



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

**FINANCIAL STATEMENTS**

**and**

**AUDIT REPORT**

**for the year ended**

**31<sup>st</sup> DECEMBER 2019**

**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 2019**

**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 2019 estimates were approved on behalf of the Secretary of State on the 24th of December 2018, in the sum of £7,998,796.

**SUMMARY**

The statements show an accrual accounting surplus of £2,335k (2018 £1,823k) for the year after necessary adjustments, compared to a cash accounting surplus of £3,075k (2018 £3,535k), to give a General Revenue Balance (before other realisations) at 31 December 2019 of £12,390k (2018 £10,055k).

**GSGSSI SENIOR MANAGEMENT**

The members of GSGSSI Senior Management during the year ended 31 December 2019 were:

<b>FCO Representative</b>	
Commissioner	Nigel Phillips CBE
<b>GSGSSI Senior Management</b>	
Chief Executive	Helen Havercroft
Executive Officer	Steve Brown
Financial Secretary	Timothy Waggott (from 25 April 2020) James Wilson (until 16 July 2020)

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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

Timothy Waggott  
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 2019**

2018 £000	Note	2019 £000
	<b>Operating Costs</b>	
511	Staff Costs	665
5,727	Other Operating Costs	5,871
<hr/> 6,238	Total Operating Costs	<hr/> 6,536
8,061	<b>Operating Revenue</b>	8,871
<b>(1,823)</b>	<b>OPERATING (SURPLUS)/DEFICIT FOR THE YEAR</b>	<b>(2,335)</b>
<hr/> <b>(1,823)</b>	<b>TOTAL (SURPLUS)/DEFICIT FOR THE YEAR</b>	<hr/> <b>(2,335)</b>

The main drivers for the change in results from a £3,075k cash surplus (2018 £3,535k) to a £2,335k (2018 £1,823k) resource surplus were:

Item £000	Main reasons for variance	£000
(150) Fixed Asset Recognition	Removing fixed asset costs from the operating cost statement and capitalising on the Balance Sheet	(24)
- Fixed Asset Disposals	Loss on Disposal on Fixed Assets being recognised as an expense through the Operating Cost Statement	17
249 Depreciation	Depreciation on Fixed Assets being recognised as an expense through the Operating Cost Statement	261
1,463 Accruals & Prepayments	Recognising income and expenditure in the year it relates to rather than the year processed or received	(453)
(46) Stock	Provision for obsolete stock	(0)
(4) Stock	Stock movement	(11)
200 Grants	Grant income taken straight to reserves	950

Timothy Waggott  
**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 2019 (continued)**

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

<b>2018</b>		<b>2019</b>
<b>£000</b>		<b>£000</b>
(3,535)	Net Cash (surplus) 31 December	(3,075)
1,712	Resource Accounting Adjustments	740
<b>(1,823)</b>	<b>TOTAL (SURPLUS)/DEFICIT FOR THE YEAR</b>	<b>(2,335)</b>

**\* Reconciliation of Resource Accounting Adjustments**

<b>2018</b>		<b>2019</b>
<b>£000</b>		<b>£000</b>
	<b>REVENUE</b>	
364	Deferred Income	557
(115)	Accrued Income	(311)
(10)	Debtors	41
200	Grant Income to Reserves	950
(219)	Reversal of prior year accruals	(347)
33	Other	-
<b>253</b>	<b>Total Revenue Adjustments</b>	<b>890</b>
	<b>EXPENDITURE</b>	
810	Accrued Expenditure	708
(242)	Prepaid Expenditure	(39)
55	Movements in Creditors & Provisions	(467)
99	Fixed Assets / Depreciation	255
(4)	Stock Consumption	-
(45)	Stock Provision	(11)
786	Reversal of prior year accruals	(596)
<b>1,459</b>	<b>Total Expenditure Adjustments</b>	<b>(150)</b>
<b>1,712</b>	<b>TOTAL RESOURCE ACCOUNTING ADJUSTMENTS</b>	<b>740</b>

Timothy Waggott  
**Financial Secretary**

**Government of South Georgia & the South Sandwich Islands  
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**BALANCE SHEET AS AT 31<sup>st</sup> DECEMBER 2019**

2018		Notes	2019
£000	£000		£000      £000
			<b>Fixed Assets</b>
10,036		4	9,782
	<b>10,036</b>		<b>9,782</b>
			<b>Current Assets</b>
138		5	149
5,806		6	5,802
11,097		7	11,145
4,983		8	8,593
	22,024		25,689
		9	(3,564)
	<b>18,587</b>		<b>22,125</b>
	<b>28,623</b>		<b>31,907</b>
			<b>NET ASSETS</b>
			<b>31,907</b>

**Financed by Taxpayers' Equity:**

28,623	Reserves	10	31,907
	<b>28,623</b>		<b>31,907</b>
			<b>TOTAL RESERVES</b>
			<b>31,907</b>

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

**1.5 Recognition of Expenditure**

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

**1.6 Foreign Currency Transactions**

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

**1.7 Intangible Fixed Assets**

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

**1.8 Tangible Fixed Assets**

With the exceptions stated below concerning non-operational heritage assets, tangible fixed assets are stated at historical cost including any costs such as delivery and installation directly attributable to bringing them into working condition. There are some fixed assets for which it has not been possible to identify historic cost. In these cases, an estimate of replacement cost has been made. As at 31 December 2019, the split of assets disclosed in this way was:

	<b>Cost</b>		<b>Net Book</b>	
	<b>£000</b>	<b>% of cost</b>	<b>Value</b>	<b>% of NBV</b>
	<b>£000</b>		<b>£000</b>	
Historical Cost	12,522	96%	9,522	97%
Estimated Values	500	4%	260	3%
<b>Total Fixed Assets</b>	<b>13,022</b>	<b>100%</b>	<b>9,782</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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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**1.9 Assets under the Course of Construction**

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

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

**1.10 Donated Assets**

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

**1.11 Depreciation Policy**

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

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

The asset categories and their normal useful economic lives are:

Buildings	50 years
Infrastructure	100 years
Wharf	50 Years
Furniture/Fittings	10 years
Equipment	5 years
Plant & Machinery	10 years
Information Technology	3 years
Vehicles	10 years
Air and Sea craft	20 years

**1.12 Debtors**

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

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

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

**1.13 Stocks**

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

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

**1.14 Provisions for Liabilities**

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

**1.15 Reserves**

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

**Revaluation Reserve**

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

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

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**NOTES TO THE FINANCIAL STATEMENTS (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.

**1.15 Reserves (Continued)**

**King Edward Point Wharf Reserve**

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

**1.16 Research and development**

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

**Government of South Georgia & the South Sandwich Islands**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. STATEMENT OF EXPENDITURE**

2018 £000	Description	2019 £000
	<b>Personal Emoluments</b>	
374	Salaries Established Staff	388
133	Builders Salaries	273
4	Retirement Pension Contribs-	4
<u>511</u>	<b>Total Personal Emoluments</b>	<u>665</u>
	<b>Other Charges (Continued)</b>	
39	Passages	42
19	Accommodation / Subsistence	11
4	Pharos Travel GSGSSI Staff	12
20	Contract Flights - SG based staff & partners	22
31	Contract Flights - FI based staff	11
-	Business Passages	1
-	Clothing and Equipment - Government Officers	1
2	Clothing and Equipment - Building Team	1
-	Accommodation/Subsistence - Internationa	12
3	Telecommunications	3
-	Maintenance of Buildings & Equipment	13
47	Maintenance of Buildings & Equipment - Grytviken	33
1	Maintenance of Buildings & Equipment - Stanley	1
7	Incidental Expenses	7
1	Stationery & Printing	1
38	Insurance	41
1	Vehicle - Operational Costs	2
11	Office Administration	31
32	Mail Services	16
28	Production of Stamps & Coins	36
45	KEP Post Office Non-Philatelic Expenditu	39
9	Overseas Agency Commission	5
4	Official Entertainment	6
6	Auditors Fees & Expenses	6
1	Bank Charges	1
(3)	Bad Debts Expenses	41
-	Profit/Loss on sale of Fixed Assets	16
6	Pensions	6
54	Contribution to FIG Administration	49
159	Medical Services	169
130	Specialist Consultancy	53
3,140	Fisheries Patrol Costs	3,058
193	Fisheries Research	284
14	Catch Verification	17
-	Judicial Review	17
336	Toothfish Observer Fees	240
-	Icefish Observer Fees	7
31	Krill Observer Fees	20

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

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

2018 £000	Description	2019 £000
	<b>Other Charges (Continued)</b>	
27	Website development	27
(4)	Stock Consumption	(11)
(46)	Provision Obs Stock	(1)
1	Ancillary Equipment	-
249	Depreciation Expense	261
54	Museum Trust	77
-	Flags for Commissioner	1
28	Domestic Equipment	-
1	Publications	-
3	Groundfish Survey	172
206	Environmental - Bio-Security	42
54	Environmental - ACAP	25
49	Environmental - South Georgia GIS (BAS C	32
-	Environmental - Data Management	11
45	Environmental - MPA Monitoring	-
-	Invasive Plant Management	1
4	Environmental - Baseline Data	8
500	KEP Project	500
69	Removal of Contaminants	-
-	Improvements Heritage Assets - Mainstore	6
4	Expedition Consultancy	-
-	Expedition Consultancy	1
-	MSC Consultancy	23
-	Maintenance of Cemeteries	11
-	Funding - Phd Student	2
-	Research Grants	30
56	Heritage Work	63
-	Stanley Biosecurity / Storage-	1
-	Bio-security - Detector Dog Programme	247
11	Miscellaneous and Project Support	1
7	Outreach, Collaboration & Knowledge Sharing	-
-	Satelite Monitoring Surveys	10
<b>5,727</b>		<b>5,871</b>
	<b>Special Expenditure</b>	
0	KEP Wharf Redevelopment	0
<b>0</b>		<b>0</b>
<b>6,238</b>	<b>Total Expenditure</b>	<b>6,536</b>

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

**3. STATEMENT OF REVENUE**

<b>2018</b>	<b>Description</b>	<b>2019</b>
<b>£000</b>		<b>£000</b>
1,336	Landing Charges	1,632
109	Sale of Stamps	84
33	KEP Post Office Non-Philatelic Revenue	71
108	Customs Services/Harbour Dues	142
5,227	Fishing Licences - Toothfish	5,565
334	Fishing Licences - Icefish	251
739	Fishing Licences - Krill	715
	Environmental - South Georgia	53
18	Transshipment Fees	28
2	Miscellaneous Revenue	59
1	Expedition Applications	-
(2)	Science Permits	-
-	Restricted Activity Permit	2
7	Seignorage on coins	2
42	Income Tax	36
44	Investment Income	83
40	Grants Received	-
-	Funding to support ground truthing Blue	100
-	Heritage Fund Revenue	20
23	Accommodation Fees	27
-	Church Donations	2
<b>8,061</b>	<b>TOTAL REVENUE</b>	<b>8,872</b>



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For the year ended 31<sup>st</sup> December 2019

**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>									
Capitalised in 2018 as bfwd	8,199	3,150	169	371	451	17	513	194	13,062
Additions	5	-	9	5	-	5	-	-	24
Disposals	(14)	-	-	(6)	(13)	-	(31)	-	(64)
Transfers between	132	-	-	-	-	-	-	(132)	-
At 31 December 2019	8,321	3,150	177	370	438	22	482	62	13,022
<b>Depreciation</b>									
Capitalised in 2018 as bfwd	1,229	678	71	340	344	9	355	-	3,026
Charged in year	117	60	18	12	27	3	24	-	261
Disposals	(2)	-	-	(6)	(12)	-	(27)	-	(47)
At 31 December 2019	1,343	738	90	347	358	12	352	-	3,240
<b>Net Book value at 31 Dec</b>									
<b>2019</b>	<b>6,978</b>	<b>2,412</b>	<b>88</b>	<b>24</b>	<b>79</b>	<b>9</b>	<b>130</b>	<b>62</b>	<b>9,782</b>
<b>Net Book value as bfwd</b>									
	6,970	2,472	97	31	107	8	158	194	10,036

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

**5. ANALYSIS OF STOCK**

<b>2018</b>	<b>2019</b>
<b>£000</b>	<b>£000</b>
72 Philatelic Stock	75
55 Non Philatelic Stock	63
27 Emergency Stores	27
(16) Provision Obsolete Stock	(16)
<b>138</b>	<b>149</b>

**6. ANALYSIS OF DEBTORS**

<b>2018</b>	<b>2019</b>
<b>£000</b>	<b>£000</b>
<b>AMOUNTS FALLING DUE WITHIN 1 YEAR</b>	
38 Accrued Income	323
5,431 Prepayments	5,238
215 Trade Debtors	165
9 Credit Card Control	27
113 Remittances Falkland Islands	49
<b>5,806</b>	<b>5,802</b>

**7. SHORT TERM INVESTMENTS**

<b>2018</b>	<b>2019</b>
<b>£000</b>	<b>£000</b>
2,038 SCB Fixed Deposit	1,027
9,059 SCB Jersey Deposits	10,118
<b>11,097</b>	<b>11,145</b>

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

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

<b>2018</b>		<b>2019</b>
<b>£000</b>		<b>£000</b>
	<b>Cash in Hand -</b>	
	Treasury	
<u>22</u>	Post Office	<u>24</u>
<u>22</u>	<b>Cash in Hand</b>	<u>24</u>
	<b>Cash at Banks -</b>	
	Standard Chartered Bank -	
1,165	SCB Short Call	1,149
3,795	SCB Jersey	7,419
1	SCB Current Account	1
<u>4,962</u>	<b>Cash at Banks</b>	<u>8,569</u>
<b>4,983</b>	<b>TOTAL</b>	<b>8,593</b>

**9. ANALYSIS OF CREDITORS**

<b>2018</b>		<b>2019</b>
<b>£000</b>		<b>£000</b>
	<b>AMOUNTS FALLING DUE WITHIN 1 YEAR</b>	
	<b>Deposits held on Behalf of Other Administrations</b>	
2,564	Income Received in Advance	2,757
874	Accruals	747
-	Trade Creditors	60
<b>3,438</b>	<b>Amounts Falling Due Within 1 Year</b>	<b>3,564</b>

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

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

**10. GENERAL FUND**

<b>2018</b>		<b>2019</b>
<b>£000</b>	<b>Note</b>	<b>£000</b>
7,593	Fixed Asset Revaluation Reserve	7,456
83	Donated Asset Reserve	76
11,903	Consolidated Fund	14,437
1,181	Capital Fund	1,127
7,862	Earmarked Reserves	8,811
<b>28,623</b>		<b>31,907</b>

**11. FIXED ASSET REVALUATION RESERVE**

<b>2018</b>		<b>2019</b>
<b>£000</b>		<b>£000</b>
7,732	Opening brought forward	7,593
(139)	Realised element of Fixed Asset Revaluation Reserve	(137)
<b>7,593</b>		<b>7,456</b>

**12. DONATION ASSET RESERVE**

<b>2018</b>		<b>2019</b>
<b>£000</b>		<b>£000</b>
91	Opening brought forward	83
(8)	Realised element of Donated Asset Revaluation Reserve	(7)
<b>83</b>		<b>76</b>

**13. CONSOLIDATED FUND**

<b>2018</b>		<b>2019</b>	
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cash and Operating Cost Statement Resource</b>			
	8,232		10,055
	Balance 1 Jan, brought forward		
	1,823		2,335
	Surplus/(Deficit) for the year		
	10,055		12,390
	Balance 31 December, carried forward		
<b>Other Realisations and Transfers (Balance Sheet Resource Accounting Adjustments)</b>			
1,646	Balance 1 Jan, brought forward	1,848	
1	Transfer to/from earmarked reserves	1	
54	Utilisation of Capital Grant	53	
146	Realised element of fixed asset & donated asset	145	
	1,848		2,047
	Balance 31 December, carried forward		
	<b>11,903</b>		<b>14,437</b>

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

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

**14. COMMITMENTS**

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

**15. CAPITAL GRANT RESERVE**

<b>2018</b>		<b>2019</b>
<b>£000</b>		<b>£000</b>
1,235	Opening brought forward	1,180
(54)	Capital Grant Utilised in Year	(53)
<b>1,180</b>		<b>1,127</b>

**16. EARMARKED RESERVES**

<b>2018</b>		<b>2019</b>
<b>£000</b>		<b>£000</b>
2,000	FCO Revenue Grant Reserve	4,150
603	King Edward Point Reserve	602
59	Heritage Fund Reserve	59
5,200	KEP Wharf Reserve	4,000
<b>7,862</b>		<b>8,811</b>

**17. POST BALANCE SHEET EVENT**

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



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

**AUDIT REPORT**

**for the year ended**

**31<sup>st</sup> DECEMBER 2019**

**INDEPENDENT AUDITORS' REPORT TO THE GOVERNMENT OF  
SOUTH GEORGIA & THE SOUTH SANDWICH ISLANDS  
YEAR ENDED 31 DECEMBER 2019**

**Opinion**

We have audited the financial statements of The Government of South Georgia & the South Sandwich Islands for the year ended 31 December 2019 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 2019 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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