



FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS

for the year ended 30th June 2020

The Treasury
Stanley
Falkland Islands

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2020**

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**FALKLAND ISLANDS GOVERNMENT
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Introduction

Section 55(1) of the Finance and Audit Ordinance 1988 requires that within a period of six months after the end of each financial year, the Treasurer shall prepare financial statements showing fully the financial position of the Falkland Islands Government at the end of the year. Section 55 also specifies the financial schedules and statements that are required to be prepared. These schedules and statements form an integral part of the annual financial statements.

The Independent Auditors are required by Section 56(1) of the Finance and Audit Ordinance 1988 to report to the Financial Secretary on the examination and audit of the financial statements.

Section 57(1) of the Finance and Audit Ordinance 1988 requires that the document be laid before the Legislative Assembly at the next meeting of the Legislative Assembly following the receipt of the audit reports by the Financial Secretary.

The Independent Auditors also produce a non-statutory Management Report, which is an internal management document.

The Consolidated Fund established under the provisions of Section 68 of the Constitution is the general fund into which all revenues are paid and from which all expenditure is met.

A Contingencies Fund of £1.0m has been established in accordance with Section 26 of the Finance and Audit Ordinance 1988 to meet, immediately, urgent and unforeseen expenditure which has not been appropriated. The fund is maintained by Supplementary Appropriation Ordinances throughout the year as required.

The Finance and Audit Ordinance 1988 also makes provision for the financial statements and audit of any special funds, currently the Insurance Fund, the Capital Equalisation Fund and the Pensions (Old Scheme) Fund. These are published separately. The Currency Ordinance 1987 and the Retirement Pensions Ordinance 1996 provide for the accounting and audit of the Currency Fund and the Retirement Pensions Fund respectively. Again, the financial statements and audit reports are published separately for these Special Funds.

The Falkland Islands Development Corporation (FIDC), and Falklands Landholdings Corporation (FLH), are statutory corporations and publish their own financial statements and are audited under the provisions of Section 60 of the Finance and Audit Ordinance 1988.

Various other comprehensive statements and reconciliations are completed at the end of each financial year, however it is considered inappropriate to publish all of these in this document. Information regarding these statements and reconciliations can be provided by the Treasury.

One of the principal aims of these statements is to demonstrate the stewardship of public funds. For ease of reference in achieving this, statements have, in the main, been published with figures rounded to the nearest thousand pounds and it should be noted that some arithmetic accuracy will be lost as a result of this. Precise figures are shown in accounting documents held in the Treasury.

For the purpose of legislation and the Constitution, the Financial Secretary is referred to as Director of Finance. The Head of Finance exercises the functions of the Treasurer.

Basis of Accounting

The basis of accounting is fully disclosed in note 1 to the financial statements.

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Entities Included Within the Financial Statements

The Falkland Islands Government is included within these financial statements, along with the Fund account balances for which it is responsible: Currency Fund, Retirement Pensions Fund, Pensions (Old Scheme) Fund, Insurance Fund, Capital Equalisation Fund and Contingencies Fund.

Entities Excluded From the Financial Statements

The financial statements have been prepared on a single entity basis. Consolidated financial statements have not been prepared. There are separate entity financial statements for Falkland Islands Development Corporation and Falklands Landholdings Corporation.

Members of Legislative Assembly

The Members who had responsibility for the Government during the year ended 30th June 2020 were:

Camp Constituency

The Honourable Teslyn Siobhan Barkman

The Honourable Roger Anthony Edwards

The Honourable Ian Hansen

Stanley Constituency

The Honourable Stacy John Bragger

The Honourable Dr Barry Elsby

The Honourable Mark John Pollard

The Honourable Lucila Leona Vidal Roberts (Leona Roberts)

The Honourable Roger Kenneth Spink

Corporate Management Team

The members of the Corporate Management Team during the year ended 30th June 2020 were:

Chief Executive	Barry Rowland
Financial Secretary - Outgoing	James Wilson (Until 24 th April 2020)
Financial Secretary - Incoming	Timothy Waggott (from 17 th April 2020)
Attorney General	Simon Young
Director of Public Works	Colin Summers
Director of Minerals	Stephen Luxton
Director of Natural Resources	John Barton MBE (until 30 th November 2019)
Director of Natural Resources	Andrea Clausen (from 1 st October 2019)
Director of Health and Social Services	David O'Neill
Director of Education	Rachel Seddon (until 6 th January 2020)
Acting Director of Education	Karen Steen (Interim 1 st Sept – 26 th May 2020)
Director of Education	Marie Horton (from 27 th May 2020)
Director of Emergency Services	Pam Trevillion
Director of Central Services	Iain Robertson (until 3 rd July 2020)
Director of Central Services	Catherine Silva Donayre (from 1 st June 2020)
Director of Policy & Economic Development	Diane Simsovic (until 21 st February 2020)
Director of Policy & Economic Development	Andrew Gaule (from 4 th November 2019)
Director of Human Resources	Carol Hever (from 24 th January 2020)

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Estimates

The 2019/2020 Estimates were approved by Legislative Council on 4th June 2019.

Appropriation Ordinances

The Appropriation Ordinance 2018 was assented to by His Excellency the Governor on 4th June 2019.

Seven Supplementary Appropriation Ordinances were submitted to the Legislature during the year. Details are set out below.

Date Assented to	Description	Value £000
18/09/19	Supplementary Appropriation (2019-2020) Ordinance 2019 (No 13 of 2019)	4,356
07/11/19	Supplementary Appropriation (2019-2020) (No 2) Ordinance 2019 (No 16 of 2019)	3,470
19/12/19	Supplementary Appropriation (2019-2020) (No 3) Ordinance 2019 (No 19 of 2019)	1,211
17/05/20	Supplementary Appropriation (2019-2020) Ordinance 2020 (No 2 of 2020)	12,503
18/06/20	Supplementary Appropriation (2019-2020) (No 2) Ordinance 2019 (No 4 of 2020)	178
	TOTAL	21,718

Warrants

A General Warrant was not necessary because authority for 2019/20 expenditure had been sanctioned by the issue of the Appropriation Ordinance 2018 before the commencement of the financial year.

No Supplementary Warrants were issued; these were not required as authority has been sanctioned under the issuance of the Supplementary Appropriations listed above.

The following Contingency Warrants were issued at various times throughout the year, the Contingencies Fund being replenished through the Supplementary Appropriation Ordinances.

Warrant No	£000
Contingencies Warrant No 1	4,356
Contingencies Warrant No 2	3,470
Contingencies Warrant No 3	1,211
Contingencies Warrant No 4	28
Contingencies Warrant No 5	3,493
Contingencies Warrant No 6	8,982
Contingencies Warrant No 7	178
TOTAL	21,718

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Out-turn

Revenue was £20.40m (including special fund transfers) more than the total estimated, and expenditure (including special fund transfers) was £9.48m more than the total estimated, resulting in a net positive variance of £10.92m against budget.

The increase on estimate in revenue of £20.40m is attributable to the following:

Revenue Increases	£'000	£'000
Treasury	15,254	
Natural Resources	5,352	
Mineral Resources	447	
Public Works	338	
Emergency Services	<u>248</u>	21,639

Offset by Revenue Decreases

Executive Management	(714)	
Development & Commercial Services	(213)	
Oil Development	(190)	
Health and Social Services	(57)	
Education	(39)	
Law & Regulation	(14)	
Island Plan Investments	<u>(11)</u>	(1,238)

Net Revenue Increases	20,401
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The increase on estimate in expenditure of £9.48m is attributable to the following:

Expenditure Decreases	£'000	£'000
Executive Management	(1,160)	
Education	(667)	
Oil Development	(418)	
Law & Regulation	(302)	
Emergency Services	<u>(168)</u>	(2,713)

Offset by Expenditure Increases

Island Plan Investments	8,777	
Treasury	1,451	
Health and Social Services	1,210	
Public Works	584	
Mineral Resources	61	
Human Resources	56	
Natural Resources	43	
Development & Commercial Services	<u>9</u>	12,191

Net Expenditure increases	9,478
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STATEMENT OF TREASURER'S RESPONSIBILITIES

The Treasurer is responsible for:

- the preparation of the financial statements in accordance with:
 - the Finance and Audit Ordinance 1988;
 - the Public Funds Ordinance 1990;
 - the Special Funds Ordinance 1993;
 - the Currency Ordinance 1987;
 - the Pensions (Old Scheme) Fund Ordinance 1999;
 - the Retirement Pensions Ordinance 1996; and
 - the Finance Ordinance 2004, reflecting the provisions of the Capital Equalisation Fund Order 2005
- ensuring the regularity of financial transactions;
- ensuring that all monies received and paid by Government are brought promptly and properly to account;
- reporting to the Financial Secretary in writing any apparent defect in controls of revenue, expenditure, cash, stores and other property of the Government;
- reporting to the Financial Secretary in writing any breach or non-observance of Financial Instructions; and
- ensuring that adequate provisions exist for the safe custody of public monies and securities.

Approved by:



**T Prior
Treasurer**

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OPERATING COST STATEMENT FOR THE YEAR ENDED 30th JUNE 2020

2019 £000s	Notes	2020 £000s
Operating Revenue		
89,953 Departmental Revenue	2	103,496
63 Island Plan Investments Revenue	2	59
90,017 Total Operating Revenue		103,556
Operating Costs		
(29,249) Staff Costs		(30,848)
(35,314) Other Departmental Costs		(35,664)
(5,846) Island Plan Investment Costs		(7,221)
(70,409) Total Operating Costs	3	(73,734)
19,608 Net Operating Surplus before transfers & capital charges		29,823
Social & Oil Investments		
(2,983) Transfers to Special Funds	3	(2,746)
1,788 Transfers from Special Funds	2	0
Island Plan Investments		
(5,958) Transfers to Special Funds	3	(9,238)
Transfers from Special Funds	2	
12,455 Increase/(Decrease) in Net Liquid Assets for Operating purposes	23	17,839
(6,611) Depreciation	3	(7,118)
5,843 NET OPERATING SURPLUS/(DEFICIT)		10,720



**T Prior
Treasurer**

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30th JUNE 2020

	Note	2019 £000s	2020 £000s
Net Cash Inflow from Operating Activities	25	562	7,492
Returns on Investment and Servicing of Finance			
Interest Paid		0	(0)
Interest Received on Investments Held Locally		209	20
Net Cash Inflow from Returns on Investment and Servicing of Finance		<u>209</u>	<u>20</u>
Capital Expenditure			
Tangible Fixed Assets payments		(13,237)	(13,208)
(Payments)/Receipts for other Financial Assets		14,400	3,000
Proceeds from Disposal of Tangible Fixed Assets		6	0
Net Cash Outflow from Capital Expenditure		<u>1,169</u>	<u>(10,208)</u>
Financing			
Mortgage Receipts		91	93
Other Loans Repaid		(1)	(1)
Capital Grants		1,832	1,481
Net Cash Inflow from Financing		<u>1,922</u>	<u>1,573</u>
Net (Decrease)/Increase in Cash		<u><u>3,862</u></u>	<u><u>(1,123)</u></u>
Cash at Beginning of Period		8,489	12,351
Net (Decrease)/Increase in Cash		<u>3,862</u>	<u>(1,123)</u>
Cash at End of Period		<u><u>12,351</u></u>	<u><u>11,228</u></u>

The above cash flows do not include financial transactions processed by financial institutions on behalf of FIG, for example those processed by Investment Fund Managers, the proceeds of which are retained within the individual funds.


T Prior
Treasurer


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BALANCE SHEET AS AT 30th JUNE 2020

2019 All Funds £000s	2019 General Fund £000s	Notes	2020 All Funds £000s	2020 General Fund £000s
Fixed Assets				
137,042	137,042	Tangible Fixed Assets	142,750	142,750
177,202		- Investments - Special Funds	175,541	-
201,240	201,241	Investments - Consolidated Fund	220,312	220,312
515,483	338,283	Total Fixed Assets and Investments	538,602	363,062
461	461	Debtors falling due after more than 1 year	368	368
Current Assets				
9,638	9,638	Stocks	10,584	10,584
8,668	14,274	Debtors falling due within 1 year	5,829	14,456
12,351	12,351	Cash at bank and in hand	11,228	11,228
30,656	36,262	Total Current Assets	27,641	36,269
(7,886)	(21,163)	Creditors due within 1 year	(9,672)	(25,473)
22,769	15,099	Net Current Assets	17,969	10,796
538,715	353,843	Total Assets Less Current Liabilities	556,940	374,225
(3)	(3)	Creditors falling due after more than 1 year	(2)	(2)
(628)	(628)	Provisions for liabilities	(1,196)	(1,196)
538,083	353,213	Net Assets	555,742	373,028
Financed by Taxpayers' Equity:				
184,873		- Special Funds	182,714	-
353,210	353,212	General Fund	373,028	373,028
538,083	353,212	Total Reserves	555,742	373,028

RECONCILIATION TO NET LIQUID ASSETS

538,083	353,212	Total Reserves	555,742	373,028
(137,042)	(137,042)	Less Tangible Fixed Assets	(142,750)	(142,750)
401,042	216,170	Net Liquid Assets	412,993	230,278



**T Prior
Treasurer**

**FALKLAND ISLANDS GOVERNMENT
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NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

1.1 Basis of Accounting

These financial statements are prepared and published in accordance with the provisions of the Finance and Audit Ordinance 1988. The financial statements generally follow UK Generally Accepted Accounting Practice (UK GAAP) to the extent it is meaningful and appropriate to the Falkland Islands Government. Where there is a choice of accounting policies available, the accounting policy judged to be the most appropriate to the particular circumstances of the Falkland Islands Government 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 Resource Accounting 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.

As at 30 June 2020 the Government has net current assets of £17.97m (2019 - £22.77m) of which £11.23m (2019 - £12.35m) is held in cash. In addition, as at the year end the Government has a further £395.85m (2019 - £378.44m) held with external investment managers accounting for more than four years' worth of operating costs.

The Treasurer believes that the Government is in a financially strong position and will continue to be so, and accordingly the financial statements have been prepared on a going concern basis.

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 1.10 and 1.17d.

1.3 Basis of consolidation

These financial statements comprise of a consolidation of all departments within the Falkland Islands Government, including the balances on Special Funds managed by the Government. Separate financial statements further detailing the activity on Special Funds are also produced. These financial statements do not consolidate the Falkland Islands Development Corporation, Falklands Landholdings Corporation or any other subsidiaries of the Falkland Islands Government.

1.4 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. Fees cross-charged internally across departments are also included, as explained in note 1.8.

With regards to taxation income, income from personal tax is recognised when an assessment is issued by the Taxation Department for tax which is due and paid. Income from corporation tax and payments on account of tax (POAT) are recognised at the time payments are due and payable according to taxation legislation.

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1. STATEMENT OF ACCOUNTING POLICIES (continued)

1.4 Recognition of Income (continued)

The exception to this is in relation to those cases of corporation tax that are covered by Extra Statutory Concession 16. In such cases the tax due on any part of the consideration is deferred to a period the earliest of:

- Receipt of the cash amount;
- First oil production from the licence interest disposed of; or
- Five years from the date of the disposal contract.

The date the Taxation Office will instigate collection of tax in respect of such considerations, and the associated point of income recognition, will be eight months and one day after the end of the relevant company's accounting period.

All penalties accruing for late payment of tax as at 30th June form part of revenue.

Road Fund licenses are recognised in the year of receipt. Capital revenue has been recognised through the Capital Equalisation Fund, disclosed in separate financial statements.

1.5 Notional and Other Non-Cash Charges

The Operating Cost Statement includes depreciation charged to the various Government departments.

1.6 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. Costs cross-charged internally between departments are also included, as explained in note 1.8. Other expenditure is incurred by Fund Transfers and Transfer Payments. Capital expenditure has been recognised through the Capital Equalisation Fund, the details of this fund are disclosed in separate financial statements.

1.7 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 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 at the 30th June.

1.8 Interdepartmental Transactions

Certain transactions are included in these financial statements as expenditure by one department and revenue in another in order to reflect more fully the true cost of services to Government. These include electricity, postal charges, rent rebates, photocopier contract, FIGAS flights & aerial surveillance costs, plant hire, asphalt and quarry products.

1.9 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 FIG.

**FALKLAND ISLANDS GOVERNMENT
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1. STATEMENT OF ACCOUNTING POLICIES (continued)

1.10 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 30th June 2020, the split of assets (excluding biological assets and accrued additions) disclosed in this way was:

	Cost £000s	% of cost	Net Book Value £000s	% of NBV
Historical Cost	201,499	85%	133,070	94%
Estimated Values	35,179	15%	9,145	6%
Total Fixed Assets	236,678		142,215	

All fixed assets with a cost or estimated value over £5,000 are capitalised, with the exception of IT, which is capitalised at a level of £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.

1.11 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 7 to the financial statements. Capital retentions are accrued into the Capital Equalisation Fund, in a consistent manner to all other capital payments.

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

1.12 Donated Assets

Donated tangible fixed assets are capitalised at their current value on receipt, this value being credited to the Donated Asset 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.

1.13 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 which is required to be charged to the Operating Cost Statement as excess depreciation.

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1. STATEMENT OF ACCOUNTING POLICIES (continued)

1.13 Depreciation Policy (continued)

The asset categories and their normal useful economic lives are as determined by a suitably qualified officer, but are generally:

Buildings	50 years
Leasehold Land and Buildings	remaining life of lease
Infrastructure (roads, 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

1.14 Biological Assets

Biological assets relate to the National Beef Herd and Sheep Flock and are valued on the basis of the average price of a live bullock in the local market. It is the intention of FIG to maintain these assets as breeding stock and they are therefore classified as fixed assets.

1.15 Investments

Listed investments are valued at mid-market value, including accrued interest.

For investments in support of the Consolidated Fund, realised gains or losses arising from in-year trading activities of listed investments are recorded within the Operating Cost Statement. Unrealised gains and losses arising from the year-end revaluation of listed investments are recorded in the Balance Sheet through the Investments Revaluation Reserve.

For investments in support of the Special Funds, all transactions are recorded through the Balance Sheet. Separate statements are produced to provide support for each of the Special Funds.

Within the Insurance Fund, some transactions, which are denominated in a foreign currency, are covered by open forward exchange contracts. The value of these contracts is included in the closing market valuation, offset by the cost of the transactions, leaving the resulting unrealised gain / loss within the valuation.

Unlisted investments are valued based on the historic cost of the shares held less any provision for impairment.

1.16 Debtors

The sum of debtors shown in the Balance Sheet is made up of accrued income, advances, prepayments, trade debtors and loans advanced by FIG. Long-term debtors disclosed refer to mortgages. More details of the sums advanced can be found in the Statement of Outstanding Loans.

Provision has also been made for debtors which are considered to be irrecoverable, or where the recovery of the debt is unlikely. This has been done by reference to each debt, on the advice of each Head of Department. All increases and decreases to this provision have been taken through the Operating Cost Statement.

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1. STATEMENT OF ACCOUNTING POLICIES (continued)

1.17 Stock

Government stock is included in the financial statements using the following policy guidelines.

- a. Total stock held by a department / section is excluded if less than £20,000 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 stock figure.
- c. The initial recognition of stock has been created and a corresponding entry in the General Fund represents the increase to the balance sheet value of Taxpayers' Equity.
- d. Stock is valued at the lower of cost or net realisable value with the exception of quarry stone stock which is always valued at net realisable value.
- e. Stock has been measured by way of an annual stock take, with the material departments being subject to verification testing.
- f. Stock recognised for the first time is accounted for as described in note 1.17(c). 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.
- g. The production costs and materials of unissued currency held in FIG vaults have been specifically excluded from the stock valuation.

1.18 Leases

Where substantially all the risks and rewards of ownership of a leased asset are borne by the department, leased assets are recorded as a tangible fixed asset and a liability is recorded to the lesser of the minimum lease payments discounted by the rate implicit in the lease. Currently FIG does not have any finance leases (2018 – nil). Those leases not meeting the above definition are treated as operating leases and as such are charged to the Operating Cost Statement on a straight-line basis over the lease term. In the Falkland Islands Government Office (FIGO), London, one operating lease is held for items of office equipment (2018 – one).

1.19 Provisions for Liabilities

The Falkland Islands Government 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. Further details of the sums provided for can be found in note 16.

1.20 Reserves

Reserves have been reclassified into the categories of Special Funds and General Fund. The General Fund consists of the Contingencies Fund, the Investments Revaluation Reserve, the Fixed Assets Revaluation Reserve, the Donated Assets Reserve and the Consolidated Fund, which is the historic accumulation of cash resources, as adjusted for resource accounting. As a result of these adjustments, the fund has increased and represents the change in value of Taxpayers' Equity following the introduction of Balance Sheet assets and liabilities and other operational adjustments. Notes 18 to 22 disclose this in more detail.

**FALKLAND ISLANDS GOVERNMENT
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1. STATEMENT OF ACCOUNTING POLICIES (continued)

1.21 Pensions

Pensions (Old Scheme) Fund

The Pensions (Old Scheme) Fund was established to underwrite the liability to pay Government service pensions to pensioners and officers who remain subject to the old defined benefit scheme arrangements. However, the scope of the Fund has been extended to include payments due under the Falkland Landholdings (FLH) pension scheme, Overseas Service Aid Scheme (OSAS) pensions, the Voluntary Severance Scheme/redundancy uplifts, ill-health and disability benefits, the No Worse Off Guarantee and death-in-service benefit provisions of the Falkland Islands Pension Scheme (FIPS), and as annuity provider of last resort. In FIG's financial statements, three types of contributions are paid into this scheme.

- (1) Over the 7 year period 1999/00 to 2005/06, annual transfer payments were made into the fund to "top-up" a previously reported imbalance in respect of past service.
- (2) With effect from 2004/05 onwards, an additional sum is paid into the scheme from FIG to cover Death-In-Service benefits which may become payable to FIG employee members of the FIPS.
- (3) In addition, amounts have been paid as necessary as contributions towards future pension benefits in respect of the employees who opted to remain on the "old" defined benefits pension conditions.

Non-compliance with the UK Financial Reporting Standard 17 'Retirement Benefits' (FRS17)

The provisions of FRS17 have not been adopted. Note 26 provides an explanation of the latest triennial review on the old scheme balance as provided by Punter Southall Consulting Actuaries. A full actuarial valuation is undertaken once every 3 years.

Retirement Pensions Fund

The Retirement Pensions Fund supports the state pension scheme. A full actuarial valuation by independent actuaries is undertaken once every 5 years. The last actuarial review was undertaken, as at 31 December 2018, by Callund Consulting Ltd.

In the FIG financial statements, three types of contributions are paid into this scheme.

- (1) FIG makes employer pension contributions, in the same manner as all other employers in the Falkland Islands.
- (2) In special circumstances, FIG makes contributions on behalf of contributors who meet the criteria for assisted contributions.
- (3) A further annual payment is made to subsidise the difference between contribution rates charged across all active contributors and the rates that would need to be charged to meet all liabilities.

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2020**

1. STATEMENT OF ACCOUNTING POLICIES (continued)

1.22 Grants

Grants payable are recorded as expenditure in the period that the entitlement to the grant occurs. The financial statements do not include deemed repayments of conditional grants of £0 (2019: £0)

1.23 Research and development

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

1.24 Related Party Transactions

The Government is required to disclose material transactions with related parties. In this context parties are considered to be related if they have the potential to influence or control the Government or be influenced and controlled by Government. For accounting purposes these parties include Members of the Legislative Assembly, the Chief Executive, the Financial Secretary, the Attorney General and Departmental Directors.

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2020**

2. COMPARATIVE STATEMENT OF REVENUE

The Finance and Audit Ordinance 1988 requires a comparative statement of estimated and actual revenue by subhead; the following Annual Abstract Account satisfies that requirement. A detailed comparative statement of estimated and actual revenue by subhead is not published in these financial statements; however it can be made available by the Treasury.

Actual 2019 £000s	Departmental Ledger Codes		Estimate 2020 Unaudited £000s	Actual 2020 £000s
1,609	110	Central Services	1,538	1,325
-	120	Human Resources	-	-
1,913	200	Health and Social Services	1,505	1,449
126	250	Education	132	92
11,713	350	Public Works	12,379	12,717
24,805	410	Natural Resources	22,006	27,358
608	450	Law & Regulation	187	173
4,269	550	Emergency Services	4,558	4,806
3,676	600	Executive Management	3,986	3,272
1040	620	Mineral Resources	636	1,083
40,190	700	Treasury	35,949	51,203
89,949		TOTAL DEPT REVENUE (exc. Oil development)	82,875	103,477
0		Discontinuing Operations (SAERI)	-	-
1851	999	Island Plan Investments	70	59
91,800		TOTAL OPERATING REVENUE	82,945	103,536
-	998	Social Investments	-	-
4	997	Oil Development	210	20
91,804		TOTAL REVENUE RECEIVED	83,155	103,556


T Prior
Treasurer

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2020**

3. COMPARATIVE STATEMENT OF EXPENDITURE

The Finance and Audit Ordinance 1988 requires a comparative statement of estimated and actual expenditure by subhead. The following Annual Abstract Account satisfies that requirement. A detailed comparative statement of estimated and actual expenditure by subhead is not published in these financial statements; however, it can be made available by the Treasury.

	Actual 2019		Actual 2019		Estimate 2020		Actual 2020		Actual 2020	
	Operating	Depreciation	Operating	Total	Unaudited	Operating	Operating	Depreciation	Operating	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
110 Central Services	6,471	562	7,033		6,994	6,443	6,443	559	7,002	
120 Human Resources	862	1	863		1,017	1,072	1,072	1	1,073	
200 Health and Social Services	13,283	750	14,033		12,646	13,095	13,095	761	13,856	
250 Education	7,167	419	7,586		8,652	7,530	7,530	455	7,985	
350 Public Works	13,420	4,303	17,723		17,421	13,158	13,158	4,845	18,005	
410 Natural Resources	6,762	179	6,941		7,969	7,836	7,836	176	8,012	
450 Law & Regulation	1,441	5	1,446		1,657	1,352	1,352	3	1,355	
550 Emergency Services	3,037	317	3,354		4,010	3,571	3,571	270	3,842	
600 Executive Management	6,828	68	6,896		7,564	6,364	6,364	41	6,405	
620 Mineral Resources	722	0	722		718	779	779	0	778	
700 Treasury	4,326	7	4,333		3,427	4,872	4,872	7	4,878	
617 Discontinuing Operations - SAERI	0	0	0		0	0	0	0	0	
999 Island Plan Investments	11,803	0	11,803		7,682	16,459	16,459	0	16,458	
TOTAL EXPENDITURE	76,122	6,611	82,733		79,756	82,532	82,532	7,118	89,650	
998 Social Investments	2,983	0	2,983		2,746	2,746	2,746	0	2,746	
997 Oil Development	245	0	245		857	439	439	0	439	
TOTAL FUNDS EXPENDED	79,350	6,611	85,961		83,360	85,718	85,718	7,118	92,836	



**T. Prior
Treasurer**

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2020**

4. DIRECTORS REMUNERATION

2019-2020

	Gross Salary (bands of £5,000) £000s	Gratuity Accrued in Year (bands of £5,000) £000s	Benefits in Kind and other contractual payments (rounded to the nearest £000) £000s	Employer's OPC (bands of £5,000) £000s	Employer's RPC (rounded to the nearest £000) £000s
Barry Rowland - Chief Executive	140 - 145	40-45	-	-	0 - 5
Timothy Waggott - Financial Secretary	15 - 20	0 - 5	-	-	0 - 5
James Wilson - Financial Secretary	95-100	20 - 25	-	-	0 - 5
Simon Young - Attorney General	100-105	25-30	-	-	0 - 5
Carol Hever - Director of Human Resources	30 - 35	5 - 10	-	-	0 - 5
Stephen Luxton - Director of Mineral Resources	85-90	-	-	0 - 5	0 - 5
John Barton - Director of Natural Resources	45 - 50	-	-	-	0 - 5
Dr Andrea Clausen - Director of Natural Resources	60-65	-	-	0 - 5	0 - 5
Colin Summers - Director of Public Works	105-110	-	-	0 - 5	0 - 5
Rachel Scddon - Director of Education	40-45	5 - 10	-	-	0 - 5
Karen Steen - Acting Director of Education	70-75	-	-	-	0 - 5
Marie Horton - Director of Education	5 - 10	0 - 5	-	-	0 - 5
Pam Travillion - Director of Emergency Services	85-90	20-25	-	-	0 - 5
David O'Neill - Director of Health and Social Services	85-90	20-25	-	-	-
Diane Simsovic - Director of Policy & Economic Development	50-55	10 - 15	-	-	0 - 5
Andrew Gaule - Director of Policy & Economic Development	60-65	10 - 15	-	-	0 - 5
Iain Robertson - Director of Development & Commercial Services	90-95	20 - 25	-	-	0 - 5
Catherine Silva Donayre - Director of Development & Commercial Services	70-75	15 - 20	-	-	0 - 5

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2020**

4. DIRECTORS REMUNERATION (continued)

2018-2019

	Gross Salary (bands of £5,000) £000s	Gratuity Accrued in Year (bands of £5,000) £000s	Benefits in Kind and other contractual payments (rounded to the nearest £000) £000s	Employer's OPC (bands of £5,000) £000s	Employer's RPC (rounded to the nearest £000) £000s
Barry Rowland - Chief Executive	130 - 140	40 - 44	-	-	0 - 5
James Wilson - Financial Secretary	100 - 104	25 - 29	-	-	0 - 5
Simon Young - Attorney General	95 - 99	20 - 24	-	-	0 - 5
Stuart Hampson - Director of Human Resources	75 - 79	20 - 24	-	-	0 - 5
Stephen Luxton - Director of Mineral Resources	80 - 84	-	-	0 - 4	0 - 5
John Barton - Director of Natural Resources	100 - 104	-	-	-	0 - 5
Colin Summers - Director of Public Works	100 - 104	-	-	5 - 9	0 - 5
Rachel Seddon - Director of Education	75 - 79	15 - 19	-	-	0 - 5
Gardener Fiddes - Director of Emergency Services	-	-	-	-	0 - 5
David O'Neill - Director of Health and Social Services	10 - 14	0 - 4	-	-	-
Diane Simsovic - Head of Policy	90 - 94	20 - 24	-	-	0 - 5
Iain Robertson - Director of Central Services	75 - 79	20 - 24	-	-	0 - 5

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2020**

4. DIRECTORS REMUNERATION (continued)

Posts vacated in year included Financial Secretary, James Wilson, Director of Natural Resources John Barton MBE, Director of Education Rachel Seddon, Director of Central Services, Iain Robertson and Director of Policy & Economic Development, Diana Simsovic.

Posts filled during the year include Financial Secretary, Timothy Waggott, Director of Natural Resources Andrea Clausen, Director of Education Marie Horton, Director of Central Services, Catherine Silva Donayre and Director of Policy & Economic Development, Andrew Gaule.

5. EMPLOYEE REMUNERATION

	Number of Employees	
	2018/19	2019/20
£50,000 - £54,999	28	6
£55,000 - £59,999	7	9
£60,000 - £64,999	12	23
£65,000 - £69,999	6	18
£70,000 - £74,999	7	3
£75,000 - £79,999	-	2
£80,000 - £84,999	4	1
£85,000 - £89,999	3	5
£90,000 - £94,999	2	1
£95,000 - £99,999	3	3
£100,000 - £104,999	3	6
£105,000 - £109,999	-	2
£110,000 - £114,999	2	5
£115,000 - £119,999	-	-
£120,000 - £124,999	-	6
£125,000 +	6	3
Total	83	93

This note shows the number of employees whose remuneration was greater than £50,000 set out in bands of £5,000. Remuneration is defined as amounts paid to or receivable by an employee, including gross salary plus gratuity. The Directors disclosed in note 4 are excluded from this note.

6. MEMBERS ALLOWANCES

During the year the Government incurred expenditure of £367,594 in relation to Members' Salaries and Allowances (2019: £367,698).

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2020**

7. TANGIBLE FIXED ASSETS

	Land	Buildings	Infrastructure	Furniture & Fittings	Equipment	Plant & Machinery	IT	Vehicles	Air and Seacraft	Under Construction	Biological Assets	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or valuation												
At 1 July 2019	1,330	82,342	77,439	799	9,454	24,602	1,332	14,260	4,231	9,324	56	225,169
Additions	-	1,439	5,690	78	440	1,708	249	471	-	3,123	-	13,198
Disposals	-	(174)	-	(265)	(472)	(64)	(33)	(134)	-	-	(12)	(1,154)
Transfers	-	375	58	31	321	4,406	-	-	-	(5,190)	-	-
At 30 June 2020	1,330	83,981	83,187	643	9,743	30,652	1,547	14,597	4,231	7,256	45	237,214
Depreciation												
At 1 July 2019	-	(37,539)	(16,562)	(529)	(5,701)	(14,968)	(1,145)	(8,970)	(2,711)	-	-	(88,125)
Charged in year	-	(1,614)	(1,676)	(39)	(849)	(1,694)	(136)	(966)	(143)	-	-	(7,118)
Disposals	-	19	-	177	447	62	27	48	-	-	-	781
Transfers between categories	-	(0)	3	-	(3)	-	-	-	-	-	-	(0)
At 30 June 2020	-	(39,134)	(18,235)	(391)	(6,106)	(16,600)	(1,254)	(9,888)	(2,854)	-	-	(94,463)
Net Book value at 30 June 2020	1,330	44,847	64,950	253	3,637	14,053	293	4,709	1,378	7,256	45	142,750
Net Book value at 30 June 2019	1,330	44,803	60,876	271	3,752	9,634	187	5,290	1,520	9,323	56	137,042

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2020**

8. INVESTMENT PORTFOLIOS SUPPORTING SPECIAL FUNDS MANAGED BY THE TREASURY

2019 £000s Market Value	2020 £000s Book Cost	2020 £000s Market Value
6,394	6,391	6,423
68,367	57,583	71,941
32,277	13,131	36,978
32,626	31,949	34,480
37,538	36,917	25,719
177,202	145,971	175,541

9. INVESTMENT PORTFOLIOS SUPPORTING THE CONSOLIDATED FUND

2019 £000s Market Value	Book Cost	2020 £000s Market Value
199,957	187,720	219,023
1,059	1,065	1,065
225	225	225
201,241	189,010	220,312

*Unlisted investments are shares in Stanley Services Ltd, of which FIG has a 44.9% shareholding

10. DEBTORS FALLING DUE AFTER MORE THAN 1 YEAR

2019 £000s	Note	2020 £000s
461	Loans made by FIG 10.1	368

10.1 Analysis of loan maturity profile

2019 £000s		2020 £000s
279	Due within 2 to 5 years	244
168	Due within 6 to 10 years	120
14	Due within 11 to 15 years	4
0	Due within 16 to 20 years	0
0	Due within 21 to 25 years	0
461		368

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2020**

11. ANALYSIS OF STOCKS HELD BY DEPARTMENT

2019	Note	2020
£000s		£000s
1,360	100 Central Services	1,331
557	200 Health and Social Services	754
7,475	350 Public Works	8,226
92	410 Natural Resources	61
155	550 Emergency Services	187
0	251 Education	25
9,638		10,584

12. ANALYSIS OF DEBTORS FALLING DUE WITHIN 1 YEAR

2019	2019	2020	2020
All Funds	General Fund	All Funds	General Fund
£000s	£000s	£000s	£000s
2,232	2,232	940	940
23	23	18	18
949	949	791	791
5,383	5,383	4,009	4,009
80	80	72	72
	5,606		8,628
8,668	14,274	5,829	14,456

13. CASH IN HAND, AT BANK AND IN TRANSIT

2019	2020
£000s	£000s
259	274
12,072	10,937
-	-
20	17
12,351	TOTAL 11,228

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2020**

14. ANALYSIS OF CREDITORS

2019 All Funds £000s	2019 General Funds £000s	Note	2020 All Funds £000s	2020 General Funds £000s
AMOUNTS FALLING DUE WITHIN 1 YEAR				
469	469	Deposits on behalf of other administrations	142	142
1,700	1,700	Income Received in Advance	1400	1,400
5,717	5,717	Accruals	8129	8,129
-	-	Loans to FIG	1	1
	13,277	Owed to Special Funds		15,801
7,886	21,163	Amounts Falling Due Within 1 Year	9,672	25,473
AMOUNTS FALLING DUE AFTER MORE THAN 1 YEAR				
3	3	Loans to FIG	2	2
7,889	21,166	TOTAL	9,674	25,475

15. LOANS TO FIG

2019 £000s	2020 £000s
Loans to FIG	
0	1
3	2
-	-
3	3

16. PROVISIONS FOR LIABILITIES

2019 £000s	Holiday Credit Scheme	2020 £000s
7	Opening Provision	628
0	Less: Amounts paid during year	0
622	Provision for New travel Credit scheme - accrued	568
(1)	Less: Amounts forfeit due to closure of scheme	(1)
0	Less: Amount released to Consolidated Fund	0
628	Closing Provision	1,196

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2020**

17. BALANCE OF INDIVIDUAL SPECIAL FUNDS MANAGED BY THE TREASURY AS PROVIDED FOR BY THE FINANCE AND AUDIT ORDINANCE 1988

2019	2020
£000s	£000s
6,607 Currency Fund	6,877
73,184 Retirement Pensions Fund	77,918
27,207 Insurance Fund	28,643
40,523 Pensions (Old Scheme) Fund	46,348
37,352 Capital Equalisation Fund	22,929
184,873	182,715

18. GENERAL FUND

2019	2020
£000s	£000s
	Note
6,291 Contingencies Fund	4,126
35,516 Investments Revaluation Reserve	19 31,303
46,414 Fixed Assets Revaluation Reserve	20 44,563
56.05 Donated Asset Reserve	21 56
264,935 Consolidated Fund	22 292,980
353,212	373,028

19. INVESTMENTS REVALUATION RESERVE

2019	2020
£000s	£000s
	Note
32,069 Opening brought forward	35,516
3,453 Revaluation of investments above market value	(3,796)
(6) Realised Element of the Investments Revaluation Reserve	(417)
35,516	31,302
	19.1

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2020**

19. INVESTMENTS REVALUATION RESERVE (Cont.)

19.1 Reconciliation of Investments Revaluation Reserve Balance

2019		2020
£000s		£000s
165,500	Book Value of Consolidated Fund investments	188,785
201,016	Market Value of Consolidated Fund investments	220,087
35,516		31,302

20. FIXED ASSETS REVALUATION RESERVE

2019		2020
£000s	Note	£000s
48,006	Opening brought forward	46,414
321	Assets added from prior years (not previously recognised)	0
(53)	Correction to B/F 16/17	0
(13)	Movement in Livestock	(12)
(1,848)	Realised Element of the Fixed Assets Revaluation Reserve	(1,839)
46,414		44,563

20.1 The realised element relates to the depreciation and disposal of revalued assets

21. DONATED ASSETS RESERVE

2019		2020
£000s		£000s
1	Balance 1 July, brought forward	56
0	Depreciation	0
55	Additions in year	0
56	Balance 30 June, carried forward	56

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2020**

22. CONSOLIDATED FUND

2019			2020	
£000s	£000s	Note	£000s	£000s
			Cash and Operating Cost Statement Resource	
			Accounting Adjustments	
	108,142	Balance 1 July		113,984
	5,842	(Deficit)/Surplus for the year		10,719
	113,984	Balance 30 June		124,703
			Other Realisations and Transfers	
			(Balance Sheet Resource Accounting Adjustments)	
	139,250	Balance 1 July		150,951
		Release of over provision		
(3,001)		Increase to contingencies fund	2,165	
1,901		Realised Element of Fixed Assets Revaluation Reserve	1,839	
	6	Realised Element of Investments Revaluation Reserve	417	
		Introduction of new stock		
12,795		Fixed Assets purchased from Capital Equalisation Fund	12,904	
	11,701			17,325
	264,935			292,980


T Prior
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**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2020**

23. RECONCILIATION OF NET LIQUID ASSETS

2019			2020	
£000s	£000s	Note	£000s	£000s
	200,402			216,170
	Net Liquid Assets as at 1 July			
12,454			17,838	
	Increase for operating purposes			
3,453		19	(3,796)	
	Movement in Investment value			
0			-	
	Release of over provision			
0			-	
	New stocks introduced			
(137)			66	
	Other fixed asset movements			
	<u>15,769</u>			<u>14,108</u>
	Total Increase in Net Liquid Assets			
	<u>216,170</u>			<u>230,278</u>
	Net Liquid Assets as at 30 June			

24. OPERATING LEASES

2019		2020	
£000s		£000s	
	<u>10</u>		<u>9</u>
	Operating lease rentals charged as an expense		
	Operating lease payments due		
	9		9
	Payable within 1 year		
	9		9
	Payable within 2 to 5 years		
	0		-
	Payable over 5 years		
	<u>18</u>		<u>18</u>

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2020**

25. RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES

	Note	2019 £000s	2020 £000s
Net Operating Surplus Before Interest		(36)	6,099
Depreciation and Amortisation		6,611	7,118
Transfers to Special Funds		7,153	11,984
Net Cash (Outflow)/Inflow to the Pension Old Scheme Fund		(491)	29
Net Cash (Outflow)/Inflow from the Retirement Pension Fund		(751)	(622)
Net Cash (Outflow)/Inflow from the Insurance Fund		(536)	(437)
Net Cash (Outflow)/Inflow to the Currency Fund		200	242
Investment Manager Accrual Adjustment		(39)	(23)
Consolidated Fund Investment Manager Fees		226	61
(Profit)/Loss on sale of Consolidated Fund Investments		(3,991)	(8,362)
(Profit)/Loss on Sale of Tangible Fixed Assets		50	361
Capital Payments Transferred to the Capital Equalisation Fund		(8,703)	(13,417)
Interest Paid		0	0
(Increase)/Decrease in Stock		97	(947)
(Increase)/Decrease in Trade and Other Receivables		878	3,058
Increase/(Decrease) in Trade and Other Payables		(729)	1,781
(Decrease)/Increase in Provisions		621	568
Other Non-cash Movements		1	0
Net Cash Inflow from Operating Activities		562	7,492

The special fund cash movement adjustments relate to the Pensions (Old Scheme) Fund, Retirement Pension Fund, Insurance Fund and the Currency Fund. The net figure includes actual receipts and payments with external individuals, for example payments to pensioners, receipts from pensioners, payment of insurance premiums and the issue and destruction of currency. However these do not include the financial transactions processed by Financial Institutions on behalf of FIG, for example those processed by Investment Fund Managers, the proceeds of which are retained within the individual funds.

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2020**

26. PENSIONS (OLD SCHEME)

The balance of the Fund at 30 June 2020 is £46.35m (2019 - £40.52m), an increase of £5.83m (2019 – £4.49m) from the closing balance for the previous financial year.

Under the provisions of section 5 of the Ordinance the adequacy of the Fund is required to be reviewed by an independent actuary once every 3 years.

The last full valuation undertaken by XPS reported a surplus of £1.47m as at 30 June 2018 (fair value of assets £36.03m less present value of scheme liabilities of £34.56m). XPS reported that the fund was 104% fully funded. The surplus is mainly due to Investment gain due to actual vs assumed investment returns and ongoing contributions paid by FIG of £1.09m as a result of the 2015 actuarial review which indicated a deficit. There was also a change in assumptions used in the 2015 review which stated discretionary pension's increases would be 2% per annum (around 6% over 3 years). In practice, discretionary increases of around 10% were granted in the 3 years to 30 June 2018 respectively, which has led to higher pensions than expected and the estimated strain of £0.4m.

Due to limited value against cost, the provisions of FRS 102(28) have not been adopted.

27. STATEMENT OF CONTINGENT LIABILITIES

Mortgages

At 30 June 2020 FIG was guarantor for 190 (2019 – 183) personal (housing) mortgages with guaranteed balances totalling £3.12m (2019 - £2.97m) under the Joint General Mortgage Scheme with Standard Chartered Bank. Each mortgage has an individual repayment date within the period 2020-2045.

28. STATEMENT OF CONTINGENT ASSETS

Corporation Tax

It is not practicable to estimate the potential tax due to Government as at the 30th June for inclusion in the accounts in those cases where company accounts have not been filed.

Other

At 30 June 2016 FIG concluded discussions with a third party in relation to taxation charges due. The company has agreed binding documentation with the Falkland Island Government. The Tax Settlement Deed confirms the quantum and deferment of the outstanding tax liability and reflects the principles agreed between the company and FIG in December 2013 and is made under Falkland Islands Extra Statutory Concession 16. The highlights of this are:


- The outstanding tax liability was confirmed at approximately £64.4 million and payable on the first royalty payment date (or earlier subject to certain events);
- The first royalty payment date is anticipated to occur within six months of first oil production (it is currently estimated that first production will occur approximately four years from the point of commercial project sanction);
- The company provides certain "creditor protection" undertakings to FIG while the tax liability remains outstanding including (i) restriction on dividends or distributions; (ii) granting of first ranking security over the Company's assets; and (iii) while such security is in place, restrictions, subject to conventional carve outs, on granting further security.

In light of the potential changes to the liability set out above, it has been decided not to include the potential asset in long term debtors as the amount owed is insufficiently certain.

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2020**

29. RELATED PARTIES

With the exception of some company fishing licences, which were undertaken on an arms-length basis and in the normal course of business, there were no related party transactions that were individually material during the year. This is consistent with the prior year.



**T Prior
Treasurer**



FALKLAND ISLANDS GOVERNMENT

ADDITIONAL STATEMENTS REQUIRED

BY THE

FINANCE AND AUDIT ORDINANCE 1988

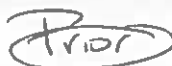
for the year ended 30th June 2020

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2020**

STATEMENT OF EXPENDITURE IN EXCESS

2019		2020
Nil	Expenditure in excess	Nil

This statement is required to ensure expenditure does not exceed the authorised appropriation and therefore is prepared on a cash basis.

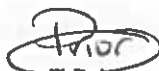


**T Prior
Treasurer**

STATEMENT OF ADVANCES

	2019	2020
	£000s	£000s
Other Administrations	3	3
Peter Symonds College	336	230
Other	20	15
	359	247

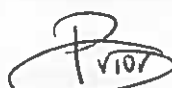
The Statement of Advances is analysed in accordance with Section 25 of the Finance and Audit Ordinance 1988.



**T Prior
Treasurer**

STATEMENT OF INVESTMENTS

	2019	2020
	£000s	£000s
GROWTH FUND		
6,121 Cash		15,344
159,154 Other (including equity and property)		168,076
34,682 Fixed Interest		35,603
	199,957	219,023
INCOME FUND		
- Cash		-
1,059 Fixed Interest		1,065
	1,059	1,065
0 UNLISTED INVESTMENTS		
	0	0
201,016 Total Investments of the Consolidated Fund		220,087



**T Prior
Treasurer**

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2020**

STATEMENT OF OUTSTANDING LOANS

2019 £000s	2020 £000s
652 Balance outstanding at 1 July	540
<u>4 Additions during the year - Applied Interest</u>	<u>3</u>
656	543
<u>(115) Receipts during the year - Repayments</u>	<u>(103)</u>
<u>540 Balance outstanding at 30 June</u>	<u>440</u>

Notes:

1. This statement agrees to the Balance Sheet, as shown in notes 10 and 12 to the financial statements.

	£000s
Note 10 Debtors Falling Due after more than 1 year	£ 368
Note 12 Debtors Falling Due within 1 year	<u>£ 72</u>
	<u>£ 440</u>

2. Details of individual loans are set out in the Financial Statements.

3. The balance outstanding at 30 June can be analysed as below: -

STATEMENT OF OUTSTANDING LOANS - Analysis

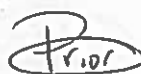
Number of Advances	Balance Outstanding	Type of Advance	Number of Advances	Balance Outstanding
2019 £000s	2019 £000s		2020 £000s	2020 £000s
133	538	Dwellings	133	440
1	-	Other	1	-
2	2	Farms	2	-
<u>136</u>	<u>541</u>	TOTAL	<u>136</u>	<u>440</u>



**T Prior
Treasurer**

STATEMENT OF LOSSES

2019		2020
Nil	Material Losses	NIL



**T Prior
Treasurer**

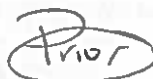
**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2020**

STATEMENT OF ARREARS OF REVENUE BY SUBHEAD AS AT 30 JUNE

2019		2020	
Arrears £000s	Total Due £000s	Arrears £000s	Total Due £000s
8	1,220	39	272
1,233	1,488	2,096	2,242
30	37	23	26
554	1,185	792	1,248
711	2,515	1,286	3,317
5	31	49	50
322	657	102	402
-	620	-	-
41	101	37	88
0	2	-	-
52	126	-	2
(9)	1,995	193	477
2,947	9,978	4,616	8,124
			(3,170)
			84
			791
			8,628
			14,456

Arrears are defined as amounts unpaid after the 30 day credit period except for Fishing Licences, which are treated as those licences remaining unpaid from fishing seasons up to and including the 1st fishing season of 2008, for which entitlement to fish ended before 30 June 2019. Education loans are repayable over a longer period, and are therefore not treated as arrears. Also, for Taxation debtors, these are payable as follows:

- POAT – amounts due 14th day of following month.
- Personal Tax – for assessments to 31 December 2018, tax payable is due by 30 September 2019.
- Corporation tax – payable 8 months and 1 day following end of accounting period.



**T Prior
Treasurer**

STATEMENT OF FUND BALANCES

The Balance Sheet includes the Special Fund Balances and note 17 to the financial statements analyses the balances between the Funds. Separate financial statements are published for each of the Special Funds.



**T Prior
Treasurer**

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2020**

STATEMENT OF EX-GRATIA PAYMENTS

2019			2020	
No of Pensioners	Amount £000s		No of Pensioners	Amount £000s
5	12	Retirement Pensions	5	12

Ex-gratia retirement pensions under the Retirement Pensions Ordinance 1996 are a charge on the Consolidated Fund. Funding for these pensions was provided in the Approved Estimates and appropriated accordingly.


**T Prior
Treasurer**

STATEMENT OF UNRETIRED IMPRESTS

2019		2020
Nil	Unretired Imprests	Nil

Petty cash imprests continue to be issued on a trial basis.


**T Prior
Treasurer**

STATEMENT OF UNALLOTTED STORES


2019		2020
Nil	Unallotted Stores	Nil

Note: Unallotted stores are defined as those not allocated to Departments.


**T Prior
Treasurer**

OTHER STATEMENTS

There are no other statements required by Legislative Assembly.


**T Prior
Treasurer**

Independent auditor's report to those charged with governance of the Falkland Islands Government

Opinion

We have audited the financial statements of the Falkland Islands Government (the 'government') for the year ended 30 June 2020 which comprise the Operating Cost Statement, the Statement of Cashflows, Balance Sheet and the related notes, including a summary of principal accounting policies. The financial reporting framework that has been applied in their preparation is the Finance and Audit Ordinance 1988, the Public Funds Ordinance 1990, the Special Funds Ordinance 1993, the Currency Ordinance 1987, the Pensions (Old Scheme) Fund Ordinance 1999, the Retirement Pensions Ordinance 1996 and the Finance Ordinance 2004, reflecting the provisions of the Capital Equalisation Fund Order 2005.

In our opinion, the financial statements:

- give a true and fair view of the state of the corporation's affairs as at 30 June 2020 and of its surplus for the year then ended and;
- have been prepared in accordance with the requirements of the Finance and Audit Ordinance 1988, the Public Funds Ordinance 1990, the Special Funds Ordinance 1993, the Currency Ordinance 1987, the Pensions (Old Scheme) Fund Ordinance 1999, the Retirement Pensions Ordinance 1996 and the Finance Ordinance 2004, reflecting the provisions of the Capital Equalisation Fund Order 2005

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 corporation 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
- where those charged with governance have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the corporation's 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 and its environment obtained in the course of the audit, we have not identified material misstatements in the financial statements.

Responsibilities of Treasurer

As explained more fully in the Statement of Treasurer's responsibilities statement set out on page 6, the Treasurer is responsible for the preparation of the financial statements in accordance with applicable law, managing the financial statements of the Government, ensuring the regularity of financial transactions, ensuring that all monies received and paid by Government are brought promptly and properly to account, reporting to the Financial Secretary 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 Financial instructions and ensuring that adequate provisions exist for safe custody of public monies and securities and for being satisfied that they give a true and fair view, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the government's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they intend to liquidate the government or to cease operations, or have 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. 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
90 Victoria Street, Bristol, BS1 6DP

18 May 2021