



FALKLAND ISLANDS GOVERNMENT

FINANCIAL STATEMENTS

for the year ended 30th June 2023

The Treasury
Stanley
Falkland Islands

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2023**

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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 2023 were:

Camp Constituency

The Honourable Ian Hansen
The Honourable John Birmingham
The Honourable Teslyn Barkman

Stanley Constituency

The Honourable Mark John Pollard
The Honourable Lucila Leona Vidal Roberts (Leona Roberts)
The Honourable Roger Kenneth Spink
The Honourable Gavin Short
The Honourable Peter Biggs

Corporate Management Team

The members of the Corporate Management Team during the year ended 30th June 2023 were:

Chief Executive	Andrew Keeling
Financial Secretary	Timothy Waggott (Until 24/11/2022)
Financial Secretary	Tracey Prior (From 21/11/2022)(Resigned 31/1/2024)
Attorney General	Simon Young
Director of Public Works	Colin Summers
Director of Mineral Resources	Stephen Luxton (until 8/7/2022)
Director of Natural Resources	Dr Andrea Clausen
Director of Health and Social Services	Thomas Bale
Director of Education	Marie Horton (Until 16/10/2022)
Director of Education	Sarah Stannard (from 13/9/2022)
Director of Emergency Services	Alan Horberry
Director of Central Services	Becky Clark (from 8/8/2022)
Director of Policy & Economic Development	Amanda Curry Brown
Director of Human Resources	Carol Hever

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Estimates

The 2022/2023 Estimates were approved by Legislative Council on 27 May 2022.

Appropriation Ordinances

The Appropriation Ordinance 2022 was assented to by Her Excellency The Governor on 9 June 2022.

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

Date Assented to	Description	Value £000
10/10/22	Supplementary Appropriation (2022-2023) Ordinance 2022 (No 15 of 2022)	813
28/07/23	Supplementary Appropriation (2022-2023) Ordinance 2023 (No 8 of 2023)	<u>2,656</u>
	TOTAL	<u>3,469</u>

Warrants

A General Warrant was not necessary because authority for 2022/23 expenditure had been sanctioned by the issue of the Appropriation Ordinance 2022 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	<u>2,656</u>
TOTAL	<u>2,656</u>

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Out-turn

Revenue was £17.75m (including special fund transfers) more than the total estimated, and expenditure (including special fund transfers) was £57.69m more than the total estimated, resulting in a net negative variance of £39.94m against budget.

The increase on estimate in revenue of £17.75m is attributable to the following:

Revenue Increases	£'000	£'000
Public Works	850	
Health and Social Services	159	
Emergency Services	24	
Executive Management	501	
Policy & Economic Development	18	
Island Plan Investments	70	
Natural Resources	1,717	
Law & Regulation	40	
Mineral Resources	1,329	
Treasury	13,146	
	<hr/>	17,854
Offset by Revenue Decreases		
Development & Commercial Services	(88)	
Education	(19)	
	<hr/>	(107)
Net Revenue Increases		<hr/> 17,747 <hr/>

The increase on estimate in expenditure of £57.69m is attributable to the following:

Expenditure Decreases	£'000	£'000
Human Resources	(121)	
Natural Resources	(255)	
Emergency Services	(763)	
Policy & Economic Development	(121)	
Mineral Resources	(98)	
Education	(824)	
Law & Regulation	(461)	
Treasury	(1,400)	
Island Plan Investments	(5,287)	
	<hr/>	(9,330)
Offset by Expenditure Increases		
Health and Social Services	3,597	
Executive Management	1,385	
Central Services	236	
Public Works	2,370	
Social Investments	59,431	
	<hr/>	67,019
Net Expenditure increases		<hr/> 57,689 <hr/>

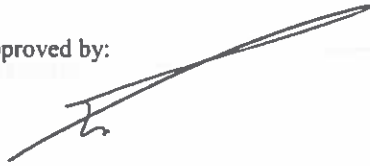
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STATEMENT OF TREASURER'S RESPONSIBILITIES

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:



**P Clunie
Financial Secretary**

03/04/24

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OPERATING COST STATEMENT FOR THE YEAR ENDED 30th JUNE 2023

2022 £000s	Notes	2023 £000s
Operating Revenue		
112,286	2	120,966
41	2	70
112,327		121,036
Operating Costs		
(33,231)		(33,327)
(37,503)		(47,620)
(7,313)		(7,545)
(78,047)	3	(88,492)
34,280		32,544
Social & Oil Investments		
(28,204)	3	(61,885)
0	2	-
Island Plan Investments		
0	3	-
-	2	-
6,076	23	(29,341)
(7,791)	3	(8,587)
(1,715)		(37,928)


**P Clunie
Financial Secretary**

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30th JUNE 2023

	Note	2022 £000s	2023 £000s
Net Cash Inflow from Operating Activities	25	8,375	15,073
Returns on Investment and Servicing of Finance			
Interest Paid		-	-
Interest Received on Investments Held Locally		277	323
Net Cash Inflow from Returns on Investment and Servicing of Finance		<u>277</u>	<u>323</u>
Capital Expenditure			
Tangible Fixed Assets payments		(31,925)	(34,735)
(Payments)/Receipts for other Financial Assets		14,000	22,000
Proceeds from Disposal of Tangible Fixed Assets		7	86
Net Cash Outflow from Capital Expenditure		<u>(17,918)</u>	<u>(12,649)</u>
Financing			
Mortgage Receipts		72	(263)
Other Loans Repaid		(1)	0
Capital Grants		40	70
Net Cash Inflow from Financing		<u>111</u>	<u>(193)</u>
Net (Decrease)/Increase in Cash		<u>(9,155)</u>	<u>2,554</u>
Cash at Beginning of Period		16,567	7,412
Net (Decrease)/Increase in Cash		<u>(9,155)</u>	<u>2,554</u>
Cash at End of Period		<u>7,412</u>	<u>9,966</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.


**P Clunie
Financial Secretary**

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BALANCE SHEET AS AT 30th JUNE 2023

2022 All Funds £000s	2022 General Fund £000s	Notes	2023 All Funds £000s	2023 General Fund £000s
Fixed Assets				
189,583	189,583	7	212,865	212,865
155,253		8	131,868	-
247,190	247,190	9	263,846	263,846
592,026	436,773		608,579	476,711
200	200	10	463	463
Current Assets				
15,152	15,152	11	14,065	14,065
4,965	4,965	12	9,133	9,133
7,412	7,412	13	9,966	9,966
27,529	27,529		33,164	33,164
(11,027)	(34,292)	14	(8,406)	(76,656)
16,502	(6,763)		24,758	(43,492)
608,728	430,210		633,800	433,682
-	-	14	-	-
(2,109)	(2,109)	16	(2,196)	(2,196)
606,618	428,100		631,604	431,486
Financed by Taxpayers' Equity:				
178,518		17	200,118	-
428,100	428,100	18	431,486	431,486
606,618	428,100		631,604	431,486

RECONCILIATION TO NET LIQUID ASSETS

606,618	428,100	Total Reserves	631,604	431,486
(189,583)	(189,583)	Less Tangible Fixed Assets	(212,865)	(212,865)
417,035	238,517	Net Liquid Assets	418,739	218,621



**P Clunie
Financial Secretary**

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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 2023 the Government has net current assets of £24.8m (2022 - £16.5m) of which £9.97m (2022 - £7.41m) is held in cash. In addition, as at the year end the Government has a further £395.71m (2022 - £402.44m) 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.

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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 2023, 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	294,013	90%	205,422	97%
Estimated Values	32,664	10%	7,393	3%
Total Fixed Assets	326,677		212,815	

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.

**FALKLAND ISLANDS GOVERNMENT
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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, 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 (2022 – 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 (2022 – 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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for the year ended 30th June 2023**

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 2022 £000s	Departmental Ledger Codes		Estimate 2023 Unaudited £000s	Actual 2023 £000s
1,374	110	Development & Commercial Services	1,836	1,748
-	120	Human Resources	-	-
1,037	200	Health and Social Services	593	752
157	250	Education	147	128
13,620	350	Public Works	15,109	15,959
31,123	410	Natural Resources	31,137	32,853
196	450	Law & Regulation	183	223
2,722	550	Emergency Services	4,652	4,675
3,444	600	Executive Management	3,509	4,010
-	615	Policy & Economic Development	-	18
928	620	Mineral Resources	-	1,330
56,687	700	Treasury	46,124	59,270
111,288		TOTAL DEPT REVENUE (exc. Oil development)	103,290	120,966
41	999	Island Plan Investments	-	70
111,329		TOTAL OPERATING REVENUE	103,290	121,036
-	998	Social Investments	-	-
998	997	Oil Development	-	-
112,327		TOTAL REVENUE RECEIVED	103,290	121,036


**P Clunie
Financial Secretary**

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2023**

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 2022		Actual 2022		Estimate 2023		Actual 2023		Actual 2023	
	Operating £000s	Depreciation £000s	Total £000s	Operating £000s	Unaudited £000s	Operating £000s	Depreciation £000s	Total £000s	Operating £000s	Total £000s
8,479	900	9,379	110 Development & Commercial Services	10,094	9,359	971	10,330			
781	1	782	120 Human Resources	903	781	1	782			
16,167	731	16,898	200 Health and Social Services	14,482	17,342	737	18,079			
8,637	470	9,107	250 Education	10,323	9,046	453	9,499			
15,307	5,193	20,500	350 Public Works	22,126	18,612	5,884	24,496			
5,936	67	6,003	410 Natural Resources	7,750	7,424	71	7,495			
1,473	4	1,477	450 Law & Regulation	1,829	1,363	5	1,368			
3,746	232	3,978	550 Emergency Services	5,009	4,023	223	4,246			
5,129	304	5,433	600 Executive Management	6,440	7,642	183	7,825			
828	(119)	709	615 Policy & Economic Development	1,304	1,130	53	1,183			
488	1	489	620 Mineral Resources	312	214	-	214			
3,763	7	3,770	700 Treasury	5,417	4,011	6	4,017			
7,313	-	7,313	999 Island Plan Investments	12,832	7,545	-	7,545			
78,047	7,791	85,838	TOTAL EXPENDITURE	98,821	88,492	8,587	97,079			
28,204	-	28,204	998 Social Investments	2,454	61,885	-	61,885			
-	-	-	997 Oil Development	-	-	-	-			
106,250	7,791	114,042	TOTAL FUNDS EXPENDED	101,275	150,377	8,587	158,964			

P Clunie
Financial Secretary

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2023**

4. DIRECTORS REMUNERATION

2022-2023

	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	145 - 150	35 - 40	-	-	0 - 5
Tracey Prior - Financial Secretary (from November 22)	65 - 70	15 - 20	-	-	0 - 5
Timothy Waggett - Financial Secretary (to November 22)	45 - 50	10 - 15	-	-	0 - 5
Simon Young - Attorney General	115 - 120	25 - 30	-	-	0 - 5
Carol Hever - Director of Human Resources	85 - 90	20 - 25	-	-	0 - 5
Stephen Luxton - Director of Mineral Resources (to July 22)	0 - 5	-	-	-	0 - 5
Dr Andrea Clausen - Director of Natural Resources	100 - 105	-	-	10-15	0 - 5
Colin Summers - Director of Public Works	115 - 120	-	-	15-20	0 - 5
Sarah Stannard - Director of Education (from September 22)	70 - 75	15 - 20	-	-	0 - 5
Marie Horton - Director of Education (To October 22)	30 - 35	0 - 5	-	-	0 - 5
Alan Horberry - Director of Emergency Services	95 - 100	20 - 25	-	-	0 - 5
Thomas Bale - Director of Health and Social Services	90 - 95	20 - 25	-	-	0 - 5
Amanda Curry Brown - Director of Policy & Economic Development	80 - 85	20 - 25	-	-	0 - 5
Becky Clark - Director of Development & Commercial Services (From August 22)	80 - 85	20 - 25	-	-	0 - 5

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2023**

4. DIRECTORS REMUNERATION (continued)

2021-2022

	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	25 - 30	-	-	0 - 5
Timothy Waggott - Financial Secretary	110 - 115	25 - 30	-	-	0 - 5
Simon Young - Attorney General	110 - 115	25 - 30	-	-	0 - 5
Carol Hever - Director of Human Resources	80 - 85	15 - 20	-	-	0 - 5
Stephen Luxton - Director of Mineral Resources	90 - 95	-	-	5 - 10	0 - 5
Dr Andrea Clausen - Director of Natural Resources	95 - 100	-	-	5 - 10	0 - 5
Colin Summers - Director of Public Works	110 - 115	-	-	10 - 15	0 - 5
Marie Horton - Director of Education	90 - 95	20 - 25	-	-	0 - 5
Alan Horberry - Director of Emergency Services (from 1 May 22)	15 - 20	0 - 5	-	-	0 - 5
David O'Neill - Director of Health and Social Services (to 21 April 22)	20 - 25	0 - 5	-	-	0 - 5
Thomas Bale - Director of Health and Social Services (from 14 Feb 22)	30 - 35	5 - 10	-	-	0 - 5
Amanda Curry Brown - Director of Policy & Economic Development (from 14 March 22)	15 - 20	0 - 5	-	-	0 - 5
Andrew Gaule - Director of Policy & Economic Development (to 30 Sept 21)	80 - 85	15 - 20	-	-	0 - 5
Pam Trevillion - Director of Emergency Services (to 30 June 22)	100 - 105	25 - 30	-	-	0 - 5
Catherine Silva Donayre - Director of Development & Commercial Services (to 30 June 2022)	90 - 95	20 - 25	-	-	0 - 5

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2023**

4. DIRECTORS REMUNERATION (continued)

Posts vacated in year included: Financial Secretary – Tim Waggot, Director of Mineral Resources – Stephen Luxton and Director of Education – Marie Horton.

Posts filled during the year include: Financial Secretary – Tracey Prior and Director of Education Sarah Stannard.

5. EMPLOYEE REMUNERATION

	Number of Employees	
	2021/22	2022/23
£50,000 - £54,999	48	20
£55,000 - £59,999	32	19
£60,000 - £64,999	13	20
£65,000 - £69,999	7	9
£70,000 - £74,999	5	8
£75,000 - £79,999	4	6
£80,000 - £84,999	2	6
£85,000 - £89,999	3	3
£90,000 - £94,999	5	2
£95,000 - £99,999	1	1
£100,000 - £104,999	4	1
£105,000 - £109,999	1	2
£110,000 - £114,999		-
£115,000 - £119,999	2	2
£120,000 - £124,999		2
£125,000 +	6	2
Total	133	103

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 £348,085 in relation to Members' Salaries and Allowances (2022: £422,311).

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2023**

7. TANGIBLE FIXED ASSETS

	Land £000s	Buildings £000s	Infrastructure £000s	Furniture & Fittings £000s	Equipment £000s	Plant & Machinery £000s	IT £000s	Vehicles £000s	Air and Seacraft £000s	Under Construction £000s	Biological Assets £000s	Total £000s
Cost or valuation												
At 1 July 2022	1,330	92,378	103,734	619	11,469	31,067	1,884	14,306	5,450	34,133	46	296,416
Additions	-	4,150	8,818	-	633	2,552	401	381	77	15,017	4	32,033
Disposals	-	(220)	-	(25)	(156)	(231)	(20)	(1,072)	-	-	-	(1,724)
Transfers	-	-	306	-	278	69	-	13	-	(666)	-	-
At 30 June 2023	1,330	96,308	112,858	594	12,224	33,457	2,265	13,628	5,527	48,484	50	326,725
Depreciation												
At 1 July 2022	-	(42,483)	(22,006)	(445)	(7,470)	(19,280)	(1,629)	(10,576)	(2,943)	-	-	(106,832)
Charged in year	-	(1,819)	(2,375)	(32)	(1,038)	(1,991)	(258)	(870)	(204)	-	-	(8,587)
Disposals	-	89	-	23	137	231	20	1,059	-	-	-	1,559
Transfers between categories	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2023	-	(44,213)	(24,381)	(454)	(8,371)	(21,040)	(1,867)	(10,387)	(3,147)	-	-	(113,860)
Net Book value at 30 June 2023	1,330	52,095	88,477	140	3,853	12,417	398	3,241	2,380	48,484	50	212,865
Net Book value at 30 June 2022	1,330	49,895	81,728	174	3,999	11,787	255	3,730	2,507	34,133	46	189,584

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2023**

8. INVESTMENT PORTFOLIOS SUPPORTING SPECIAL FUNDS MANAGED BY THE TREASURY

2022 £000s	2023 £000s	2023 £000s
Market Value	Book Cost	Market Value
6,433 Currency Fund	4,945	6,566
80,714 Retirement Pensions Fund	82,812	83,231
26,481 Pensions (Old Scheme) Fund	32,397	21,054
22,609 Insurance Fund	24,376	20,981
19,016 Capital Equalisation Fund	11	36
155,253	144,541	131,868

9. INVESTMENT PORTFOLIOS SUPPORTING THE CONSOLIDATED FUND

2022 £000s	2023 £000s	2023 £000s
Market Value	Book Cost	Market Value
245,899 Growth Fund	227,369	263,539
1,067 Income Fund	50	82
224 Share Capital Investments (unlisted) *	225	225
247,190	227,644	263,846

*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

2022 £000s		2023 £000s
	Note	
200	Loans made by FIG	463

10.1 Analysis of loan maturity profile

2022 £000s		2023 £000s
155	Due within 2 to 5 years	298
45	Due within 6 to 10 years	165
0	Due within 11 to 15 years	-
200		463

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2023**

11. ANALYSIS OF STOCKS HELD BY DEPARTMENT

2022 £000s		2023 £000s
1,442	100 Central Services	1,527
1,153	200 Health and Social Services	1,401
12,206	350 Public Works	10,760
103	410 Natural Resources	130
229	550 Emergency Services	226
19	251 Education	21
15,152		14,065

12. ANALYSIS OF DEBTORS FALLING DUE WITHIN 1 YEAR

2022 All Funds £000s	2022 General Fund £000s	2023 All Funds £000s	2023 General Fund £000s
932	932	1,013	1,013
22	22	25	25
769	769	843	843
3,189	3,189	7,203	7,203
53	53	49	49
-	-	-	-
4,965	4,965	9,133	9,133

13. CASH IN HAND AND AT BANK

2022 £000s		2023 £000s
697	Cash in Hand	684
6,610	Cash at Banks	9,196
105	Remittances in Transit	86
7,412	TOTAL	9,966

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2023**

14. ANALYSIS OF CREDITORS

2022 All Funds £000s	2022 General Funds £000s	Note	2023 All Funds £000s	2023 General Funds £000s
AMOUNTS FALLING DUE WITHIN 1 YEAR				
97	97	Deposits on behalf of other administrations	45	45
2,469	2,469	Income Received in Advance	1,578	1,578
8,460	8,460	Accruals	6,783	6,783
-	-	Loans to FIG	-	-
-	23,264	Owed to Special Funds	-	68,250
11,026	34,291	Amounts Falling Due Within 1 Year	8,406	76,656
AMOUNTS FALLING DUE AFTER MORE THAN 1 YEAR				
-	-	Loans to FIG	-	-
11,026	34,291	TOTAL	8,406	76,656

15. LOANS TO FIG

2022 £000s	2023 £000s
Loans to FIG	
-	-
-	-
-	-

16. PROVISIONS FOR LIABILITIES

2022 £000s	2023 £000s
1,769	2,109
340	88
(0)	(1)
2,109	2,196

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2023**

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

2022 £000s		2023 £000s
7,459	Currency Fund	7,664
89,709	Retirement Pensions Fund	93,974
24,279	Insurance Fund	21,902
35,820	Pensions (Old Scheme) Fund	30,218
21,251	Capital Equalisation Fund	46,361
178,518		200,118

18. GENERAL FUND

2022 £000s	Note	2023 £000s
4,772		4,237
38,118	19	36,203
40,588	20	38,805
56	21	56
344,566	22	352,185
428,100		431,486

19. INVESTMENTS REVALUATION RESERVE

2022 £000s	Note	2023 £000s
68,285		38,118
(27,941)		7,513
(2,226)		(9,428)
38,118	19.1	36,203

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2023**

19. INVESTMENTS REVALUATION RESERVE (Cont.)

19.1 Reconciliation of Investments Revaluation Reserve Balance

2022		2023
£000s		£000s
208,848	Book Value of Consolidated Fund investments	227,644
246,966	Market Value of Consolidated Fund investments	263,847
38,118		36,203

20. FIXED ASSETS REVALUATION RESERVE

2022		2023
£000s	Note	£000s
42,733	Opening brought forward	40,588
(8)	Movement in Livestock	4
(2,137)	Realised Element of the Fixed Assets Revaluation Reserve	(1,787)
40,588		38,805

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

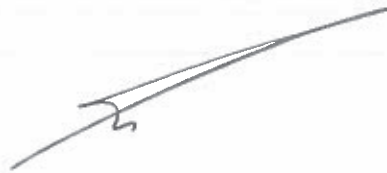
21. DONATED ASSETS RESERVE

2022		2023
£000s		£000s
56	Balance 1 July, brought forward	56
-	- Depreciation	-
-	- Additions in year	-
56	Balance 30 June, carried forward	56

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2023**

22. CONSOLIDATED FUND

2022			2023	
£000s	£000s	Note	£000s	£000s
Cash and Operating Cost Statement Resource Accounting Adjustments				
	121,737			120,023
	(1,714)			(35,491)
	120,023			84,532
Other Realisations and Transfers (Balance Sheet Resource Accounting Adjustments)				
	188,230			224,543
				Release of over provision
126			536	Increase/(Decrease) to contingencies fund
2,137		20	1,787	Realised Element of Fixed Assets Revaluation Reserve
2,225		19	9,428	Realised Element of Investments Revaluation Reserve
31,825			33,795	Fixed Assets purchased from Capital Equalisation Fund
	36,313			45,546
	344,566			354,621



**P Clunie
Financial Secretary**

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2023**

23. RECONCILIATION OF NET LIQUID ASSETS

2022			2023	
£000s	£000s	Note	£000s	£000s
				238,517
	261,977 Net Liquid Assets as at 1 July			
6,077	Increase/(Decrease) for operating purposes		(29,340)	
(27,941)	Movement in Investment value		19	7,513
(1,596)	Other fixed asset movements			1,931
	<u>(23,460) Total Decrease in Net Liquid Assets</u>			<u>(19,896)</u>
	238,517 Net Liquid Assets as at 30 June			218,621

24. OPERATING LEASES

2022	2023
£000s	£000s
9	11
Operating lease rentals charged as an expense	
Operating lease payments due	
0	1
Payable within 1 year	
-	1

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2023**

25. RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES

	2022	2023
	Note	Note
	£000s	£000s
Net Operating Surplus/(Deficit) Before Interest	(5,732)	(43,366)
Depreciation and Amortisation	7,791	8,587
Transfers to Special Funds	28,205	61,885
Net Cash (Outflow)/Inflow to the Pension Old Scheme Fund	582	776
Net Cash (Outflow)/Inflow from the Retirement Pension Fund	(254)	(225)
Net Cash (Outflow)/Inflow from the Insurance Fund	(716)	(793)
Net Cash (Outflow)/Inflow to the Currency Fund	259	71
Investment Manager Accrual Adjustment	(45)	(11)
Consolidated Fund Investment Manager Fees	225	180
(Profit)/Loss on sale of Consolidated Fund Investments	(12,562)	(3,548)
(Profit)/Loss on Sale of Tangible Fixed Assets	414	166
Capital Payments Transferred to the Capital Equalisation Fund	(2,555)	(3,046)
(Increase)/Decrease in Stock	(1,856)	1,087
(Increase)/Decrease in Trade and Other Receivables	1,051	(4,156)
Increase/(Decrease) in Trade and Other Payables	(6,772)	(2,621)
(Decrease)/Increase in Provisions	340	87
Net Cash Inflow from Operating Activities	8,375	15,073

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 2023 is £30.22m (2022 - £35.82m), a decrease of £5.6m (2022 – £7.03m) 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 £3.75m as at 30 June 2021 (fair value of assets £42.85m less present value of scheme liabilities of £39.1m (2018 - £1.47m)). XPS reported that the fund was 110% fully funded. The surplus and improvement in the funding position since the last valuation in 2018 is mainly due to; FIG contribution of £3.1m to prefund guarantees expected to arise over the three years to 2021 against which actual liabilities were only £1.3m; and investment returns on the fund's assets being higher than assumed in the 2018 valuation. These positive impacts were, however, offset by the fall in gilt yields.

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 30th June 2023**

27. STATEMENT OF CONTINGENT LIABILITIES

Mortgages

At 30 June 2023 FIG was guarantor for 206 (2022 – 186) personal (housing) mortgages with guaranteed balances totalling £2.3m (2022 - £3.16m) under the Joint General Mortgage Scheme with Standard Chartered Bank. Each mortgage has an individual repayment date within the period 2023-2048.

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.

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.



**P Clunie
Financial Secretary**



FALKLAND ISLANDS GOVERNMENT

ADDITIONAL STATEMENTS REQUIRED

BY THE

FINANCE AND AUDIT ORDINANCE 1988

for the year ended 30th June 2023

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2023**

STATEMENT OF EXPENDITURE IN EXCESS

2022		2023
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.


**P Clunie
Financial Secretary**

STATEMENT OF ADVANCES

	2022 £000s	2023 £000s
Other Administrations	3	3
Peter Symonds College	96	-
Other	19	22
	<u>118</u>	<u>25</u>

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


**P Clunie
Financial Secretary**

STATEMENT OF INVESTMENTS

2022 £000s		2023 £000s
GROWTH FUND		
14,596	Cash	11,233
217,184	Other (including equity and property)	229,950
14,119	Fixed Interest	22,356
<u>245,899</u>		<u>263,539</u>
INCOME FUND		
1,067	Fixed Interest	82
<u>1,067</u>		<u>82</u>
<u>246,966</u>	Total Investments of the Consolidated Fund	<u>263,621</u>


**P Clunie
Financial Secretary**

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2023**

STATEMENT OF OUTSTANDING LOANS

2022 £000s	2023 £000s
335 Balance outstanding at 1 July	253
3 Additions during the year - Applied Interest	321
338	574
(85) Receipts during the year - Repayments	(62)
253 Balance outstanding at 30 June	512

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	463
Note 12 Debtors Falling Due within 1 year	49
	512

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
2022	2022		2023	2023
£000s	£000s		£000s	£000s
76	253	Woolshed	1	319
76	253	Dwellings	62	193
76	253	TOTAL	63	512


P Clunie
Financial Secretary

STATEMENT OF LOSSES

2022		2023
NIL	Material Losses	NIL


P Clunie
Financial Secretary

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2023**

STATEMENT OF ARREARS OF REVENUE BY SUBHEAD AS AT 30 JUNE

2022		2023	
Arrears £000s	Total Due £000s	Arrears £000s	Total Due £000s
16	83	56	117
31	55	64	85
9	34	30	32
734	1,896	1,883	4,050
12	149	41	(146)
0	57	5	20
183	619	202	510
-	0	0	0
2	127	72	142
-	-	0	0
-	-	0	0
(1,414)	1,746	3,877	4,273
(426)	4,766	6,230	9,083
	(640)		(860)
	70		67
	769		843
	0		0
	4,965		9,133

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 2023. 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 2022, tax payable is due by 30 September 2023.
- Corporation tax – payable 8 months and 1 day following end of accounting period.



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Financial Secretary**

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.



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Financial Secretary**

**FALKLAND ISLANDS GOVERNMENT
FINANCIAL STATEMENTS
for the year ended 30th June 2021**

STATEMENT OF EX-GRATIA PAYMENTS

2022			2023	
No of Pensioners	Amount £000s		No of Pensioners	Amount £000s
3	6	Retirement Pensions	3	6


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.


P Clunie
Financial Secretary

STATEMENT OF UNRETIRED IMPRESTS

2022		2023
Nil	Unretired Imprests	Nil

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


P Clunie
Financial Secretary

STATEMENT OF UNALLOTTED STORES

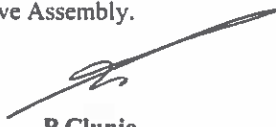
2022		2023
Nil	Unallotted Stores	Nil

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


P Clunie
Financial Secretary

OTHER STATEMENTS

There are no other statements required by Legislative Assembly.


P Clunie
Financial Secretary

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 2023 which comprise the Operating Cost Statement, the Statement of Cashflows, Balance Sheet and the related notes to the financial statements, including a summary of significant 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 2023 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 government 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

In auditing the financial statements, we have concluded that the treasurers' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the government's

ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the treasurer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the introduction, other than the financial statements and our auditor's report thereon. Those charged with governance are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 either 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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 government and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the government is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the government which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Falkland Islands Tourist Board Ordinance 2014.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and

determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off and completeness assertions), and significant one-off or unusual transactions.

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

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

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

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

Use of the audit 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 (Apr 12, 2024 15:26 GMT+1)

Mazars LLP Chartered Accountants and Statutory Auditor

90 Victoria Street, Bristol, BS1 6DP

Date Apr 12, 2024