

DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2022

STANLEY SERVICES  
LIMITED

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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) R S Robertson F M Bain P R George (resigned 17 June 2022) S F J Fletcher B T Swales (resigned 20 July 2022) G K Goodwin S R Fowmes (resigned 24 February 2022) G P Short (appointed 10 November 2021, resigned 9 May 2022) R K Spink J E Jaffray (appointed 1 June 2022) P Laskaridis (appointed 1 July 2022) A Keeling (appointed 9 May 2022)
<b>Company secretary</b>	Waverley Corporate Services Limited
<b>Registered number</b>	8257
<b>Registered office</b>	Stanley Services Limited Airport 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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## CONTENTS

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	Page
<b>Directors' report</b>	1 - 4
<b>Independent auditors' report</b>	5 - 7
<b>Statement of income and retained earnings</b>	8
<b>Balance sheet</b>	9
<b>Statement of cash flows</b>	10
<b>Analysis of net debt</b>	11
<b>Notes to the financial statements</b>	12 - 29

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# STANLEY SERVICES LIMITED

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## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

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The Directors present their report and the financial statements for the year ended 30 June 2022.

### **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 activity**

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 2022

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### Business review

The turnover for the year increased by 14.6% the same period last year due, in the main to increasing world fuel prices. Profitability on ordinary activities before taxation was up from last year by 72.5%. The profit for the year after taxation amounted to £869,749 (2021 - £536,942) from which dividends of £1,100,110 (2021 - £400,040) were paid.

### Implications of COVID-19 on the business

For the majority of the financial year, the Falkland Islands continued to be impacted by the restrictions imposed by Governments due to the concern about COVID-19. The Falkland Islands Government (FIG) continued to impose a quarantine period for business travellers and residents coming to the Falklands. These restrictions were in place until the 4th May 2022. After this date all restrictions were lifted and businesses began to plan and look forward to a future without COVID-19 restrictions. The two airlinks to South America continued to be suspended for the full financial year. These factors impacted the hospitality and travel agency businesses, seeing only 2 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 coming in at 3% below the previous years volumes.

The outlook for the next financial year is much more positive with the LATAM airlink to South America re-commencing on the 2nd July 2022. The travel agency business is building up with the current season looking positive, however it is not expected to revert back to pre-covid levels until the 2023/24 season. The 2nd airlink via San Paulo is still suspended with no recommencement date announced. Bunker sales remain positive and fuel sale volumes continue to increase.

Due to the war in the Ukraine and other Global factors including foreign exchange rates the prices of all fuel commodities are fluctuating at often extreme levels causing higher than normal purchases prices.

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 £1,100,110 (2021 - £400,040).

### 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 2022

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### Directors

The Directors who served during the year were:

M J Pollard (resigned 10 November 2021)  
R S Robertson  
F M Bain  
P R George (resigned 17 June 2022)  
S F J Fletcher  
B T Swales (resigned 20 July 2022)  
G K Goodwin  
S R Fowmes (resigned 24 February 2022)  
G P Short (appointed 10 November 2021, resigned 9 May 2022)  
R K Spink  
J E Jaffray (appointed 1 June 2022)  
A Keeling (appointed 9 May 2022)

None of the directors had any direct beneficial interest in the shares of the company at either 1 July 2021 or 30 June 2022.

### Charitable contributions

During the year the company made charitable donations totalling £7,369 (2021 - £13,238).

### 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 2022

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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.

*Joe A M Lye*

*f* Waverley Corporate Services Limited  
Secretary

Date: 20 Feb. 2023

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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 2022, 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 2022 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.

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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.

*Menzies LLP*

James Hadfield FCA (Senior statutory auditor)

for and on behalf of  
**Menzies LLP**

Chartered Accountants  
Statutory Auditor

3000a Parkway  
Whiteley  
Hampshire  
PO15 7FX

Date: 20/2/23

# STANLEY SERVICES LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 £	2021 £
Turnover	2	24,269,181	21,181,072
Cost of sales		(17,230,297)	(15,312,716)
<b>Gross profit</b>		<b>7,038,884</b>	<b>5,868,356</b>
Administrative expenses		(5,756,317)	(5,126,357)
<b>Operating profit</b>	3	<b>1,282,567</b>	<b>741,999</b>
Interest receivable and similar income	7	6,092	5,092
<b>Profit before tax</b>		<b>1,288,659</b>	<b>747,091</b>
Tax on profit	8	(418,910)	(210,149)
<b>Profit after tax</b>		<b>869,749</b>	<b>536,942</b>
Retained earnings at the beginning of the year		17,573,467	17,436,565
		17,573,467	17,436,565
Profit for the year		869,749	536,942
Dividends declared and paid		(1,100,110)	(400,040)
<b>Retained earnings at the end of the year</b>		<b>17,343,106</b>	<b>17,573,467</b>


The notes on pages 12 to 29 form part of these financial statements.

# STANLEY SERVICES LIMITED

## BALANCE SHEET AS AT 30 JUNE 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	11	11,953,530	11,533,034
Investments	12	9,647	9,647
Investment property	13	1,151,013	1,151,013
		<u>13,114,190</u>	<u>12,693,694</u>
<b>Current assets</b>			
Stocks	14	4,526,811	3,333,399
Debtors: amounts falling due after more than one year	15	95,234	60,590
Debtors: amounts falling due within one year	15	2,899,097	2,633,647
Cash at bank and in hand	16	3,082,957	3,224,413
		<u>10,604,099</u>	<u>9,252,049</u>
Creditors: amounts falling due within one year	17	(3,296,318)	(1,392,371)
<b>Net current assets</b>		<u>7,307,781</u>	<u>7,859,678</u>
<b>Total assets less current liabilities</b>		<u>20,421,971</u>	<u>20,553,372</u>
<b>Provisions for liabilities</b>			
Deferred tax	18	(2,078,765)	(1,979,805)
		<u>(2,078,765)</u>	<u>(1,979,805)</u>
<b>Net assets</b>		<u><u>18,343,206</u></u>	<u><u>18,573,567</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	1,000,100	1,000,100
Profit and loss account	20	17,343,106	17,573,467
		<u><u>18,343,206</u></u>	<u><u>18,573,567</u></u>

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

  
F M Bain  
Director

  
S F J Fletcher  
Director

Date: 15.2.2023

Date: 15.2.23

The notes on pages 12 to 29 form part of these financial statements.



# STANLEY SERVICES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,282,567	741,999
<b>Adjustments for:</b>		
Amortisation of intangible assets	-	17,501
Depreciation of tangible assets	1,034,577	1,058,302
Loss on disposal of tangible assets	(12,379)	(32,886)
(Increase) in stocks	(1,193,412)	(235,253)
(Increase) in debtors	(300,097)	(34,212)
Increase/(decrease) in creditors	1,677,789	(333,635)
Corporation tax (paid)	(93,792)	(300,026)
<b>Net cash generated from operating activities</b>	<b>2,395,253</b>	<b>881,790</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(1,472,127)	(553,743)
Sale of tangible fixed assets	29,436	97,234
Interest received	6,092	5,092
<b>Net cash from investing activities</b>	<b>(1,436,599)</b>	<b>(451,417)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(1,100,110)	(400,040)
<b>Net cash used in financing activities</b>	<b>(1,100,110)</b>	<b>(400,040)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(141,456)</b>	<b>30,333</b>
Cash and cash equivalents at beginning of year	3,224,413	3,194,080
<b>Cash and cash equivalents at the end of year</b>	<b>3,082,957</b>	<b>3,224,413</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	3,082,957	3,224,413
	<b>3,082,957</b>	<b>3,224,413</b>

The notes on pages 12 to 29 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 2022

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	At 1 July 2021 £	Cash flows £	At 30 June 2022 £
Cash at bank and in hand	3,224,413	(141,456)	3,082,957
	<u>3,224,413</u>	<u>(141,456)</u>	<u>3,082,957</u>

The notes on pages 12 to 29 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 2022

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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 before tax for the year of £1,288,659 (2021 - £747,091) and is in a strong financial position, with cash balances at the year end of £3,082,957 (2021 - £3,224,413). The company had net assets as at 30 June 2022 of £18,343,206 (2021 - £18,573,567) and net current assets of £7,307,781 (2021 - £7,859,678).

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 2022

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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 2022

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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 except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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.

##### Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

#### 1.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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# STANLEY SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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### 1. Accounting policies (continued)

#### 1.9 Tangible fixed assets (continued)

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.

#### 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.



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# STANLEY SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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### 1. Accounting policies (continued)

#### 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.

#### 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.

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# STANLEY SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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### 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.

### 3. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Amortisation - intangible fixed assets	-	17,501
Depreciation of tangible fixed assets: -owned by the company	1,034,577	1,058,302
Exchange differences	13,129	(1,761)
	<u>1,047,706</u>	<u>1,073,042</u>

### 4. Auditors' remuneration

	2022 £	2021 £
<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>24,310</u>	<u>22,100</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>2,200</u>	<u>2,000</u>



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# STANLEY SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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### 5. Employees

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

	2022 £	2021 £
Wages and salaries	2,487,975	2,191,287
Social security costs	44,709	84,834
Cost of defined contribution scheme	125,580	115,488
	<u>2,658,264</u>	<u>2,391,609</u>

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

	2022 No.	2021 No.
Average number of persons employed	<u>71</u>	<u>67</u>

### 6. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	355,446	380,773
Company contributions to defined contribution pension schemes	12,316	18,418
	<u>367,762</u>	<u>399,191</u>

During the year retirement benefits were accruing to 3 Directors (2021 - 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £161,466 (2021 - £173,843).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL (2021 - £NIL).

### 7. Interest receivable

	2022 £	2021 £
Other interest receivable	6,092	5,092
	<u>6,092</u>	<u>5,092</u>

# STANLEY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 8. Taxation

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	319,950	93,793
Adjustments in respect of previous periods	-	5,888
	<b>319,950</b>	<b>99,681</b>
<b>Total current tax</b>	<b>319,950</b>	<b>99,681</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	98,960	110,468
<b>Total deferred tax</b>	<b>98,960</b>	<b>110,468</b>
<b>Taxation on profit on ordinary activities</b>	<b>418,910</b>	<b>210,149</b>
<b>Factors affecting tax charge for the year</b>		
The tax assessed for the year is higher than (2021 - <i>higher than</i> ) the standard rate of corporation tax of 26% (2021 - 26%). The differences are explained below:		
	2022 £	2021 £
Profit on ordinary activities before tax	1,288,659	747,091
Profit on ordinary activities multiplied by standard rate of corporation tax of 26% (2021 - 26%)	335,051	194,244
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,082	3,284
Capital allowances for year in excess of depreciation	38,995	40,399
Adjustments to tax charge in respect of prior periods	-	5,888
Short-term timing difference leading to an increase (decrease) in taxation	98,960	110,468
Non-taxable income	(140)	(78)
Other differences leading to increase (decrease) in tax charge	-	(573)
Lower tax rate payable	(25,000)	(22,331)
Movements in domestic fuel provision	(30,038)	(121,152)
<b>Total tax charge for the year</b>	<b>418,910</b>	<b>210,149</b>

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# STANLEY SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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### 9. Dividends

	2022 £	2021 £
Dividends paid on equity capital	1,100,110	400,040
	<u>1,100,110</u>	<u>400,040</u>

Dividends declared and paid during the year total 110 pence per share (2021 - 40 pence per share).

### 10. Intangible assets

	Goodwill £	Total £
<b>Cost</b>		
At 1 July 2021	100,000	100,000
At 30 June 2022	<u>100,000</u>	<u>100,000</u>
<b>Amortisation</b>		
At 1 July 2021	100,000	100,000
At 30 June 2022	<u>100,000</u>	<u>100,000</u>
<b>Net book value</b>		
At 30 June 2022	<u>-</u>	<u>-</u>
At 30 June 2021	<u>-</u>	<u>-</u>

# STANLEY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 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 2021	19,800,994	1,387,865	2,559,174	202,049	23,950,082
Additions	683,260	121,014	153,387	514,466	1,472,127
Disposals	-	(27,367)	(27,482)	-	(54,849)
At 30 June 2022	20,484,254	1,481,512	2,685,079	716,515	25,367,360
<b>Depreciation</b>					
At 1 July 2021	9,478,284	917,744	2,021,020	-	12,417,048
Charge for the year on owned assets	588,935	199,068	246,571	-	1,034,574
Disposals	-	(15,450)	(22,342)	-	(37,792)
At 30 June 2022	10,067,219	1,101,362	2,245,249	-	13,413,830
<b>Net book value</b>					
At 30 June 2022	10,417,035	380,150	439,830	716,515	11,953,530
At 30 June 2021	10,322,710	470,121	538,154	202,049	11,533,034

# STANLEY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 12. Fixed asset investments

	Investments in subsidiary companies £	Fixed asset investments £	Total £
<b>Cost or valuation</b>			
At 1 July 2021	25,500	9,647	35,147
At 30 June 2022	25,500	9,647	35,147
<b>Impairment</b>			
At 1 July 2021	25,500	-	25,500
At 30 June 2022	25,500	-	25,500
<b>Net book value</b>			
At 30 June 2022	-	9,647	9,647
At 30 June 2021	-	9,647	9,647

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 2022

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### 13. Investment property

	Freehold investment property £	Total £
<b>Valuation</b>		
At 1 July 2021	1,151,013	1,151,013
<b>At 30 June 2022</b>	<b>1,151,013</b>	<b>1,151,013</b>

The 2022 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:

	2022 £	2021 £
Historic cost	1,151,013	1,151,013
Accumulated depreciation and impairments	(389,322)	(350,973)
	<b>761,691</b>	<b>800,040</b>



# STANLEY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 14. Stocks

	2022 £	2021 £
Raw materials and consumables	24,009	20,555
Work in progress (goods to be sold)	3,570,322	2,627,922
Finished goods and goods for resale	932,480	684,922
	<u>4,526,811</u>	<u>3,333,399</u>

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

### 15. Debtors

	2022 £	2021 £
<b>Due after more than one year</b>		
Hire purchase debtors	95,234	60,590
	<u>95,234</u>	<u>60,590</u>
<b>Due within one year</b>		
Trade debtors	1,620,050	927,646
Hire purchase debtors	65,075	52,497
Other debtors	397,115	968,171
Prepayments and accrued income	816,857	685,333
	<u>2,899,097</u>	<u>2,633,647</u>
<b>Rentals receivable as lessor</b>		
Rentals receivable under operating leases	191,760	202,025
Rentals receivable under finance leases	160,307	113,087
	<u>352,067</u>	<u>315,112</u>

# STANLEY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 16. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	3,082,957	3,224,413
	<u>3,082,957</u>	<u>3,224,413</u>

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

	2022 £	2021 £
Payments received on account	-	54,321
Trade creditors	2,581,531	881,033
Corporation tax	319,950	93,792
Other taxation and social security	41,200	42,550
Other creditors	194,931	239,789
Accruals and deferred income	158,706	80,886
	<u>3,296,318</u>	<u>1,392,371</u>

### 18. Deferred taxation

	2022 £	2021 £
At beginning of year	1,979,805	1,869,337
Charged to profit or loss	98,960	110,468
<b>At end of year</b>	<u><b>2,078,765</b></u>	<u><b>1,979,805</b></u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	2,037,951	1,908,955
Other timing differences	40,814	70,850
	<u>2,078,765</u>	<u>1,979,805</u>

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# STANLEY SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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### 19. Share capital

	2022 £	2021 £
<b>Authorised</b>		
3,000,000 (2021 - 3,000,000) Ordinary shares of £1.00 each	<b>3,000,000</b>	3,000,000
<b>Allotted, called up and fully paid</b>		
1,000,100 (2021 - 1,000,100) Ordinary shares of £1.00 each	<b>1,000,100</b>	1,000,100

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 2021	17,573,467
Profit for the year	869,749
Dividends paid	(1,100,110)
<b>At 30 June 2022</b>	<b>17,803,828</b>

### 21. Capital commitments

At 30 June 2022 the Company had capital commitments as follows:

	2022 £	2021 £
Contracted for but not provided in these financial statements	965,734	215,000
	<b>965,734</b>	215,000

### 22. 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 £125,580 (2021 - £115,488). Contributions totalling £Nil (2021 - £Nil) were payable to the fund at the balance sheet date.

# STANLEY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 23. Other financial commitments

As at the year end the company was committed to purchasing the following transactions:

\$227,563 for a total of £188,406 on 7 July 2022.  
\$109,677 for a total of £90,060 on 11 July 2022.  
\$500,000 for a total of £410,844 on 18 July 2022.  
\$478,203 for a total of £393,273 on 19 July 2022.

### 24. 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 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;

	2022 £	2021 £
<b>Dividends paid to related parties;</b>		
Falkland Islands Government	494,427	179,618
Lavinia Enterprises Limited	300,615	100,410
S & J D Robertson Group Limited	305,068	120,012
	<u>1,100,110</u>	<u>400,040</u>

#### Sales to related parties;

	2022 £	2021 £
Falkland Island Government	5,443,963	5,050,222
Lavinia Corporation	409,571	563,132
Lavinia Bunkering Limited	1,141,140	-
Stanley Bunkering Limited	386,335	1,026,429
Falkland Island Television Limited	17,616	18,881
	<u>7,398,625</u>	<u>6,658,664</u>

Stanley Bunkering Limited ceased trading as at 31 December 2021 and became Lavinia Bunkering Limited.

# STANLEY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 £	2021 £
<b>Purchases from related parties;</b>		
Falkland Islands Government	671,851	656,810
Lavinia Corporation	1,709,923	-
Lavinia Bunkering Limited	6,455,595	-
Stanley Bunkering Limited	4,019,948	9,226,516
Falkland Islands Television Limited	85,909	86,600
	<b>12,943,226</b>	<b>9,969,926</b>

Stanley Bunkering Limited ceased trading as at 31 December 2021 and became Lavinia Bunkering Limited.

	2022 £	2021 £
<b>Debtors - trade debtors as at 30 June;</b>		
Falkland Islands Government	464,011	287,085
Lavinia Corporation	235,001	213,530
Lavinia Bunkering Limited	31,956	-
Stanley Bunkering Limited	-	20,152
Falkland Islands Television Limited	1,336	1,265
	<b>732,304</b>	<b>522,032</b>

Stanley Bunkering Limited ceased trading as at 31 December 2021 and became Lavinia Bunkering Limited.

	2022 £	2021 £
<b>Debtors - other debtors as at 30 June;</b>		
Falkland Islands Television Limited	75,631	61,570
Lavinia Corporation	116,800	13,417
Stanley Bunkering Limited	-	41,718
	<b>192,431</b>	<b>116,705</b>

Stanley Bunkering Limited ceased trading as at 31 December 2021 and became Lavinia Bunkering Limited.

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# STANLEY SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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	2022 £	2021 £
<b>Creditors - trade creditors as at 30 June;</b>		
Falkland Islands Government	29,631	7,783
Lavinia Bunkering Limited	1,163,824	-
Stanley Bunkering Limited	-	301,205
Falkland Islands Television Limited	7,800	3,100
	<u>1,201,255</u>	<u>312,088</u>

Stanley Bunkering Limited ceased trading as at 31 December 2021 and became Lavinia Bunkering Limited.

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 £4,979 (2021 - £9,811) included in the hire purchase debtors. The maximum amount outstanding during the year was £9,811 (2021 - £14,500).

### 25. Controlling party

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