Grant Utilised in Year		(54)
1,198			1,236

16. EARMARKED RESERVES

2016		Note	2017
£000			£000
2,000	FCO Revenue Grant Reserve		2,000
605	King Edward Point Reserve		604
59	Heritage Fund Reserve		59
-	KEP Wharf Reserve		2,000
2,664			4,663

17. CONTINGENT LIABILITY

GSGSSI is aware that an unsuccessful toothfish applicant was granted permission to seek judicial review in 2018. The government has not yet been formally served with those proceedings or notice of the grounds for that review. The outcome of any potential future judicial review is currently uncertain.



**SOUTH GEORGIA
and the
SOUTH SANDWICH ISLANDS**

AUDIT REPORT

for the year ended

31st DECEMBER 2017

**INDEPENDENT AUDITORS' REPORT TO THE GOVERNMENT OF
SOUTH GEORGIA & THE SOUTH SANDWICH ISLANDS
YEAR ENDED 31 DECEMBER 2017**

Opinion

We have audited the financial statements of The Government of South Georgia & the South Sandwich Islands for the year ended 31 December 2017 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 2017 and of its surplus for the year then ended;
- have been properly prepared in accordance with the Colonial Regulations subject to the change to the accruals basis

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Government of South Georgia & the South Sandwich Islands in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

Those charged with governance are responsible for the other information. The other information comprises the information included in the introduction, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

Responsibilities of Financial Secretary

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

In preparing the financial statements, the Financial Secretary is responsible for assessing the Government of South Georgia & the South Sandwich Islands' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Financial Secretary either intends to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Mazars LLP
Chartered Accountants and Statutory Auditor
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