



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

FINANCIAL STATEMENTS

and

AUDIT REPORT

for the year ended

31st DECEMBER 2020

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 2020**

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 2020 estimates were approved on behalf of the Secretary of State on the 18th of December 2019, in the sum of £10,040,181.

SUMMARY

The statements show an accrual accounting surplus of £3,182k (2019 £2,335k) for the year after necessary adjustments, compared to a cash accounting surplus of £2,086k (2019 £3,075k), to give a General Revenue Balance (before other realisations) at 31 December 2020 of £15,572k (2019 £12,390k).

GSGSSI SENIOR MANAGEMENT

The members of GSGSSI Senior Management during the year ended 31 December 2020 were:

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FCO Representative	
Commissioner	Nigel Phillips CBE
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GSGSSI Senior Management	
Chief Executive	Laura Sinclair Willis (from 27 June 2021) Helen Havercroft (until 31 August 2021) Steve Brown
Executive Officer	Timothy Waggott
Financial Secretary	
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Government of South Georgia & the South Sandwich Islands
FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL SECRETARY'S RESPONSIBILITIES

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

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

Approved by

Timothy Waggott
Financial Secretary

**Government of South Georgia & the South Sandwich Islands
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**OPERATING COST STATEMENT
for the year ended 31st December 2020**

2019 £000	Note	2020 £000
	Operating Costs	
665	Staff Costs	548
5,871	Other Operating Costs	5,396
6,536	Total Operating Costs	5,944
	Operating Revenue	
8,871		9,126
(2,335)	OPERATING (SURPLUS) FOR THE YEAR	(3,182)
(2,335)	TOTAL (SURPLUS) FOR THE YEAR	(3,182)

The main drivers for the change in results from a £2,086k cash surplus (2019 £3,075k) to a £3,182k (2019 £2,335k) resource surplus were:

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

Timothy Waggott
Financial Secretary

**Government of South Georgia & the South Sandwich Islands
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**OPERATING COST STATEMENT
for the year ended 31st December 2020 (continued)**

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

2019 £000		2020 £000
(3,075)	Net Cash (surplus) 31 December	(2,086)
740	Resource Accounting Adjustments	(1,096)
(2,335)	TOTAL (SURPLUS) FOR THE YEAR	(3,182)

*** Reconciliation of Resource Accounting Adjustments**

2019 £000		2020 £000
	REVENUE	
557	Deferred Income	-
(311)	Accrued Income	(151)
41	Debtors	41
950	Grant Income to Reserves	-
(347)	Reversal of prior year accruals	(238)
Other		
890	Total Revenue Adjustments	(348)
	EXPENDITURE	
708	Accrued Expenditure	559
(39)	Prepaid Expenditure	(243)
(467)	Movements in Creditors & Provisions	(501)
255	Fixed Assets / Depreciation	146
-	Stock Consumption	4
(11)	Stock Provision	(1)
(596)	Reversal of prior year accruals	(712)
(150)	Total Expenditure Adjustments	(748)
740	TOTAL RESOURCE ACCOUNTING ADJUSTMENTS	(1,096)

Timothy Waggott
Financial Secretary

Government of South Georgia & the South Sandwich Islands
FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements on pages 4 to 6 and should be treated as such.

1. Accounting Policies

1.1 Basis of Accounting

These financial statements are prepared and published in accordance with approval from the Secretary of State. The financial statements generally follow UK generally accepted accounting practice (UK GAAP) to the extent it is meaningful and appropriate to the Government of South Georgia & the South Sandwich Islands. Where there is a choice of accounting policies available, the accounting policy judged to be the most appropriate to the particular circumstances of the Government of South Georgia & the South Sandwich Islands for the purposes of giving a true and fair view has been selected. The Government's accounting policies have been applied consistently in dealing with items considered material in relation to the financial statements. Where relevant, principles outlined in the pre- IFRS Financial Reporting Manual issued by HM Treasury have been followed. The financial statements are not required to comply fully with statements issued by the financial reporting and accounting standards setting bodies in the United Kingdom.

1.2 Accounting Convention

These financial statements have been prepared under the accruals concept of accounting and the historical cost convention for the measurement of fixed assets, as modified for the revaluation of listed fixed asset investments. Differences to the historical cost method of valuation for tangible fixed assets and stocks have been referred to in notes 1.8 and 1.13d.

1.3 Recognition of Income

Income is recognised on an accruals basis, accruing into the financial statements where late invoicing has occurred and deferring income not relating to the period of account. Operating income relates directly to the operating activities of the department. It principally comprises fees and charges for services provided on a full-cost basis to external customers.

With regards to taxation income, income from personal tax is recognised when an assessment is issued by the Taxation Department. Income from corporation tax and payments on account of tax (POAT) are recognised at the time payments are due and payable according to the taxation legislation. All penalties accruing for late payment of tax at 31 December form part of revenue.

1.4 Notional and other non-cash charges

The Operating Cost Statement includes depreciation charged.

Government of South Georgia & the South Sandwich Islands
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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 2020, the split of assets disclosed in this way was:

	Cost		Net Book	
	£000	% of cost	Value	% of NBV
	£000		£000	
Historical Cost	23,638	98%	20,346	99%
Estimated Values	500	2%	240	1%
Total Fixed Assets	24,138	100%	20,586	100%

No consideration of potential impairment in recoverable amount or value in use of tangible fixed assets has been made. All fixed assets of cost or estimated value over £1,000 are capitalised, with the exception of IT, which is capitalised at £200. Non-operational heritage assets have not been capitalised, either because it is impossible to obtain a reliable valuation, or because the cost of obtaining a reliable valuation would be greater than the benefit arising.

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

1.13 Stocks

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

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

1.14 Provisions for Liabilities

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

1.15 Reserves

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

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

1.15 Reserves (Continued)

used for the specific purpose it was intended. When applicable expenditure is incurred, a reserve transfer is made from the Heritage Fund Reserve to the Consolidated Fund.

King Edward Point Wharf Reserve

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

1.16 Research and development

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

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

2. STATEMENT OF EXPENDITURE

2019 £000	Code	Description	2020 £000
		Personal Emoluments	
388	0995-0310-	Salaries Established Staff	374
273	0995-0311-	Builders Salaries	169
4	0995-0332-	Retirement Pension Contribs-	5
665		Total Personal Emoluments	548
		Other Charges	
42	0995-0334-	Passages	2
22	0995-0334-0001	Contract Flights - SG based staff & partners	20
11	0995-0334-0002	Contract Flights - FI based staff	21
12	0995-0334-0003	Pharos Travel GSGSSI Staff	4
11	0995-0334-0004	Accommodation / Subsistence	7
1	0995-0334-0005	Business Passages	-
-	0995-0334-0006	Passage to FI for UK based staff	4
-	0995-0334-0007	Accommodation Charges	18
1	0995-0337-0001	Clothing and Equipment - Government Officers	-
1	0995-0337-0002	Clothing and Equipment - Building Team	1
12	0995-0338-0001	Accommodation/Subsistence - Internationa	4
3	0995-0600-	Telecommunications	2
13	0995-0602-	Maintenance of Buildings & Equipment	19
33	0995-0602-0002	Maintenance of Buildings & Equipment - Grytviken	26
1	0995-0602-0003	Maintenance of Buildings & Equipment - Stanley	4
7	0995-0604-	Incidental Expenses	4
-	0995-0605-	Exchange Rates	(1)
1	0995-0608-	Stationery & Printing	-
41	0995-0612-	Insurance	41
2	0995-0614-	Vehicle - Operational Costs	1
-	0995-0615-0001	Plant on South Georgia	7
31	0995-0619-	Office Administration	21
16	0995-0700-	Mail Services	29
36	0995-0720-	Production of Stamps & Coins	37
39	0995-0721-	KEP Post Office Non-Philatelic Expenditu	30
5	0995-0722-	Overseas Agency Commission	7
-	0995-0759-	In Service Training	3
6	0995-1171-	Official Entertainment	-
6	0995-1201-	Auditors Fees & Expenses	-
1	0995-1203-	Bank Charges	1
41	0995-1204-	Bad Debts Expenses	-
16	0995-1205-	Profit/Loss on sale of Fixed Assets	2
6	0995-1300-	Pensions	6
49	0995-1320-	Contribution to FIG Administration	50
169	0995-1400-	Medical Services	177
53	0995-1429-	Specialist Consultancy	158
3,058	0995-1501-0001	Fisheries Patrol Costs	2,986
284	0995-1501-0002	Fisheries Research	306
17	0995-1501-0003	Catch Verification	16
17	0995-1502-	Judicial Review	-

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

2. STATEMENT OF EXPENDITURE (continued)

2019			2020
£000	Code	Description	£000
		Other Charges (Continued)	
240	0995-1503-0001	Toothfish Observer Fees	191
7	0995-1503-0002	Icefish Observer Fees	-
20	0995-1503-0003	Krill Observer Fees	-
27	0995-1505-	Website development	54
(11)	0995-1600-	Stock Consumption	(1)
(1)	0995-1601-	Provision Obs Stock	4
-	0995-1702-	Ancillary Equipment	3
261	0995-1708-	Depreciation Expense	315
77	0995-1903-	Museum Trust	18
1	0995-1908-	Flags for Commissioner	-
-	0995-1951-	Domestic Equipment	2
172	0995-1964-	Groundfish Survey	-
42	0995-1966-0002	Environmental - Bio-Security	1
25	0995-1966-0003	Environmental - ACAP	15
32	0995-1966-0004	Environmental - South Georgia GIS (BAS C	4
11	0995-1966-0005	Environmental - Data Management	34
1	0995-1966-0007	Invasive Plant Management	55
8	0995-1966-0009	Environmental - Baseline Data	-
500	0995-1968-	KEP Project	500
-	0995-1973-0001	Heritage Improvements - Mainstore	1
6	0995-1973-0003	Improvements Heritage Assets - Mainstore	-
1	0995-1975-0001	Expedition Consultancy	2
-	0995-1975-0002	Tourism Expenditure	1
23	0995-1976-	MSC Consultancy	6
11	0995-1977-	Maintenance of Cemeteries	2
2	0995-1981-	Funding - Phd Student	9
30	0995-1982-	Research Grants	-
63	0995-1983-	Heritage Work	33
1	0995-1985-	Stanley Biosecurity / Storage-	-
247	0995-1985-0001	Bio-security - Detector Dog Programme	112
-	0995-1985-0002	Pre-border Biosecurity	2
-	0995-1985-0003	Post-border Biosecurity	1
1	0995-1986-	Miscellaneous and Project Support	3
-	0995-1987-	Outreach, Collaboration & Knowledge Sharing	2
10	0995-1990-	Satelite Monitoring Surveys	14
		5,871	5,396
		6,536	5,944
		Total Expenditure	

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

3. STATEMENT OF REVENUE

2019			2020
£000	Code	Description	£000
1,632	0995-0001-	Landing Charges	925
84	0995-0020-	Sale of Stamps	73
71	0995-0021-	KEP Post Office Non-Philatelic Revenue	56
142	0995-0061-	Customs Services/Harbour Dues	191
5,565	0995-0070-0001	Fishing Licences - Toothfish	5,136
251	0995-0070-0002	Fishing Licences - Icefish	-
715	0995-0070-0003	Fishing Licences - Krill	2,307
53	0995-0070-0004	Environmental - South Georgia	25
28	0995-0071-	Transshipment Fees	88
59	0995-0079-	Miscellaneous Revenue	3
-	0995-0120-	Expedition Applications	2
2	0995-0120-0003	Restricted Activity Permit	-
2	0995-0153-	Seignorage on coins	16
36	0995-0185-	Income Tax	46
83	0995-0204-	Investment Income	145
100	0995-0261-0005	Funding to support ground truthing Blue	-
20	0995-0273-	Heritage Fund Revenue	-
26	0995-0281-	Accommodation Fees-	12
2	0995-0282-	Church Donations	1
-	0995-0335-	Funding from external partners	100
8,871		TOTAL REVENUE	9,126

Government of South Georgia & the South Sandwich Islands
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For the year ended 31st December 2020

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
Cost or valuation									
Capitalised in 2019 as bfwd	8,321	3,150	177	370	438	22	482	62	13,022
Additions	8	10,950	-	4	11	-	9	139	11,121
Disposals	-	-	-	-	-	(5)	-	-	(5)
Transfers between	-	-	-	2	-	-	-	(2)	-
At 31 December 2020	8,329	14,100	177	376	449	17	491	199	24,138
Depreciation									
Capitalised in 2019 as bfwd	1,343	738	90	347	358	12	352	-	3,240
Charged in year	116	115	18	10	28	3	25	-	315
Disposals	-	-	-	-	-	(3)	-	-	(3)
At 31 December 2020	1,459	853	108	357	386	12	377	-	3,552
Net Book value at 31 Dec									
2020	6,870	13,247	69	19	63	5	114	199	20,586
Net Book value as bfwd									
	6,978	2,412	88	24	79	9	130	62	9,782

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

5. ANALYSIS OF STOCK

2019	2020
£000	£000
75 Philatelic Stock	87
63 Non Philatelic Stock	51
27 Emergency Stores	28
(16) Provision Obsolete Stock	(20)
149	146

6. ANALYSIS OF DEBTORS

2019	2020
£000	£000
AMOUNTS FALLING DUE WITHIN 1 YEAR	
323 Accrued Income	181
5,238 Prepayments	243
165 Trade Debtors	39
27 Credit Card Control	-
49 Remittances Falkland Islands	94
5.802	557

7. SHORT TERM INVESTMENTS

2019	2020
£000	£000
1,027 SCB Fixed Deposit	-
10,118 SCB Jersey Deposits	7,101
11,145	7,101

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

8. CASH IN HAND, AT BANKS AND IN TRANSIT

2019		2020
£000		£000
Cash in Hand -		
	Treasury	
24	Post Office	3
<u>24</u>	Cash in Hand	<u>3</u>
Cash at Banks -		
Standard Chartered Bank -		
1,149	SCB Short Call	1,081
7,419	SCB Jersey	14,217
1	SCB Current Account	1
<u>8,569</u>	Cash at Banks	<u>15,299</u>
8,593	TOTAL	15,302

9. ANALYSIS OF CREDITORS

2019		2020
£000		£000
AMOUNTS FALLING DUE WITHIN 1 YEAR		
Deposits held on Behalf of Other Administrations		
2,757	Income Received in Advance	-
747	Accruals	3,838
60	Trade Creditors	61
-	Credit Card Control	3
<u>3,564</u>	Amounts Falling Due Within 1 Year	<u>3,902</u>

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

10. GENERAL FUND

2019		Note	2020
£000			£000
7,456	Fixed Asset Revaluation Reserve	11	7,314
76	Donated Asset Reserve	12	4,742
14,437	Consolidated Fund	13	17,880
1,127	Capital Fund	14	1,062
8,811	Earmarked Reserves	15	8,792
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31,907			39,790

11. FIXED ASSET REVALUATION RESERVE

2019		2020
£000		£000
7,593	Opening brought forward	7,456
-	Assets added from prior years (not previously recognised)	(5)
(137)	Realised element of Fixed Asset Revaluation Reserve	(137)
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7,456		7,314

12. DONATION ASSET RESERVE

2019		2020
£000		£000
83	Opening brought forward	76
-	Assets additions	4,700
(7)	Realised element of Donated Asset Revaluation Reserve	(34)
<hr/>		
76		4,742

13. CONSOLIDATED FUND

2019		2020	
£000	£000	£000	£000
Cash and Operating Cost Statement Resource			
	10,055		12,390
	Balance 1 Jan, brought forward		
	<u>2,335</u>		<u>3,182</u>
	Surplus/(Deficit) for the year		
	12,390		15,572
	Balance 31 December, carried forward		
Other Realisations and Transfers			
(Balance Sheet Resource Accounting Adjustments)			
1,848	Balance 1 Jan, brought forward	2,047	
1	Transfer to/from earmarked reserves	19	
53	Utilisation of Capital Grant	89	
<u>145</u>	Realised element of fixed asset & donated asset	<u>153</u>	
	2,047		2,308
	Balance 31 December, carried forward		
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14,437			17,880

Government of South Georgia & the South Sandwich Islands
FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. CAPITAL GRANT RESERVE

2019		2020
£000		£000
1,180	Opening brought forward	1,127
(53)	Capital Grant Utilised in Year	(65)
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1,127		1,062

15. EARMARKED RESERVES

2019		2020
£000		£000
4,150	FCO Revenue Grant Reserve	4,150
602	King Edward Point Reserve	603
59	Heritage Fund Reserve	59
4,000	KEP Wharf Reserve	3,980
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8,811		8,792

16. POST BALANCE SHEET EVENT

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



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

AUDIT REPORT

for the year ended

31st DECEMBER 2020

**INDEPENDENT AUDITORS' REPORT TO THE GOVERNMENT OF
SOUTH GEORGIA & THE SOUTH SANDWICH ISLANDS
YEAR ENDED 31 DECEMBER 2020**

Opinion

We have audited the financial statements of The Government of South Georgia & the South Sandwich Islands for the year ended 31 December 2020 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 2020 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 3, the Financial Secretary is responsible for the preparation of the financial statements and for ensuring that all monies received and paid by Government are brought promptly and properly to account, reporting to the Commissioner in writing any apparent defect in departmental controls of revenue, expenditure, cash, stamps, stores and other property of the Government and any breach or non-observance of Colonial Regulation. The financial secretary is also responsible for ensuring that adequate provisions exist for the safe custody of public monies, stamps, securities and other documents for which they are accountable.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's

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

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

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

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

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

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

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

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

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

Use of our report

Our audit work has been undertaken so that we might state to the corporation's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the corporation and the corporation's members as a body for our audit work, for this report, or for the opinions we have formed.

Mazars LLP
Chartered Accountants and Statutory Auditor
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