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DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2023

STANLEY SERVICES LIMITED

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STANLEY SERVICES LIMITED

COMPANY INFORMATION

Directors	R S Robertson F M Bain S F J Fletcher B T Swales (resigned 20 July 2022) G K Goodwin R K Spink J E Jaffray P Laskaridis (appointed 1 July 2022) A Keeling
Company secretary	Waverley Corporate Services Limited
Registered number	8257
Registered office	Stanley Services Limited Airport Road Stanley Falkland Islands FIQQ 1ZZ
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor 3000a Parkway Whiteley Hampshire PO15 7FX

STANLEY SERVICES LIMITED

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STANLEY SERVICES LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023

The Directors present their report and the financial statements for the year ended 30 June 2023.

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.

Business review

The turnover for the year increased by 56.5% 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 117.0%. The profit for the year after taxation amounted to £2,304,989 (2022 - £869,749) from which dividends of £1,100,110 (2022 - £1,100,110) were paid.

Dividends paid

Dividends paid in the year amount to £1,100,110 *(2022 - £1,100,110)*.

Results

The Profit and loss account for the year is set out on page 7.

Directors

The Directors who served during the year were:

R S Robertson
F M Bain
S F J Fletcher
B T Swales (resigned 20 July 2022)
G K Goodwin
R K Spink
J E Jaffray
P Laskaridis (appointed 1 July 2022)
A Keeling

Charitable contributions

During the year the company made charitable donations totalling £3,292 (2022 - £7,369).

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.

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

Under the applicable law, Menzies LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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

Waverley Corporate Services Limited
Secretary

Date: 29 November 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STANLEY SERVICES LIMITED

Opinion

We have audited the financial statements of Stanley Services Limited (the 'Company') for the year ended 30 June 2023, 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 2023 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.

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

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.

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

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

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.

DocuSigned by:
James Hadfield
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James Hadfield FCA (Senior statutory auditor)

for and on behalf of
Menzies LLP

Chartered Accountants
Statutory Auditor

3000a Parkway
Whiteley
Hampshire
PO15 7FX

Date: 11-Dec-2023

STANLEY SERVICES LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 £	2022 £
Turnover	2	37,473,282	24,269,181
Cost of sales		(29,055,235)	(17,230,297)
Gross profit		8,418,047	7,038,884
Administrative expenses		(5,634,608)	(5,756,317)
Operating profit	3	2,783,439	1,282,567
Interest receivable and similar income	7	13,477	6,092
Profit before tax		2,796,916	1,288,659
Tax on profit	8	(491,927)	(418,910)
Profit after tax		2,304,989	869,749
Retained earnings at the beginning of the year		17,343,106	17,573,467
		17,343,106	17,573,467
Profit for the year		2,304,989	869,749
Dividends declared and paid		(1,100,110)	(1,100,110)
Retained earnings at the end of the year		18,547,985	17,343,106

The notes on pages 11 to 29 form part of these financial statements.

BALANCE SHEET
AS AT 30 JUNE 2023

	Note		2023 £		2022 £
Fixed assets					
Tangible assets	11		**13,179,938**		*11,953,530*
Investments	12		**9,647**		*9,647*
Investment property	13		**977,946**		*1,151,013*
			14,167,531		*13,114,190*
Current assets					
Stocks	14	**4,757,073**		*4,526,811*	
Debtors: amounts falling due after more than one year	15	**251,606**		*95,234*	
Debtors: amounts falling due within one year	15	**2,115,807**		*2,899,097*	
Cash at bank and in hand	16	**2,556,498**		*3,082,957*	
		9,680,984		*10,604,099*	
Creditors: amounts falling due within one year	17	**(2,266,517)**		*(3,296,318)*	
Net current assets			**7,414,467**		*7,307,781*
Total assets less current liabilities			**21,581,998**		*20,421,971*
Provisions for liabilities					
Deferred tax	18	**(2,033,913)**		*(2,078,765)*	
			(2,033,913)		*(2,078,765)*
Net assets			**19,548,085**		*18,343,206*
Capital and reserves					
Called up share capital	19		**1,000,100**		*1,000,100*
Profit and loss account	20		**18,547,985**		*17,343,106*
			19,548,085		*18,343,206*

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

R K Spink
Director

Date: 29/11/23

S F J Fletcher
Director

Date: 29/11/2023

The notes on pages 11 to 29 form part of these financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023

	2023 £	2022 £
Cash flows from operating activities		
Profit for the financial year	2,783,439	1,282,567
Adjustments for:		
Depreciation of tangible assets	701,183	1,034,577
Loss on disposal of tangible assets	3,464	(12,379)
(Increase) in stocks	(230,262)	(1,193,412)
Decrease/(increase) in debtors	333,866	(300,097)
(Decrease)/increase in creditors	(1,246,629)	1,677,789
Corporation tax (paid)	(26,899)	(93,792)
Net cash generated from operating activities	2,318,162	2,395,253
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,759,488)	(1,472,127)
Sale of tangible fixed assets	1,500	29,436
Interest received	13,477	6,092
Net cash from investing activities	(1,744,511)	(1,436,599)
Cash flows from financing activities		
Dividends paid	(1,100,110)	(1,100,110)
Net cash used in financing activities	(1,100,110)	(1,100,110)
Net (decrease) in cash and cash equivalents	(526,459)	(141,456)
Cash and cash equivalents at beginning of year	3,082,957	3,224,413
Cash and cash equivalents at the end of year	2,556,498	3,082,957
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,556,498	3,082,957
	2,556,498	3,082,957

The notes on pages 11 to 29 form part of these financial statements.

ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 JUNE 2023

	At 1 July 2022 £	Cash flows £	At 30 June 2023 £
Cash at bank and in hand	3,082,957	(526,459)	2,556,498
	3,082,957	(526,459)	2,556,498

The notes on pages 11 to 29 form part of these financial statements.

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 £2,796,916 (2022 - £1,288,659) and is in a strong financial position, with cash balances at the year end of £2,556,498 (2022 - £3,082,957). The company had net assets as at 30 June 2023 of £19,548,085 (2022 - £18,343,206) and net current assets of £7,414,467 (2022 - £7,307,781).

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.

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 2022 ("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.

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

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.

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. Accounting policies (continued)

1.10 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.

1.11 Valuation of investments

Investments are measured at cost less accumulated impairment.

1.12 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.

1.13 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.

1.14 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.

1.15 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.

1.16 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. Accounting policies (continued)

1.17 Financial instruments

The Company has elected to apply the provisions of Section 11 “Basic Financial Instruments” of FRS 102 to all of its financial instruments.

The Company has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the Company's Balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Other financial assets

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instruments any contract that evidences a residual interest in the assets of the Company after the deduction of all its liabilities.

1. Accounting policies (continued)

1.17 Financial instruments (continued)

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Other financial instruments

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are subsequently measured at fair value with changes in the profit or loss.

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Company will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

1.18 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 accorandance 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:

	2023 £	2022 £
Exchange differences	**(17,945)**	*13,129*

4. Auditors' remuneration

	2023 £	2022 £
Fees payable to the Company's auditors and its associates in respect of:		
The audit of the Company's annual financial statements	**24,850**	*24,310*
All other non-audit services not included above	**2,250**	*2,200*

5. Employees

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

	2023 £	2022 £
Wages and salaries	**2,673,554**	*2,487,975*
Social security costs	**13,355**	*44,709*
Cost of defined contribution scheme	**148,786**	*125,580*
	2,835,695	*2,658,264*

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

	2023 No.	2022 No.
Average number of persons employed	**82**	*71*

6. Directors' remuneration

	2023 £	*2022* £
Directors' emoluments	**275,699**	*355,446*
Company contributions to defined contribution pension schemes	**21,000**	*12,316*
	296,699	*367,762*

During the year retirement benefits were accruing to 2 Directors *(2022 - 2)* in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £139,306 *(2022 - £161,466)*.

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £12,000 *(2022 - £NIL)*.

7. Interest receivable

	2023 £	*2022* £
Other interest receivable	**13,477**	*6,092*
	13,477	*6,092*

8. Taxation

	2023 £	*2022* £
Corporation tax		
Current tax on profits for the year	**536,778**	*319,950*
	536,778	*319,950*
Total current tax	**536,778**	*319,950*
Deferred tax		
Origination and reversal of timing differences	**(44,851)**	*98,960*
Total deferred tax	**(44,851)**	*98,960*
Taxation on profit on ordinary activities	**491,927**	*418,910*

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2022 - higher than)* the standard rate of corporation tax of 26% *(2022 - %)*. The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	**2,796,916**	*1,288,659*
Profit on ordinary activities multiplied by standard rate of corporation tax of 26% (2022 - 26%)	**727,198**	*335,051*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**37**	*1,082*
Capital allowances for year in excess of depreciation	**(89,855)**	*38,995*
Short-term timing difference leading to an increase (decrease) in taxation	**(44,851)**	*98,960*
Non-taxable income	**(430)**	*(140)*
Other differences leading to increase (decrease) in tax charge	**(2,492)**	*-*
Lower tax rate payable	**(25,000)**	*(25,000)*
Movements in domestic fuel provision	**(72,680)**	*(30,038)*
Total tax charge for the year	**491,927**	*418,910*

9. Dividends

	2023 £	2022 £
Dividends paid on equity capital	**1,100,110**	*1,100,110*
	1,100,110	*1,100,110*

Dividends declared and paid during the year total 110 pence per share (2022 - 110 pence per share).

10. Intangible assets

	Goodwill £	Total £
Cost		
At 1 July 2022	100,000	100,000
At 30 June 2023	100,000	100,000
Amortisation		
At 1 July 2022	100,000	100,000
At 30 June 2023	100,000	100,000
Net book value		
At 30 June 2023	-	-
At 30 June 2022	-	-

11. Tangible fixed assets

	Land and buildings £	Motor vehicles £	Fixtures, fittings and equipment £	Assets under construction £	Total £
Cost or valuation					
At 1 July 2022	20,484,255	1,481,513	2,685,079	716,515	25,367,362
Additions	64,062	45,020	91,340	1,559,066	1,759,488
Disposals	-	-	(26,555)	-	(26,555)
Transfers between classes	1,835,509	-	93,034	(1,755,476)	173,067
At 30 June 2023	22,383,826	1,526,533	2,842,898	520,105	27,273,362
Depreciation					
At 1 July 2022	10,067,219	1,101,362	2,245,251	-	13,413,832
Charge for the year on owned assets	346,220	148,982	205,981	-	701,183
Disposals	-	-	(21,591)	-	(21,591)
At 30 June 2023	10,413,439	1,250,344	2,429,641	-	14,093,424
Net book value					
At 30 June 2023	11,970,387	276,189	413,257	520,105	13,179,938
At 30 June 2022	*10,417,036*	*380,151*	*439,828*	*716,515*	*11,953,530*

12. Fixed asset investments

	Fixed asset investments £	Total £
Cost or valuation		
At 1 July 2022	**9,647**	**9,647**
At 30 June 2023	**9,647**	**9,647**
Net book value		
At 30 June 2023	**9,647**	**9,647**
At 30 June 2022	*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.

13. Investment property

	Freehold investment property £	Total £
Valuation		
At 1 July 2022	**1,151,013**	**1,151,013**
Transfers between classes	**(173,067)**	**(173,067)**
At 30 June 2023	**977,946**	**977,946**

The 2023 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:

	2023 £	*2022* £
Historic cost	**1,151,013**	*1,151,013*
Accumulated depreciation and impairments	**(427,671)**	*(389,322)*
	723,342	*761,691*

14. Stocks

	2023 £	2022 £
Raw materials and consumables	**39,180**	*24,009*
Work in progress (goods to be sold)	**3,827,537**	*3,570,322*
Finished goods and goods for resale	**890,356**	*932,480*
	4,757,073	*4,526,811*

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

15. Debtors

	2023 £	2022 £
Due after more than one year		
Hire purchase debtors	**251,606**	*95,234*
	251,606	*95,234*

	2023 £	2022 £
Due within one year		
Trade debtors	**1,016,733**	*1,620,050*
Hire purchase debtors	**118,777**	*65,075*
Other debtors	**104,064**	*397,115*
Prepayments and accrued income	**876,233**	*816,857*
	2,115,807	*2,899,097*

	2023 £	2022 £
Rentals receivable as lessor		
Rentals receivable under operating leases	**216,399**	*191,760*
Rentals receivable under finance leases	**370,383**	*160,307*
	586,782	*352,067*

16. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	**2,556,498**	*3,082,957*
	2,556,498	*3,082,957*

17. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	**784,405**	*2,581,531*
Corporation tax	**536,778**	*319,950*
Other taxation and social security	**49,381**	*41,200*
Other creditors	**511,486**	*194,931*
Accruals and deferred income	**384,467**	*158,706*
	2,266,517	*3,296,318*

18. Deferred taxation

	2023 £	2022 £
At beginning of year	**(2,078,764)**	*(1,979,805)*
Charged to profit or loss	**44,851**	*(98,960)*
At end of year	**(2,033,913)**	*(2,078,765)*

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	**1,993,100**	*2,037,951*
Other timing differences	**40,813**	*40,814*
	2,033,913	*2,078,765*

19. Share capital

	2023 £	2022 £
Authorised		
3,000,000 *(2022 - 3,000,000)* Ordinary shares of £1.00 each	**3,000,000**	*3,000,000*
Allotted, called up and fully paid		
1,000,100 *(2022 - 1,000,100)* Ordinary shares of £1.00 each	**1,000,100**	*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 £
Profit and loss account - b/fwd	**17,343,106**
Income Statement	**2,304,989**
Dividends paid	**(1,100,110)**
	18,547,985

21. Capital commitments

At 30 June 2023 the Company had capital commitments as follows:

	2023 £	2022 £
Contracted for but not provided in these financial statements	-	*965,734*
	-	*965,734*

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 £148,786 (2022 - £125,580). Contributions totalling £Nil (2022 - £Nil) were payable to the fund at the balance sheet date.

23. 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 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;

	2023 £	*2022* *£*
Dividends paid to related parties;		
Falkland Islands Government	**493,949**	*493,949*
Lavinia Enterprises Limited	**276,128**	*276,128*
S & J D Robertson Group Limited	**330,033**	*330,033*
	1,100,110	*1,100,110*

Sales to related parties;

	2023 £	*2022* *£*
Falkland Island Government	**7,393,255**	*5,443,963*
Lavinia Corporation	**378,925**	*409,571*
Lavinia Bunkering Limited	**2,766,022**	*1,141,140*
Stanley Bunkering Limited	**-**	*386,335*
Falkland Island Television Limited	**16,084**	*17,616*
	10,554,286	*7,398,625*

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

23. Related party transactions (continued)

	2023 £	2022 £
Purchases from related parties;		
Falkland Islands Government	**1,102,281**	*671,851*
Lavinia Corporation	**-**	*1,709,923*
Lavinia Bunkering Limited	**21,586,949**	*6,455,595*
Stanley Bunkering Limited	**-**	*4,019,948*
Falkland Islands Television Limited	**93,350**	*85,909*
	22,782,580	*12,943,226*

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

	2023 £	2022 £
Debtors - trade debtors as at 30 June;		
Falkland Islands Government	**161**	*-*
Lavinia Corporation	**29,486**	*235,001*
Lavinia Bunkering Limited	**39,301**	*-*
Stanley Bunkering Limited	**-**	*28,314*
Falkland Islands Television Limited	**1,172**	*1,336*
	70,120	*264,651*

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

	2023 £	2022 £
Debtors - other debtors as at 30 June;		
Lavinia Corporation	**13,867**	*116,800*
	13,867	*116,800*

23. Related party transactions (continued)

	2023 £	*2022 £*
Creditors - trade creditors as at 30 June;		
Falkland Islands Government	**14,099**	*29,631*
Lavinia Bunkering Limited	**180,864**	*1,163,824*
Falkland Islands Television Limited	**7,550**	*7,800*
	202,513	*1,201,255*

In 2020 a motor vehicle was sold to the General Manager at the time, at its market value on standard commercial terms. There is a hire purchase loan outstanding on this at the year end totalling £421 (2022 - £4,979) included in the hire purchase debtors. The maximum amount outstanding during the year was £4,979 (2022 - £9,811).

24. Controlling party

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