

DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2021

STANLEY SERVICES  
LIMITED

**MENZIES**  
BRIGHTER THINKING

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# STANLEY SERVICES LIMITED

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## COMPANY INFORMATION

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<b>Directors</b>	M J Pollard (resigned 10 November 2021) B A Rowland (resigned 23 March 2021) R S Robertson F M Bain P R George S F J Fletcher B T Swales G K Goodwin S R Fowmes (resigned 24 February 2022) G P Short (appointed 10 November 2021) R K Spink (appointed 1 June 2021)
<b>Company secretary</b>	Pinsent Masons Nominee Company (Falklands) Limited
<b>Registered number</b>	8257
<b>Registered office</b>	Stanley Services Limited Ariport Road Stanley Falkland Islands FIQQ 1ZZ
<b>Independent auditors</b>	Menzies LLP Chartered Accountants & Statutory Auditor 3000a Parkway Whiteley Hampshire PO15 7FX

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# STANLEY SERVICES LIMITED

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# STANLEY SERVICES LIMITED

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## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

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The Directors present their report and the financial statements for the year ended 30 June 2021.

### **Directors' responsibilities statement**

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and generally accepted accounting practice.

Company law applicable to companies in the Falkland Islands requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the applicable law. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Principal activities**

In the period under review, the principal business of the company was the supply and distribution of fuel on and around the Falkland Islands, including supply and distribution of fuel for civilian aircraft on the Falkland Islands. Business has also been conducted in a number of other areas, notably as a hotelier, together with general retailing, agency for liner and air freight, travel and tourism, cinema operator, motor vehicles and rental income from both commercial and residential property letting.

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# STANLEY SERVICES LIMITED

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## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

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### Business review

The turnover for the year was flat with the same period last year. Profitability on ordinary activities before taxation was down from last year by 31.1%. The profit for the year after taxation amounted to £536,942 (2020 – £901,898) from which dividends of £400,040 (2020 - £Nil) were paid.

### Implications of COVID-19 on the business

Like the rest of the world, the Falklands has continued to be impacted by the restrictions imposed by Governments due to the concern about COVID-19 for the whole of the financial year. The Falkland Islands Government (FIG) continued to impose a 14 day quarantine period for business travellers and residents coming to the Falklands and tourist visas were not issued. These restrictions were in place throughout the financial year. The two airlinks to South America continued to be postponed. These factors impacted the hospitality and travel agency businesses throughout the financial year. The travel agency was most impacted seeing no clients visiting the Falklands in the financial year. The Malvina House Hotel and Darwin Lodge felt the impact throughout the year but this was mitigated to some extent by Falkland Islands Government initiating the TRIP scheme (A funding scheme initiative to support the local tourism industry) and the use of the hotel as a quarantine facility. Bunker sales volumes remained resilient and were above pre-COVID levels.

The company took action to reduce costs early on in those businesses most impacted by COVID. Administrative expenses were £384,439 below the same period last year.

With regards to the outlook for the next financial year the announcement that the British Antarctic Survey (BAS) were to use the Falklands as a quarantine base from September 2021 to May 2022 will greatly improve the financial performance of the Malvina House Hotel in particular, with the 36 bedrooms in the Paddock Wing being used by BAS for the whole of that period. In August 2021 FIG reduced the standard period of quarantine to 10 days. However, there are 5- and 8- day test to release options for all arrivals by sea and air, which passengers can choose to undertake if they are eligible. The two airlinks to South America are now not expected to operate until Q2 of 2022, so the travel agency business is not expecting to handle any clients for the whole of the financial year.

The company has produced a stressed cashflow forecast going out to the end of June 2023 and is confident that it can continue to operate smoothly with the expected cash generated.

Disclosure of the directors assessment of going concern has been given in note 1.2 to the financial statements.

### Dividends paid

Dividends paid in the year amount to £400,040 (2020 - £NIL).

### Results

The Profit and loss account for the year is set out on page 8.

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# STANLEY SERVICES LIMITED

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## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

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### Directors

The Directors who served during the year were:

M J Pollard (resigned 10 November 2021)  
B A Rowland (resigned 23 March 2021)  
R S Robertson  
F M Bain  
P R George  
S F J Fletcher  
B T Swales  
G K Goodwin  
S R Fowmes (resigned 24 February 2022)  
R K Spink (appointed 1 June 2021)

None of the directors had any direct beneficial interest in the shares of the company at either 1 July 2020 or 30 June 2021.

### Charitable contributions

During the year the company made charitable donations totalling £13,238 (2020 - £4,965).

### Principal risks and uncertainties

#### Financial risk management

The company is exposed to a variety of financial risks, including credit risk, effects of foreign currency exchange, interest rates, liquidity and price risk.

#### Credit risk

The company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The company only operates on The Falkland Islands and is therefore in the main exposed to credit risk in a limited geographical area. Where the company does allow third parties that are outside of The Falkland Islands to trade on credit this is done after many years of trading and credit limits are in place.

#### Foreign exchange risk

The company is exposed to foreign currency risk due to customer and supplier relationships denominated in United States Dollars. The foreign currency risk is minimal as currency is purchased using forward exchange contracts for large purchases and smaller purchases are paid within suppliers' credit terms thus minimising any exchange risk.

#### Interest risk

Exposure to the effects of fluctuating interest rates on deposits and business cash flows arises and is subject to prevailing bank prime lending rates.

#### Liquidity risk

The company maintains on call access to cash and bank accounts and only puts any cash on fixed deposit up to a maximum of one month to ensure availability of funds for both operational and development needs.

#### Price risk

The company has no long-term supply contracts on which a price risk could arise.

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# STANLEY SERVICES LIMITED

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## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

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### Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

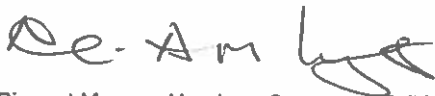
### Post balance sheet events

There have been no significant events affecting the Company since the year end.

### Auditors

Menzies LLP have expressed their willingness to continue in office. Menzies LLP will be proposed for reappointment as auditors of the company in accordance with section 159 of the Companies Act 1948 as applied in the Falkland Islands and amended by the Companies Act (Amendment) Ordinance 2006.

This report was approved by the board and signed on its behalf.



f Pinsent Masons Nominee Company (Falklands) Limited  
Secretary

Date: 28 February 2022

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STANLEY SERVICES LIMITED**

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**Opinion**

We have audited the financial statements of Stanley Services Limited (the 'Company') for the year ended 30 June 2021, which comprise the Statement of income and retained earnings, the Balance sheet, the Cash flow statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards as applied in accordance with company law in the Falkland Islands.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Company's affairs as at 30 June 2021 and of its profit for the year then ended;
- the financial statements have been prepared in accordance with the applicable law; and
- the information given in the Directors' report is consistent with the financial statements.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) issued by the Financial Reporting Council. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the Financial Reporting Council'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 Directors' 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 Company'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 Directors with respect to going concern are described in the relevant sections of this report.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the applicable law requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STANLEY SERVICES LIMITED (CONTINUED)**

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**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement set out on page 1, the Directors are responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing. Those standards require us to comply with the Financial Reporting Council's Ethical Standard.

**Auditors' 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 Auditors' 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, and general regulations such as health and safety. There are no industry specific laws and regulations which would be deemed to have a significant impact on the financial statements. We assessed the extent of compliance with the appropriate laws and regulations as part of our procedures on the related financial statement items.
- We understood how the Company is complying with the legal and regulatory frameworks by, making inquiries to management, those responsible for legal and compliance procedures and the company secretary. We corroborated our inquiries through our review of board minutes.
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognize non-compliance with laws and regulations. The assessment did not identify any issues in this area.
  - We assessed the susceptibility of the Company financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
    - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud
    - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
    - Challenging assumptions and judgments made by management in its significant accounting estimates; and
    - Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.
- As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:
  - Posting of unusual journals and complex transactions.
  - Misappropriation of funds through fraudulent purchase ledger and payroll activity.
  - Manipulation of amounts subject to significant judgment or estimate.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

STANLEY SERVICES LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STANLEY  
SERVICES LIMITED (CONTINUED)

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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 Auditors' report.

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with the applicable law. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



James Hadfield FCA (Senior statutory auditor)

for and on behalf of  
Menzies LLP

Chartered Accountants  
Statutory Auditor

3000a Parkway  
Whiteley  
Hampshire  
PO15 7FX

Date 1/3/22

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# STANLEY SERVICES LIMITED

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## STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 30 JUNE 2021

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	Note	2021 £	2020 £
Turnover	2	21,181,072	21,210,753
Cost of sales		(15,312,716)	(14,627,186)
<b>Gross profit</b>		<b>5,868,356</b>	<b>6,583,567</b>
Administrative expenses		(5,126,357)	(5,510,796)
<b>Operating profit</b>	3	<b>741,999</b>	<b>1,072,771</b>
Interest receivable and similar income	7	5,092	11,588
<b>Profit before tax</b>		<b>747,091</b>	<b>1,084,359</b>
Tax on profit	8	(210,149)	(182,461)
<b>Profit after tax</b>		<b>536,942</b>	<b>901,898</b>
Retained earnings at the beginning of the year		17,436,565	16,534,667
		<b>17,436,565</b>	<b>16,534,667</b>
Profit for the year		536,942	901,898
Dividends declared and paid		(400,040)	-
<b>Retained earnings at the end of the year</b>		<b>17,573,467</b>	<b>17,436,565</b>

The notes on pages 12 to 30 form part of these financial statements.

# STANLEY SERVICES LIMITED

## BALANCE SHEET AS AT 30 JUNE 2021

	Note	2021 £	As restated 2020 £
<b>Fixed assets</b>			
Intangible assets	10	-	17,501
Tangible assets	11	11,533,034	12,101,942
Investments	12	9,647	9,647
Investment property	13	1,151,013	1,151,013
		<u>12,693,694</u>	<u>13,280,103</u>
<b>Current assets</b>			
Stocks	14	3,333,399	3,098,146
Debtors: amounts falling due after more than one year	15	60,590	63,834
Debtors: amounts falling due within one year	15	2,633,647	2,596,190
Cash at bank and in hand	16	3,224,413	3,194,080
		<u>9,252,049</u>	<u>8,952,250</u>
Creditors: amounts falling due within one year	17	(1,392,371)	(1,926,351)
<b>Net current assets</b>		<u>7,859,678</u>	<u>7,025,899</u>
<b>Total assets less current liabilities</b>		<u>20,553,372</u>	<u>20,306,002</u>
<b>Provisions for liabilities</b>			
Deferred tax	18	(1,979,805)	(1,869,337)
		<u>(1,979,805)</u>	<u>(1,869,337)</u>
<b>Net assets</b>		<u>18,573,567</u>	<u>18,436,665</u>
<b>Capital and reserves</b>			
Called up share capital	19	1,000,100	1,000,100
Profit and loss account	20	17,573,467	17,436,565
		<u>18,573,567</u>	<u>18,436,665</u>

The financial statements were approved and authorised for issue by the Directors and were signed on their behalf by:

  
R K Spink  
Director

  
G K Goodwin  
Director

Date:

Date:

The notes on pages 12 to 30 form part of these financial statements.

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# STANLEY SERVICES LIMITED

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## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

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	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	741,999	1,072,771
<b>Adjustments for:</b>		
Amortisation of intangible assets	17,501	4,999
Depreciation of tangible assets	1,058,302	1,023,535
(Gain)/loss on disposal of tangible assets	(32,886)	8,854
(Increase)/decrease in stocks	(235,253)	447,473
(Increase)/decrease in debtors	(34,212)	132,085
(Decrease) in creditors	(333,635)	(653,331)
Corporation tax (paid)	(300,026)	(280,412)
<b>Net cash generated from operating activities</b>	<b>881,790</b>	<b>1,755,974</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(553,743)	(600,372)
Sale of tangible fixed assets	97,234	15,503
Interest received	5,092	11,588
<b>Net cash from investing activities</b>	<b>(451,417)</b>	<b>(573,281)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(400,040)	-
<b>Net cash used in financing activities</b>	<b>(400,040)</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>30,333</b>	<b>1,182,693</b>
Cash and cash equivalents at beginning of year	3,194,080	2,011,387
<b>Cash and cash equivalents at the end of year</b>	<b>3,224,413</b>	<b>3,194,080</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	3,224,413	3,194,080
	<b>3,224,413</b>	<b>3,194,080</b>

The notes on pages 12 to 30 form part of these financial statements.

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# STANLEY SERVICES LIMITED

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## ANALYSIS OF NET DEBT FOR THE YEAR ENDED 30 JUNE 2021

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	At 1 July 2020 £	Cash flows £	At 30 June 2021 £
Cash at bank and in hand	3,194,080	30,333	3,224,413
	<u>3,194,080</u>	<u>30,333</u>	<u>3,224,413</u>

The notes on pages 12 to 30 form part of these financial statements.

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# STANLEY SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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### 1. Accounting policies

#### 1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties, which are stated at open market value, and in accordance with applicable accounting standards that apply in the Falkland Islands.

The following principal accounting policies have been applied:

#### 1.2 Going concern

The directors have continued to prepare the financial statements on a going concern basis.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report.

The company made a profit for the year of £747,091 (2020 - £1,084,359) before tax and is in a strong financial position, with cash balances at the year end of £3,224,413 (2020 - £3,194,080). The company had net assets as at 30 June 2021 of £18,573,567 (2020 - £18,436,665) and net current assets of £7,859,678 (2020 - £7,025,899).

In preparing the financial statements, the directors have considered the ability of the company to continue as a going concern and have prepared cash flow forecasts covering a period including 12 months from the date of approval of these financial statements to inform their decisions. These forecasts show that in the opinion of the directors the company can continue to operate through the period of the cash flows without the need for third party borrowing.

Following a detailed review of the 12 month cash flow forecasts, including sensitivity analysis and a reverse stress test, the directors have concluded that there are no material uncertainties that lead to significant doubt upon the company's ability to continue as a going concern.

#### 1.3 Foreign currency translation

##### Functional and presentation currency

The Company's functional and presentational currency is GBP.

##### Transactions and balances

Transactions denominated in foreign currencies are translated at the rate applicable at the time they take place. All assets and liabilities denominated in foreign currencies have been translated into sterling at the rate of exchange ruling at the balance sheet date. Translation differences are reflected within operating profit.

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# STANLEY SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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### 1. Accounting policies (continued)

#### 1.4 Turnover

Turnover includes sales of domestic fuel, bitumen, royalties received under a bunkering contract, retail sales, vehicle sales, vehicle hire sales, vehicle service revenue, revenue from hotel room sales, tourism sales and rental from domestic and commercial property, amongst other trading activities.

With effect from 1 July 1991, income on domestic fuel sales has been recognised in the profit and loss account on the basis of the domestic fuel pricing formula, as contained in the Agreement between the Falkland Islands Government and the Company dated 18 August 1987 and most recently revised on 31 March 2015 ("The Fuel Agreement"). Fuel sold through domestic deliveries is recognised upon delivery. All other fuel sales are recognised when the fuel is supplied.

Bunkering sales are recognised when the transaction takes place.

Retail sales are recognised when the transaction takes place.

Vehicle sales are recognised when vehicles are delivered. Revenue from vehicle hire is recognised on a daily basis for which vehicles are rented. Vehicle service revenue is recognised at the point services are completed.

Hotel revenue is recognised on a nightly basis for which rooms are rented.

Tourism sales are recognised over the period to which trips relate.

Rental income from domestic and commercial property is recognised over the period to which the rentals relate.

Bitumen sales are recognised at the point at which bitumen is delivered.

#### 1.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

#### 1.6 Pensions

##### Defined contribution and governmental pension schemes

The company operates defined contribution pension schemes, and a compulsory governmental pension scheme. The pension charge represents the amounts payable by the company to the funds in respect of the year. All company contributions are charged in the profit and loss account as they are incurred.



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# STANLEY SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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### 1. Accounting policies (continued)

#### 1.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences on the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

#### 1.8 Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of income and retained earnings over its useful economic life which is 20 years.

The balance of goodwill was written off in the financial year.

#### 1.9 Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Buildings	- 2 - 50 years
Motor vehicles	- 3 - 10 years
Fixtures, fittings and equipment	- 2 - 10 years
Land	- Not depreciated
Assets under construction	- Not depreciated

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

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# STANLEY SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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### 1. Accounting policies (continued)

#### 1.10 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

#### 1.11 Investment property

Investment properties are included in the balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No.19 and are not depreciated. This treatment is contrary to the Companies Act 1985 as applied by the Companies (Amendment) Ordinance 2006 which states that fixed assets should be depreciated but is, in the opinion of directors, necessary to give a true and fair view of the financial position of the company.

In the absence of an active local market, as long as there are no indicators of impairment or significant unrealised gains, the directors use original cost, or in the case of properties transferred from tangible fixed assets their depreciation historical cost at the date of transfer, as the basis for their valuation.

#### 1.12 Valuation of investments

Investments are measured at cost less accumulated impairment.

#### 1.13 Group accounts

Group accounts are not prepared given that the results of the Company's subsidiary are insignificant as defined in section 229(2) of the Companies Act 1948 (amended by the Companies (Amendment) Ordinance 2006) as it applies in the Falkland Islands and as such group accounts are not required.

#### 1.14 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents material and freight costs. In the case of fuel stocks, net realisable value is assessed on an average cost basis. Net realisable value for all other stocks are assessed on a last in first out basis.

#### 1.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Amounts receivable under the hire purchase contracts are included under debtors and represent the total amount outstanding under the hire purchase agreements less unearned income. Hire purchase income is brought into turnover on an accruals basis in proportion to the reducing balance outstanding.

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# STANLEY SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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### 1. Accounting policies (continued)

#### 1.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 1.17 Domestic fuel provision

In accordance with the accounting policy for income recognition, a provision for an amount receivable or payable has been calculated for the difference between the actual average sale price and the average sale price calculated in accordance with the domestic fuel pricing formula contained within the Fuel Agreement. Any future differences are assessed annually and charged/credited to the profit and loss account as appropriate.

#### 1.18 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

#### 1.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

### 2. Turnover

In accordance with paragraph 55(5) of Schedule 4 to the Companies Act 1985 (enacted by virtue of paragraph 2(c) of Companies (Amendment) Ordinance 2006) as it applies in the Falkland Islands, no segmental analysis of turnover is provided as, in the opinion of directors, the provision of this information would be seriously prejudicial to the interests of the company.

All turnover arose within the Falkland Islands..

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# STANLEY SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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### 3. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Amortisation - intangible fixed assets	17,501	5,000
Depreciation of tangible fixed assets: -owned by the company	1,058,302	1,023,535
Exchange differences	(1,761)	(6,360)
	<u>1,073,042</u>	<u>1,021,175</u>

### 4. Auditors' remuneration

	2021 £	2020 £
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
The audit of the Company's annual financial statements	<u>22,100</u>	<u>27,000</u>
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
All other non-audit services not included above	<u>2,000</u>	<u>14,718</u>

### 5. Employees

Staff costs, including Directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	2,191,287	2,349,024
Social security costs	84,834	89,533
Cost of defined contribution scheme	115,488	118,776
	<u>2,391,609</u>	<u>2,557,333</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2021 No.	2020 No.
Average number of persons employed	<u>67</u>	<u>79</u>

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# STANLEY SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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### 6. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	380,773	385,121
Company contributions to defined contribution pension schemes	18,418	18,330
	<u>399,191</u>	<u>403,451</u>

During the year retirement benefits were accruing to 2 Directors (2020 - 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £173,843 (2020 - £173,239).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL (2020 - £NIL).

### 7. Interest receivable

	2021 £	2020 £
Other interest receivable	5,092	11,588
	<u>5,092</u>	<u>11,588</u>

### 8. Taxation

#### Analysis of tax charge in the year

	2021 £	2020 £
<b>Current tax</b>		
Falkland Islands corporation tax charge on profit for the year	93,793	294,137
Adjustments in respect of previous periods	5,888	-
<b>Total current tax</b>	<u>99,681</u>	<u>294,137</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	110,468	(111,676)
	<u>110,468</u>	<u>(111,676)</u>
<b>Taxation on profit on ordinary activities</b>	<u>210,149</u>	<u>182,461</u>

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# STANLEY SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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### 8. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax of 26% (2020 - 26%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	747,091	1,084,359
Profit on ordinary activities multiplied by standard rate of corporation tax of 26% (2020 - 26%)	194,244	281,933
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,284	719
Capital allowances for year in excess of depreciation	40,399	1,405
Rollover relief on profit on disposal of fixed assets	-	-
Adjustments to tax charge in respect of prior periods	5,888	-
Short term timing difference leading to an increase (decrease) in taxation	110,468	(111,676)
Non-taxable income	(78)	(256)
Other differences leading to an increase (decrease) in the tax charge	(573)	(539)
Lower rate tax payable	(22,331)	(25,000)
Movements in domestic fuel provision	(121,152)	35,875
<b>Total tax charge for the year</b>	<b>210,149</b>	<b>182,461</b>

### 9. Dividends

	2021 £	2020 £
Dividends paid on equity capital	400,040	-
	400,040	-

Dividends declared and paid during the year total 40 pence per share (2020 - Nil pence per share).

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# STANLEY SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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### 10. Intangible assets

	Goodwill £	Total £
<b>Cost</b>		
At 1 July 2020	100,000	100,000
At 30 June 2021	<u>100,000</u>	<u>100,000</u>
<b>Amortisation</b>		
At 1 July 2020	82,499	82,499
Charge for the year on owned assets	5,000	5,000
Impairment charge	12,501	12,501
At 30 June 2021	<u>100,000</u>	<u>100,000</u>
<b>Net book value</b>		
At 30 June 2021	<u>-</u>	<u>-</u>
At 30 June 2020	<u>17,501</u>	<u>17,501</u>

# STANLEY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 11. Tangible fixed assets

	Land and buildings £	Motor vehicles £	Fixtures, fittings and equipment £	Assets under construction £	Total £
<b>Cost or valuation</b>					
At 1 July 2020	19,678,000	1,262,651	2,753,739	116,145	23,810,535
Additions	14,989	221,272	90,839	226,643	553,743
Disposals	-	(96,058)	(285,404)	(32,734)	(414,196)
Transfers between classes	108,005	-	-	(108,005)	-
At 30 June 2021	<u>19,800,994</u>	<u>1,387,865</u>	<u>2,559,174</u>	<u>202,049</u>	<u>23,950,082</u>
<b>Depreciation</b>					
At 1 July 2020	8,833,905	803,272	2,071,416	-	11,708,593
Charge for the year on owned assets	644,379	179,181	234,743	-	1,058,303
Disposals	-	(64,709)	(285,139)	-	(349,848)
At 30 June 2021	<u>9,478,284</u>	<u>917,744</u>	<u>2,021,020</u>	<u>-</u>	<u>12,417,048</u>
<b>Net book value</b>					
At 30 June 2021	<u>10,322,710</u>	<u>470,121</u>	<u>538,154</u>	<u>202,049</u>	<u>11,533,034</u>
At 30 June 2020	<u>10,844,095</u>	<u>459,379</u>	<u>682,323</u>	<u>116,145</u>	<u>12,101,942</u>



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# STANLEY SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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### 12. Fixed asset investments

	Investments in subsidiary companies £	Fixed asset investments £	Total £
<b>Cost or valuation</b>			
At 1 July 2020	25,500	9,647	35,147
At 30 June 2021	<u>25,500</u>	<u>9,647</u>	<u>35,147</u>
<b>Impairment</b>			
At 1 July 2020	25,500	-	25,500
At 30 June 2021	<u>25,500</u>	<u>-</u>	<u>25,500</u>
<b>Net book value</b>			
At 30 June 2021	<u>-</u>	<u>9,647</u>	<u>9,647</u>
At 30 June 2020	<u>-</u>	<u>9,647</u>	<u>9,647</u>

Fixed asset investments represent:

4,350 £1 ordinary shares being a 2% holding in Solomon & Company (St Helena) plc, a company registered in England and Wales;

£100 being a 0.14% holding in Falkland Farmers Limited at cost; and

50 £1 ordinary shares, being a 50% holding in Falkland Islands Television Limited, a company registered and trading in the Falkland Islands in television production.

The company holds 50,000 ordinary £1 shares, being 100% of the issued share capital of Stanley Support Services Limited, a company registered in the Falkland Islands. Stanley Support Services Limited is dormant and has not traded during the year. The carrying value of these shares is £Nil.

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# STANLEY SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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### 13. Investment property

	Freehold investment property £	Total £
<b>Valuation</b>		
At 1 July 2020	1,151,013	1,151,013
At 30 June 2021	<u>1,151,013</u>	<u>1,151,013</u>

The 2021 valuations were made by Ajax Engineering Limited, on an open market value for existing use basis.

The directors have reviewed the carrying value of the investment properties by reference to a market valuation performed by an Independent valuer, which indicates that the open market values of the investment properties do not materially differ to their carrying value in the financial statements at the balance sheet date.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2021 £	2020 £
Historic cost	1,151,013	1,151,013
Accumulated depreciation and impairments	(279,260)	(241,276)
	<u>871,753</u>	<u>909,737</u>

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# STANLEY SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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### 14. Stocks

	2021	2020
	£	£
Stock - consumables	20,555	21,115
Stock - goods for resale	2,627,922	2,619,079
Stock - in transit	684,922	457,952
	<u>3,333,399</u>	<u>3,098,146</u>

The difference between purchase price of stocks and their replacement cost is not material.

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# STANLEY SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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### 15. Debtors

	2021 £	2020 £
<b>Due after more than one year</b>		
Hire purchase debtors	60,590	63,834
	<u>60,590</u>	<u>63,834</u>
		<i>As restated</i>
	2021 £	2020 £
<b>Due within one year</b>		
Trade debtors	927,646	969,144
Hire purchase debtors	52,497	48,671
Other debtors	968,171	783,999
Prepayments and accrued income	685,333	794,376
	<u>2,633,647</u>	<u>2,596,190</u>
	2021 £	2020 £
<b>Rentals receivable as lessor</b>		
Rentals receivable under operating leases	202,025	203,922
Rentals receivable under finance leases	113,087	112,505
	<u>315,112</u>	<u>316,427</u>

### 16. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	3,224,413	3,194,080
	<u>3,224,413</u>	<u>3,194,080</u>

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# STANLEY SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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### 17. Creditors: Amounts falling due within one year

	2021 £	2020 £
Payments received on account	54,321	212,378
Trade creditors	881,033	406,084
Corporation tax	93,792	294,137
Other taxation and social security	42,550	39,222
Other creditors	239,789	421,516
Accruals and deferred income	80,886	553,014
	<u>1,392,371</u>	<u>1,926,351</u>

### 18. Deferred taxation

	2021 £	2020 £
At beginning of year	1,869,337	1,981,013
Charged to profit or loss	110,468	(111,676)
At end of year	<u>1,979,805</u>	<u>1,869,337</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	1,908,955	1,919,639
Other timing differences	70,850	(50,302)
	<u>1,979,805</u>	<u>1,869,337</u>

# STANLEY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 19. Share capital

	2021 £	<i>As restated</i> 2020 £
<b>Authorised</b>		
3,000,000 (2020 - 3,000,000) Ordinary shares of £1.00 each	<u>3,000,000</u>	<u>3,000,000</u>
<b>Allotted, called up and partly paid (50p)</b>		
1,000,100 (2020 - 1,000,100) Ordinary shares of £1.00 each	<u>1,000,100</u>	<u>1,000,100</u>

Each ordinary share carries equal voting and dividend rights.

### 20. Reserves

#### Profit and loss account

This reserve records retained earnings and accumulated losses.

	Profit and loss account £
At 1 July 2020	17,436,565
Profit for the year	536,942
Dividends paid	(400,040)
<b>At 30 June 2021</b>	<u><u>17,573,467</u></u>

### 21. Prior year adjustment

The prior year adjustment, as recorded in the Financial Statements, relates to the correction of the value of share capital issued. The adjustment has been made against debtors to reflect the unpaid element of share capital. The adjustment has no effect on profit.

	As previously reported 30 June 2020	Adjustment	As restated 30 June 2020
Debtors: due within one year	2,096,140	500,050	2,596,190
Net current assets	6,525,849	500,050	7,025,899
Total assets less current liabilities	19,805,952	500,050	20,306,002
Called up share capital	500,050	500,050	1,000,100
Net assets	<u>17,936,615</u>	<u>500,050</u>	<u>18,436,665</u>

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# STANLEY SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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### 22. Capital commitments

At 30 June 2021 the Company had capital commitments as follows:

	2021 £	2020 £
Contracted for but not provided in these financial statements	215,000	-
	<u>215,000</u>	<u>-</u>

### 23. Pension commitments

The company participates in two defined contribution pensions schemes which are open to certain employees. The pension charges represent contributions payable by the company to the fund and amounted to £115,488 (2020 - £118,776). Contributions totalling £Nil (2020 - £255) were payable to the fund at the balance sheet date.

### 24. Other financial commitments

As at the year end the company was committed to purchase \$402,139 for a total of £290,519 on 21 July 2021.

### 25. Related party transactions

The beneficial ownership in Stanley Services Limited is held by;

Falkland Islands Government (44.9%)  
S & J D Robertson Group Limited (30.0%)  
Lavinia Enterprises Limited (25.1%)

Lavinia Enterprises Limited's interest in Stanley Services Limited is held, as nominee, by P R George, a director of the company.

Stanley Bunkering Limited, Lavinia Enterprises Limited and Lavinia Corporation have common ultimate shareholders.

Below are the transactions throughout the year and balances at year end with these related parties;

	2021 £	2020 £
<b>Dividends paid to related parties;</b>		
Falkland Islands Government	179,618	-
Lavinia Enterprises Limited	100,410	-
S & J D Robertson Group Limited	120,012	-
	<u>400,040</u>	<u>-</u>

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# STANLEY SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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### Sales to related parties;

	2021 £	2020 £
Falkland Island Government	5,050,222	5,122,164
Lavinia Corporation	563,132	528,171
Falkland Island Television Limited	18,881	19,992
Stanley Bunkering Limited	197,558	1,146,460
	<u>5,829,793</u>	<u>6,816,787</u>

### Purchases from related parties;

	2021 £	2020 £
Falkland Islands Government	599,678	768,669
Falkland Islands Television Limited	86,600	80,640
Stanley Bunkering Limited	9,226,516	8,152,720
	<u>9,912,794</u>	<u>9,002,029</u>

### Debtors - trade debtors as 30 June;

	2021 £	2020 £
Falkland Islands Government	287,085	222,617
Lavinia Corporation	213,530	223,777
Falkland Islands Television Limited	1,265	955
Stanley Bunkering Limited	20,152	12,877
	<u>522,032</u>	<u>460,226</u>

### Debtors - other debtors as at 30 June;

	2021 £	2020 £
Falkland Islands Television Limited	61,570	59,135
Lavinia Corporation	13,417	18,677
Stanley Bunkering Limited	41,718	54,899
	<u>116,705</u>	<u>132,711</u>



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# STANLEY SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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	2021	2020
	£	£
<b>Creditors - trade creditors as at 30 June;</b>		
Falkland Islands Government	7,783	19,270
Falkland Islands Television Limited	3,100	5,750
Stanley Bunkering Limited	301,205	28,567
	<u>312,088</u>	<u>53,587</u>

In 2020 a motor vehicle was sold to the General Manager, at its market value on standard commercial terms. There is a hire purchase loan outstanding on this at the year end totalling £9,811 (2020 - £14,500) included in the hire purchase debtors. The maximum amount outstanding during the year was £14,500 (2020 - £14,500).

### 26. Controlling party

In the opinion of the directors, there is no controlling party.