



**FALKLAND ISLANDS GOVERNMENT**  
**FINANCIAL STATEMENTS**

**for the year ended 30<sup>th</sup> June 2021**

The Treasury  
Stanley  
Falkland Islands

**FALKLAND ISLANDS GOVERNMENT  
FINANCIAL STATEMENTS  
for the year ended 30<sup>th</sup> June 2021**

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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 30<sup>th</sup> June 2021 were:

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<b>Camp Constituency</b>
The Honourable Teslyn Siobhan Barkman
The Honourable Roger Anthony Edwards
The Honourable Ian Hansen
<b>Stanley Constituency</b>
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

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**Corporate Management Team**

The members of the Corporate Management Team during the year ended 30<sup>th</sup> June 2021 were:

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Chief Executive – Outgoing	Barry Rowland (Until 31st May 2021)
Chief Executive – Incoming	Andrew Keeling (From 1st April 2021)
Financial Secretary	Timothy Waggott
Attorney General	Simon Young
Director of Public Works	Colin Summers
Director of Mineral Resources	Stephen Luxton
Director of Natural Resources	Dr Andrea Clausen
Director of Health and Social Services	David O'Neill
Director of Education	Marie Horton
Director of Emergency Services	Pam Trevillion
Director of Central Services	Catherine Silva Donayre
Director of Policy & Economic Development	Andrew Gaule
Director of Human Resources	Carol Hever

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**Estimates**

The 2020/2021 Estimates were approved by Legislative Council on 9<sup>th</sup> June 2020.

**Appropriation Ordinances**

The Appropriation Ordinance 2020 was assented to by His Excellency the Governor on 9<sup>th</sup> June 2020.

One Supplementary Appropriation Ordinance was submitted to the Legislature during the year. Details are set out below.

<b>Date Assented to</b>	<b>Description</b>	<b>Value £000</b>
29/09/2020	Supplementary Appropriation (2020-2021) Ordinance 2020 (No 9 of 2020)	16,227

**Warrants**

A General Warrant was not necessary because authority for 2020/21 expenditure had been sanctioned by the issue of the Appropriation Ordinance 2020 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 Warrant was issued during the year, the Contingencies Fund being replenished through the Supplementary Appropriation Ordinances.

<b>Warrant No</b>	<b>£000</b>
Contingencies Warrant No 1	2,543

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**Out-turn**

Revenue was £16.94m (including special fund transfers) more than the total estimated, and expenditure (including special fund transfers) was £23.07m more than the total estimated, resulting in a net negative variance of £6.12m against budget.

The increase on estimate in revenue of £16.94m is attributable to the following:

<b>Revenue Increases</b>	<b>£'000</b>	<b>£'000</b>
Education	23	
Public Works	616	
Natural Resources	2,284	
Law & Regulation	35	
Mineral Resources	685	
Treasury	<u>18,860</u>	22,503

**Offset by Revenue Decreases**

Development & Commercial Services	(361)	
Health and Social Services	(1,817)	
Emergency Services	(1,375)	
Executive Management	(1,777)	
Policy & Economic Development	(3)	
Island Plan Investments	(17)	
Oil Development	<u>(210)</u>	(5,560)

<b>Net Revenue Increases</b>	<b>16,943</b>
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The increase on estimate in expenditure of £23.07m is attributable to the following:

<b>Expenditure Decreases</b>	<b>£'000</b>	<b>£'000</b>
Human Resources	(175)	
Health and Social Services	(1,769)	
Natural Resources	(67)	
Emergency Services	(1,179)	
Executive Management	(1,764)	
Policy & Economic Development	(169)	
Mineral Resources	(171)	
Oil Development	(294)	
Central Services	(22)	
Education	(39)	
Public Works	(892)	
Law & Regulation	(118)	
Island Plan Investments	<u>(2,062)</u>	(8,721)

**Offset by Expenditure Increases**

Treasury	161	
Social Investments	<u>31,625</u>	31,786

<b>Net Expenditure increases</b>	<b>23,065</b>
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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**

26/1/22

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**OPERATING COST STATEMENT FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2021**

2020 £000s	Notes	2021 £000s
<b>Operating Revenue</b>		
103,496	Departmental Revenue 2	109,723
60	Island Plan Investments Revenue 2	45
<u>103,556</u>	<b>Total Operating Revenue</b>	<u>109,768</u>
<b>Operating Costs</b>		
(30,848)	Staff Costs	(32,493)
(35,664)	Other Departmental Costs	(30,681)
(7,222)	Island Plan Investment Costs	(8,143)
<u>(73,734)</u>	<b>Total Operating Costs</b> 3	<u>(71,317)</u>
<u>29,822</u>	<b>Net Operating Surplus before transfers &amp; capital charges</b>	<u>38,451</u>
<b>Social &amp; Oil Investments</b>		
(2,746)	Transfers to Special Funds 3	(33,893)
-	- Transfers from Special Funds 2	-
<b>Island Plan Investments</b>		
(9,238)	Transfers to Special Funds 3	-
-	- Transfers from Special Funds 2	-
<u>17,838</u>	<b>Increase in Net Liquid Assets for Operating purposes</b> 23	<u>4,558</u>
(7,118)	Depreciation 3	(7,524)
<u>10,720</u>	<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<u>(2,966)</u>



**T Prior  
Treasurer**



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**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2021**

	Note	2020 £000s	2021 £000s
<b>Net Cash Inflow from Operating Activities</b>	25	7,492	24,884
<b>Returns on Investment and Servicing of Finance</b>			
Interest Paid		-	-
Interest Received on Investments Held Locally		19	188
<b>Net Cash Inflow from Returns on Investment and Servicing of Finance</b>		<u>19</u>	<u>188</u>
<b>Capital Expenditure</b>			
Tangible Fixed Assets payments		(13,208)	(28,887)
(Payments)/Receipts for other Financial Assets		3,000	7,000
Proceeds from Disposal of Tangible Fixed Assets		0	142
<b>Net Cash Outflow from Capital Expenditure</b>		<u>(10,208)</u>	<u>(21,745)</u>
<b>Financing</b>			
Mortgage Receipts		93	96
Other Loans Repaid		(1)	(1)
Capital Grants		1,481	1,917
<b>Net Cash Inflow from Financing</b>		<u>1,573</u>	<u>2,012</u>
<b>Net (Decrease)/Increase in Cash</b>		<u>(1,123)</u>	<u>5,339</u>
<b>Cash at Beginning of Period</b>		12,351	11,228
<b>Net (Decrease)/Increase in Cash</b>		<u>(1,123)</u>	<u>5,339</u>
<b>Cash at End of Period</b>		<u>11,228</u>	<u>16,567</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 30<sup>th</sup> JUNE 2021**

2020 All Funds £000s	2020 General Fund £000s		Notes	2021 All Funds £000s	2021 General Fund £000s
<b>Fixed Assets</b>					
142,750	142,750	Tangible Fixed Assets	7	163,962	163,962
175,541		- Investments – Special Funds	8	185,839	-
220,312	220,312	Investments – Consolidated Fund	9	258,619	258,619
<b>538,602</b>	<b>363,062</b>	<b>Total Fixed Assets and Investments</b>		<b>608,420</b>	<b>422,581</b>
368	368	Debtors falling due after more than 1 year	10	272	272
<b>Current Assets</b>					
10,584	10,584	Stocks	11	13,296	13,296
5,829	14,456	Debtors falling due within 1 year	12	6,016	12,674
11,228	11,228	Cash at bank and in hand	13	16,567	16,567
27,641	36,269	<b>Total Current Assets</b>		35,879	42,537
(9,672)	(25,473)	Creditors due within 1 year	14	(17,798)	(37,681)
17,969	10,796	<b>Net Current Assets</b>		18,081	4,856
<b>556,940</b>	<b>374,225</b>	<b>Total Assets Less Current Liabilities</b>		<b>626,773</b>	<b>427,709</b>
(2)	(2)	Creditors falling due after more than 1 year	14	(1)	(1)
(1,196)	(1,196)	Provisions for liabilities	16	(1,769)	(1,769)
<b>555,742</b>	<b>373,028</b>	<b>Net Assets</b>		<b>625,003</b>	<b>425,939</b>
<b>Financed by Taxpayers' Equity:</b>					
182,714		- Special Funds	17	199,064	-
373,028	373,028	General Fund	18	425,939	425,939
<b>555,742</b>	<b>373,028</b>	<b>Total Reserves</b>		<b>625,003</b>	<b>425,939</b>

**RECONCILIATION TO NET LIQUID ASSETS**

555,742	373,028	Total Reserves		625,003	425,939
(142,750)	(142,750)	Less Tangible Fixed Assets		(163,962)	(163,962)
<b>412,993</b>	<b>230,278</b>	<b>Net Liquid Assets</b>	23	<b>461,041</b>	<b>261,977</b>

  
**T Prior**  
**Treasurer**

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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 2021 the Government has net current assets of £18.08m (2020 - £17.97m) of which £16.57m (2020 - £11.23m) is held in cash. In addition, as at the year end the Government has a further £444.46m (2020 - £395.85m) 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 30<sup>th</sup> 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 30<sup>th</sup> 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.

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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 30<sup>th</sup> June 2021, 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	229,627	87%	155,308	95%
Estimated Values	34,296	13%	8,654	5%
<b>Total Fixed Assets</b>	<b>263,923</b>		<b>163,962</b>	

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.)	10-100 years
Furniture & Fittings	10 years
Equipment	5 years
Plant & Machinery	10-50 years
Information Technology	3 years
Vehicles	10 years
Air and Sea Craft	5-20 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, off-set 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.

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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 actuarial review on the old scheme balance as provided by XPS. 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.



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**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.

**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.

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**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 2020 £000s	Departmental Ledger Codes		Estimate 2021 Unaudited £000s	Actual 2021 £000s
1,325	110	Development & Commercial Services	1,685	1,324
-	120	Human Resources	-	-
1,449	200	Health and Social Services	1,386	(431)
92	250	Education	113	136
12,717	350	Public Works	13,131	13,747
27,358	410	Natural Resources	28,307	30,591
173	450	Law & Regulation	182	217
4,806	550	Emergency Services	4,219	2,844
3,272	600	Executive Management	3,790	2,013
-	615	Policy & Economic Development	3	-
1083	620	Mineral Resources	378	1,063
51,203	700	Treasury	39,359	58,219
<b>103,477</b>		<b>TOTAL DEPT REVENUE (exc. Oil development)</b>	<b>92,553</b>	<b>109,723</b>
59	999	Island Plan Investments	62	45
<b>103,536</b>		<b>TOTAL OPERATING REVENUE</b>	<b>92,615</b>	<b>109,768</b>
-	998	Social Investments	-	-
20	997	Oil Development	210	-
<b>103,556</b>		<b>TOTAL REVENUE RECEIVED</b>	<b>92,825</b>	<b>109,768</b>


  
**T Prior**  
**Treasurer**

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**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 2020		Actual 2021		Estimate 2021		Actual 2021		Actual 2021	
	Operating £000s	Depreciation £000s	Operating £000s	Total £000s	Unaudited £000s	Operating £000s	Depreciation £000s	Total £000s	Operating £000s	Total £000s
6,443	559	7,002	110 Development & Commercial Services	8,808	7,887	899	8,786			
1,072	1	1,073	120 Human Resources	887	711	1	712			
13,095	761	13,856	200 Health and Social Services	13,162	10,665	728	11,393			
7,530	455	7,985	250 Education	8,888	8,388	461	8,849			
13,158	4,845	18,005	350 Public Works	19,504	13,569	5,043	18,612			
7,836	176	8,012	410 Natural Resources	6,598	6,458	73	6,531			
1,352	3	1,355	450 Law & Regulation	1,698	1,575	5	1,580			
3,571	270	3,842	550 Emergency Services	5,145	3,723	243	3,966			
6,364	41	6,405	600 Executive Management	6,508	4,681	63	4,744			
-	-	-	615 Policy & Economic Development	1,174	1,005	-	1,005			
779	0	778	620 Mineral Resources	670	499	-	499			
4,872	7	4,878	700 Treasury	3,854	4,007	8	4,015			
16,459	-	16,458	999 Island Plan Investments	10,205	8,143	-	8,143			
<b>82,532</b>	<b>7,118</b>	<b>89,650</b>	<b>TOTAL EXPENDITURE</b>	<b>87,101</b>	<b>71,311</b>	<b>7,524</b>	<b>78,835</b>			
2,746	-	2,746	998 Social Investments	2,268	33,893	-	33,893			
439	-	439	997 Oil Development	300	6	-	6			
<b>85,718</b>	<b>7,118</b>	<b>92,836</b>	<b>TOTAL FUNDS EXPENDED</b>	<b>89,669</b>	<b>105,210</b>	<b>7,524</b>	<b>112,734</b>			

  
T. Prior  
Treasurer

**FALKLAND ISLANDS GOVERNMENT  
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**4. DIRECTORS REMUNERATION**

**2020-2021**

	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
Andrew Keeling - Chief Executive	140 - 145	5 - 10	-	-	-	0 - 5
Barry Rowland - Chief Executive	145 - 150	35 - 40	-	-	-	0 - 5
Timothy Waggott - Financial Secretary	105 - 110	25 - 30	-	-	-	0 - 5
Simon Young - Attorney General	110 - 115	25 - 30	-	-	-	0 - 5
Carol Hever - Director of Human Resources	80 - 85	20 - 25	-	-	-	0 - 5
Stephen Luxton - Director of Mineral Resources	90 - 95	-	-	-	0 - 5	0 - 5
Dr Andrea Clausen - Director of Natural Resources	95 - 100	-	-	-	0 - 5	0 - 5
Colin Summers - Director of Public Works	110 - 115	-	-	-	0 - 5	0 - 5
Marie Horton - Director of Education				Withheld Consent for Disclosure		
Pam Trevillion - Director of Emergency Services	95 - 100	20 - 25	-	-	-	0 - 5
David O'Neill - Director of Health and Social Services	90 - 95	20 - 25	-	-	-	0 - 5
Andrew Gaule - Director of Policy & Economic Development	90 - 95	20 - 25	-	-	-	0 - 5
Catherine Silva Donayre - Director of Development & Commercial Services	90 - 95	15 - 20	-	-	-	0 - 5

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**4. DIRECTORS REMUNERATION (continued)**

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	130 - 135	35 - 40	-	-	0 - 5
Timothy Waggett - Financial Secretary	15 - 20	0 - 5	-	-	0 - 5
James Wilson - Financial Secretary	85 - 90	20 - 25	-	-	0 - 5
Simon Young - Attorney General	90 - 95	20 - 25	-	-	0 - 5
Carol Hever - Director of Human Resources	30 - 35	5 - 10	-	-	0 - 5
Stephen Luxton - Director of Mineral Resources	80 - 85	-	-	0 - 5	0 - 5
John Barton - Director of Natural Resources	45 - 50	-	-	-	0 - 5
Dr Andrea Clausen - Director of Natural Resources	50 - 55	-	-	0 - 5	0 - 5
Colin Summers - Director of Public Works	95 - 100	-	-	0 - 5	0 - 5
Rachel Seddon - Director of Education	45 - 50	5 - 10	-	-	0 - 5
Karen Steen - Acting Director of Education	65 - 70	-	-	-	0 - 5
Marie Horton - Director of Education	5 - 10	0 - 5	-	-	0 - 5
Pam Trevillion - Director of Emergency Services	75 - 80	15 - 20	-	-	0 - 5
David O'Neill - Director of Health and Social Services	75 - 80	15 - 20	-	-	-
Diane Simsovic - Director of Policy & Economic Development	45 - 50	10 - 15	-	-	0 - 5
Andrew Gaule - Director of Policy & Economic Development	50 - 55	10 - 15	-	-	0 - 5
Iain Robertson - Director of Development & Commercial Services	80 - 85	20 - 25	-	-	0 - 5
Catherine Silva Donayre - Director of Development & Commercial Services	65 - 70	15 - 20	-	-	0 - 5

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**4. DIRECTORS REMUNERATION (continued)**

Posts vacated in year included Chief Executive, Barry Rowland.

Posts filled during the year include Chief Executive, Andrew Keeling.

**5. EMPLOYEE REMUNERATION**

	Number of Employees	
	2019/20	2020/21
	Restated	
£50,000 - £54,999	17	50
£55,000 - £59,999	23	25
£60,000 - £64,999	7	5
£65,000 - £69,999	6	7
£70,000 - £74,999	3	9
£75,000 - £79,999	5	5
£80,000 - £84,999	3	2
£85,000 - £89,999	2	4
£90,000 - £94,999	6	2
£95,000 - £99,999	2	6
£100,000 - £104,999	1	3
£105,000 - £109,999	-	1
£110,000 - £114,999	1	-
£115,000 - £119,999	-	1
£120,000 - £124,999	1	-
£125,000 +	2	4
<b>Total</b>	<b>79</b>	<b>124</b>

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.

2019/20 comparatives have been restated to remove directors that were included in error and correct mis-classifications between the individual bandings.

**6. MEMBERS ALLOWANCES**

During the year the Government incurred expenditure of £368,116 in relation to Members' Salaries and Allowances (2020: £367,594).

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**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
<b>Cost or valuation</b>												
At 1 July 2020	1,330	83,981	83,187	643	9,743	30,653	1,547	14,597	4,231	7,256	45	237,213
Additions	-	1,348	17,111	-	812	818	244	552	233	7,760	9	28,887
Disposals	-	(15)	(1)	(4)	(339)	(159)	(113)	(1,122)	(398)	(26)	-	(2,177)
Transfers	-	-	-	-	-	-	-	-	1,385	(1,385)	-	-
At 30 June 2021	1,330	85,314	100,297	639	10,216	31,312	1,678	14,027	5,451	13,605	54	263,923
<b>Depreciation</b>												
At 1 July 2020	-	(39,134)	(18,237)	(391)	(6,106)	(16,600)	(1,254)	(9,888)	(2,854)	-	-	(94,464)
Charged in year	-	(1,650)	(1,836)	(39)	(850)	(1,738)	(262)	(944)	(205)	-	-	(7,524)
Disposals	-	10	-	2	321	149	112	1,117	316	-	-	2,027
Transfers between categories	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2021	-	(40,774)	(20,073)	(428)	(6,635)	(18,189)	(1,404)	(9,715)	(2,743)	-	-	(99,961)
<b>Net Book value at 30 June 2021</b>	1,330	44,540	80,224	211	3,581	13,123	274	4,312	2,708	13,605	54	163,962
<b>Net Book value at 30 June 2020</b>	1,330	44,847	64,950	253	3,637	14,053	293	4,709	1,378	7,256	45	142,750

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**8. INVESTMENT PORTFOLIOS SUPPORTING SPECIAL FUNDS MANAGED BY THE TREASURY**

2020 £000s Market Value	2021 £000s Book Cost	2021 £000s Market Value
6,423 Currency Fund	4,906	6,423
71,941 Retirement Pensions Fund	72,262	84,887
36,978 Pensions (Old Scheme) Fund	32,463	33,531
34,480 Insurance Fund	34,222	35,097
25,719 Capital Equalisation Fund	25,579	25,901
<b>175,541</b>	<b>169,432</b>	<b>185,839</b>

**9. INVESTMENT PORTFOLIOS SUPPORTING THE CONSOLIDATED FUND**

2020 £000s Market Value	2021 £000s Book Cost	2021 £000s Market Value
219,023 Growth Fund	189,044	257,329
1,065 Income Fund	1,065	1,065
225 Share Capital Investments (unlisted) *	225	225
<b>220,312</b>	<b>190,334</b>	<b>258,619</b>

\*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**

2020 £000s	Note	2021 £000s
368	Loans made by FIG 10.1	272

**10.1 Analysis of loan maturity profile**

2020 £000s		2021 £000s
244	Due within 2 to 5 years	197
120	Due within 6 to 10 years	75
4	Due within 11 to 15 years	-
<b>368</b>		<b>272</b>



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**11. ANALYSIS OF STOCKS HELD BY DEPARTMENT**

<b>2020</b>		<b>2021</b>
<b>£000s</b>		<b>£000s</b>
1,331	100 Central Services	1,461
754	200 Health and Social Services	985
8,226	350 Public Works	10,566
61	410 Natural Resources	70
187	550 Emergency Services	189
25	251 Education	25
<b>10,584</b>		<b>13,296</b>

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

<b>2020</b>	<b>2020</b>	<b>2021</b>	<b>2021</b>
<b>All Funds</b>	<b>General Fund</b>	<b>All Funds</b>	<b>General Fund</b>
<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
940	940 Accrued Income	1,108	1,108
18	18 Advances	19	19
791	791 Prepayments	840	840
4,009	4,009 Trade Debtors	3,986	3,986
72	72 Loans made by FIG	63	63
-	8,628 Owed by Special Funds	-	6,658
<b>5,829</b>	<b>14,456</b>	<b>6,016</b>	<b>12,674</b>

**13. CASH IN HAND AND AT BANK**

<b>2020</b>		<b>2021</b>
<b>£000s</b>		<b>£000s</b>
274	Cash in Hand	478
10,937	Cash at Banks	16,042
17	Remittances in Transit	47
<b>11,228</b>	<b>TOTAL</b>	<b>16,567</b>

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**14. ANALYSIS OF CREDITORS**

2020 All Funds £000s	2020 General Funds £000s	Note	2021 All Funds £000s	2021 General Funds £000s
<b>AMOUNTS FALLING DUE WITHIN 1 YEAR</b>				
142	142		408	408
		Deposits on behalf of other administrations		
1,400	1,400		10,661	10,661
		Income Received in Advance		
8,129	8,129		6,728	6,728
		Accruals		
1	1	Loans to FIG	15	1
-	15,801	Owed to Special Funds	-	19,883
<b>9,672</b>	<b>25,473</b>	<b>Amounts Falling Due Within 1 Year</b>	<b>17,798</b>	<b>37,681</b>
<b>AMOUNTS FALLING DUE AFTER MORE THAN 1 YEAR</b>				
2	2	Loans to FIG	15	1
<b>9,674</b>	<b>25,475</b>	<b>TOTAL</b>	<b>17,799</b>	<b>37,682</b>

**15. LOANS TO FIG**

2020 £000s	2021 £000s
<b>Loans to FIG</b>	
1	1
	Payable within 1 year
2	1
	Payable within 2 to 5 years
3	2

**16. PROVISIONS FOR LIABILITIES**

2020 £000s	2021 £000s
<b>2020 Holiday Credit Scheme</b>	
628	1,196
	Opening Provision
568	576
	Provision for New travel Credit scheme - accrued
(1)	(3)
	Less: Amounts forfeit due to closure of scheme
<b>1,196</b>	<b>1,769</b>
	Closing Provision

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

2020 £000s		2021 £000s
6,877	Currency Fund	7,191
77,918	Retirement Pensions Fund	92,330
28,643	Insurance Fund	28,439
46,348	Pensions (Old Scheme) Fund	42,851
22,929	Capital Equalisation Fund	28,253
<b>182,715</b>		<b>199,064</b>

**18. GENERAL FUND**

2020 £000s	Note	2021 £000s
4,126		4,897
31,303	19	68,285
44,563	20	42,733
56	21	56
292,980	22	309,968
<b>373,028</b>		<b>425,939</b>

**19. INVESTMENTS REVALUATION RESERVE**

2020 £000s	Note	2021 £000s
35,516		31,302
(3,796)		27,351
(417)		9,632
<b>31,302</b>	<b>19.1</b>	<b>68,285</b>

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**19. INVESTMENTS REVALUATION RESERVE (Cont.)**

**19.1 Reconciliation of Investments Revaluation Reserve Balance**

<b>2020</b>		<b>2021</b>
<b>£000s</b>		<b>£000s</b>
188,785	Book Value of Consolidated Fund investments	190,109
220,087	Market Value of Consolidated Fund investments	258,394
<b>31,302</b>		<b>68,285</b>

**20. FIXED ASSETS REVALUATION RESERVE**

<b>2020</b>		<b>2021</b>
<b>£000s</b>	<b>Note</b>	<b>£000s</b>
46,414	Opening brought forward	44,563
(12)	Movement in Livestock	9
(1,839)	Realised Element of the Fixed Assets Revaluation Reserve	(1,839)
<b>44,563</b>		<b>42,733</b>

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

**21. DONATED ASSETS RESERVE**

<b>2020</b>		<b>2021</b>
<b>£000s</b>		<b>£000s</b>
56	Balance 1 July, brought forward	56
-	- Depreciation	-
-	- Additions in year	-
<b>56</b>	<b>Balance 30 June, carried forward</b>	<b>56</b>

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**22. CONSOLIDATED FUND**

2020			2021	
£000s	£000s	Note	£000s	£000s
<b>Cash and Operating Cost Statement Resource Accounting</b>				
<b>Adjustments</b>				
	113,984	Balance 1 July		124,703
	10,719	(Deficit)/Surplus for the year		(2,966)
	<u>124,703</u>	Balance 30 June		<u>121,737</u>
<b>Other Realisations and Transfers</b>				
<b>(Balance Sheet Resource Accounting Adjustments)</b>				
	150,951	Balance 1 July		168,276
		Release of over provision		
2,165		Increase/(Decrease) to contingencies fund	(766)	
1,839		Realised Element of Fixed Assets Revaluation Reserve	1,839	
417		Realised Element of Investments Revaluation Reserve	(9,632)	
<u>12,904</u>		Fixed Assets purchased from Capital Equalisation Fund	<u>28,514</u>	
	<u>17,325</u>			<u>19,955</u>
	<u>292,980</u>			<u>309,968</u>

  
**I Prior**  
**Treasurer**

**FALKLAND ISLANDS GOVERNMENT  
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**23. RECONCILIATION OF NET LIQUID ASSETS**

2020			2021	
£000s	£000s	Note	£000s	£000s
	216,170			230,278
	216,170 Net Liquid Assets as at 1 July			
17,838			4,558	
	Increase for operating purposes			
(3,796)		19	27,351	
	Movement in Investment value			
66			(210)	
	Other fixed asset movements			
<u>14,108</u>			<u>31,699</u>	
	Total Increase in Net Liquid Assets			
	<u>230,278</u>			<u>261,977</u>
	230,278 Net Liquid Assets as at 30 June			

**24. OPERATING LEASES**

2020			2021	
£000s			£000s	
	<u>9</u>			<u>9</u>
	9 Operating lease rentals charged as an expense			
	Operating lease payments due			
	9			0
	9 Payable within 1 year			
	<u>9</u>			<u>0</u>

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**25. RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES**

	Note	2020 £000s	2021 £000s
<b>Net Operating Surplus/(Deficit) Before Interest</b>		<b>6,099</b>	<b>(6,431)</b>
Depreciation and Amortisation		7,118	7,524
Transfers to Special Funds		11,984	33,893
Net Cash (Outflow)/Inflow to the Pension Old Scheme Fund		29	650
Net Cash (Outflow)/Inflow from the Retirement Pension Fund		(622)	(939)
Net Cash (Outflow)/Inflow from the Insurance Fund		(437)	(812)
Net Cash (Outflow)/Inflow to the Currency Fund		242	315
Investment Manager Accrual Adjustment		(23)	(43)
Consolidated Fund Investment Manager Fees		61	233
(Profit)/Loss on sale of Consolidated Fund Investments		(8,362)	(14,955)
(Profit)/Loss on Sale of Tangible Fixed Assets		361	9
Capital Payments Transferred to the Capital Equalisation Fund		(13,417)	(365)
(Increase)/Decrease in Stock		(947)	(2,712)
(Increase)/Decrease in Trade and Other Receivables		3,058	(187)
Increase/(Decrease) in Trade and Other Payables		1,781	8,130
(Decrease)/Increase in Provisions		568	574
<b>Net Cash Inflow from Operating Activities</b>		<b>7,492</b>	<b>24,884</b>

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.

**26. PENSIONS (OLD SCHEME)**

The balance of the Fund at 30 June 2021 is £42.25m (2020 - £46.35m), an increase of £4.10m (2020 – £5.83m) 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.

**FALKLAND ISLANDS GOVERNMENT  
FINANCIAL STATEMENTS  
for the year ended 30<sup>th</sup> June 2021**

**27. STATEMENT OF CONTINGENT LIABILITIES**

**Mortgages**

At 30 June 2021 FIG was guarantor for 224 (2020 – 190) personal (housing) mortgages with guaranteed balances totalling £3.82m (2020 - £3.12m) under the Joint General Mortgage Scheme with Standard Chartered Bank. Each mortgage has an individual repayment date within the period 2021-2046.

**28. STATEMENT OF CONTINGENT ASSETS**

**Corporation Tax**

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

**Other**

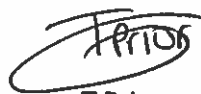
At 30 June 2016 FIG concluded discussions with a third party in relation to taxation charges due. The company has agreed binding documentation with the Falkland Island Government. The Tax Settlement Deed confirms the quantum and deferment of the outstanding tax liability and reflects the principles agreed 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.

**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 30<sup>th</sup> June 2021**

**FALKLAND ISLANDS GOVERNMENT  
FINANCIAL STATEMENTS  
for the year ended 30<sup>th</sup> June 2021**

**STATEMENT OF EXPENDITURE IN EXCESS**

2020		2021
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**

	2020 £000s	2021 £000s
Other Administrations	3	3
Peter Symonds College	230	96
Other	15	16
	<u>247</u>	<u>115</u>

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

**T Prior  
Treasurer**

**STATEMENT OF INVESTMENTS**

2020 £000s	GROWTH FUND	2021 £000s
15,344	Cash	14,334
168,076	Other (including equity and property)	208,206
35,603	Fixed Interest	34,789
<u>219,023</u>		<u>257,329</u>
	<b>INCOME FUND</b>	
1,065	Fixed Interest	1,065
<u>1,065</u>		<u>1,065</u>
<u>220,087</u>	Total Investments of the Consolidated Fund	<u>258,394</u>

  
**T Prior  
Treasurer**

**FALKLAND ISLANDS GOVERNMENT  
FINANCIAL STATEMENTS  
for the year ended 30<sup>th</sup> June 2021**

**STATEMENT OF OUTSTANDING LOANS**

2020 £000s	2021 £000s
540	440
3 Additions during the year - Applied Interest	2
<u>543</u>	<u>442</u>
(103) Receipts during the year - Repayments	(107)
<u>440</u>	<u>335</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	272
Note 12 Debtors Falling Due within 1 year	<u>63</u>
	<u>335</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 2020 £000s	Balance Outstanding 2020 £000s	Type of Advance	Number of Advances 2021 £000s	Balance Outstanding 2021 £000s
133	440	Dwellings	85	335
<u>133</u>	<u>440</u>	<b>TOTAL</b>	<u>85</u>	<u>335</u>

  
T Prior  
Treasurer

**STATEMENT OF LOSSES**

2020		2021
Nil	Material Losses	NIL

  
T Prior  
Treasurer

**FALKLAND ISLANDS GOVERNMENT  
FINANCIAL STATEMENTS  
for the year ended 30<sup>th</sup> June 2021**

**STATEMENT OF ARREARS OF REVENUE BY SUBHEAD AS AT 30 JUNE**

2020		2021	
Arrears £000s	Total Due £000s	Arrears £000s	Total Due £000s
39	876	4	123
2,096	2,309	88	114
23	26	8	10
792	1,248	488	1,474
1,286	3,317	(239)	984
49	50	3	194
102	402	113	482
-	-	-	1
37	88	37	100
-	-	-	5
-	2	-	-
193	477	978	2,270
<b>4,616</b>	<b>8,795</b>	<b>1,480</b>	<b>5,757</b>
			(659)
			77
			841
			6,658
			<b>12,674</b>

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 1<sup>st</sup> fishing season of 2008, for which entitlement to fish ended before 30 June 2021. 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 14<sup>th</sup> day of following month.
- Personal Tax – for assessments to 31 December 2019, tax payable is due by 30 September 2020.
- 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 30<sup>th</sup> June 2021**

**STATEMENT OF EX-GRATIA PAYMENTS**

2020			2021	
No of Pensioners	Amount £000s		No of Pensioners	Amount £000s
5	12	Retirement Pensions	3	7

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**

2020		2021
Nil	Unretired Imprests	Nil

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

  
T. Prior  
Treasurer

**STATEMENT OF UNALLOTTED STORES**

2020		2021
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 2021 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 2021 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 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](http://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

Date

