

Falklands Landholdings Corporation

Board members' report and financial statements

For the year ended 30 June 2019

FALKLANDS LANDHOLDINGS CORPORATION
(A Company Limited by Guarantee)

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FALKLANDS LANDHOLDINGS CORPORATION

(A Company Limited by Guarantee)

BOARD MEMBERS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The board members present their report and the audited financial statements for the year ended 30 June 2019.

Statement of board members' responsibilities

The Falklands Landholdings Corporation board members are responsible for preparing the board members' report and the financial statements in accordance with applicable Falkland Islands law and regulations.

The Falkland Landholdings Ordinance 2000 (as amended) requires the Falklands Landholdings Corporation board members to prepare financial statements for each financial year. The board members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the corporation and of the profit or loss of the corporation for that period. In preparing these financial statements, the board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the corporation will continue in business.

The Falklands Landholdings Corporation board members are responsible for keeping adequate accounting records that are sufficient to show and explain the corporation's transactions and disclose with reasonable accuracy at any time the financial position of the corporation and enable them to ensure that the financial statements comply with the Falklands Landholdings Corporation Ordinance 2000 (as amended) and the Finance and Audit Ordinance 1988. They are also responsible for safeguarding the assets of the corporation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

The principal activities of the business remain to be the export of raw wool to a wider world market with an important meat value to the abattoir. The improvement in operations, is mainly due to an increase in the world wool price combined with continued on-farm improvement to productivity and gradual reduction in the overall flock micron profile. In comparison to the prior year overall trading shows a profit of £1,095,803 (after grants and subsidies), which is a increase on the prior year result by £200,857.

This Board records its thanks to all staff including the teams at Fitzroy, Goose Green, North Arm and Walker Creek for their hard work and commitment.

The profit for the year is stated after crediting grants and subsidies received totaling £6,000 (2018: £10,500), and charging a revaluation gain of £2,210 (2018: loss £22,517) in respect of livestock assets. The Corporation's Balance Sheet at the year end is shown on page 6.

FALKLANDS LANDHOLDINGS CORPORATION (A Company Limited by Guarantee)

BOARD MEMBERS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

Dividends

There were no dividends paid in the year under review (2018 - £NIL).

Results

The Profit and Loss Account for the year is set out on page 5.

Board members

The board members who served during the year unless otherwise stated were:

Mr R Lee	Member of the Public
MLA T Barkman	Member of the Legislative Assembly
Mr A Pollard	General Manager Resigned 30 September 2019
Mr N Judd	General Manager Appointed 19 August 2019
MLA I Hansen	Member of the Legislative Assembly, Chair
Mr K Knight	Member of the RBA
Mr T Miller	Member of the public Appointed 3 June 2019
Mr B Rowland	FIG Chief Executive - Vice Chair

Disclosure of information to auditors

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

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

Auditors

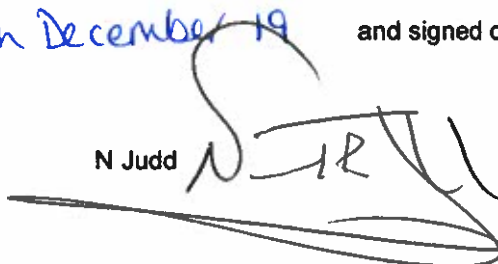
The auditors, Mazars LLP, will be proposed for reappointment in accordance with the applicable law.

This report was approved by the board on 6th December 19 and signed on its behalf.



Board member

N Judd



FALKLANDS LANDHOLDINGS CORPORATION

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FALKLANDS LANDHOLDINGS CORPORATION

Opinion

We have audited the financial statements of the Falklands Landholdings Corporation (the 'corporation') for the year ended 30 June 2018 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes, including a summary of principal accounting policies. The financial reporting framework that has been applied in their preparation is Falkland Islands Landholdings Ordinance 2000 (as amended) and the Finance and Audit Ordinance.

In our opinion, the financial statements:

- give a true and fair view of the state of the corporation's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been prepared in accordance with the requirements of the Falkland Islands Landholdings Ordinance 2000 (as amended) and the Finance and Audit Ordinance.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the board members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the corporation's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The board members are responsible for the other information. The other information comprises the information the board members' Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

FALKLANDS LANDHOLDINGS CORPORATION

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FALKLANDS LANDHOLDINGS CORPORATION

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Board members' Report.

Responsibilities of Board members

As explained more fully in the board members' responsibilities statement set out on page 1, the board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board members are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board members either intend to liquidate the corporation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of the audit report

Our audit work has been undertaken so that we might state to the corporations members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Mazars LLP

Mazars LLP
Chartered Accountants and Statutory Auditor
90 Victoria Street
Bristol
BS1 6DP

Date: 15 January 2020

FALKLANDS LANDHOLDINGS CORPORATION
(A Company Limited by Guarantee)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 £	2018 £
Turnover	1	3,732,705	3,318,689
Cost of sales		(2,636,087)	(2,364,365)
Gross profit		1,096,618	954,324
Administrative expenses		(150,285)	(158,158)
Other operating income		136,485	105,336
Grants and subsidies		6,000	10,500
Operating profit	2	1,088,818	912,002
Exceptional items			
Net profit on sale of tangible fixed assets		-	3,200
Other exceptional items		2,210	(22,517)
Profit on ordinary activities before interest		1,091,028	892,685
Interest receivable and similar income		4,775	2,261
Profit on ordinary activities before taxation		1,095,803	894,946
Tax on profit on ordinary activities		-	-
Profit on ordinary activities after taxation		1,095,803	894,946
Retained profit brought forward		6,760,603	5,865,657
Retained profit carried forward		7,856,406	6,760,603

All amounts relate to continuing operations.

There were no recognised gains and losses for 2019 or 2018 other than those included in the Profit and Loss Account.

The notes on pages 8 to 16 form part of these financial statements.

FALKLANDS LANDHOLDINGS CORPORATION

(A Company Limited by Guarantee)

BALANCE SHEET AS AT 30 JUNE 2019

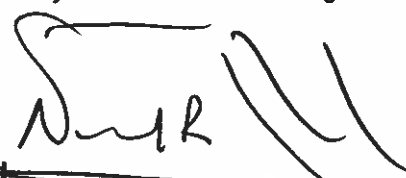
	Note	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	5		4,561,180		3,672,776
Investments	6		100		100
			<u>4,561,280</u>		<u>3,672,876</u>
Current assets					
Stocks	7	243,320		138,674	
Debtors	8	176,932		1,018,796	
Cash at bank		3,128,210		2,144,178	
		<u>3,548,462</u>		<u>3,301,648</u>	
Creditors: amounts falling due within one year	9	<u>(253,336)</u>		<u>(213,921)</u>	
Net current assets			<u>3,295,126</u>		<u>3,087,727</u>
Net assets			<u>7,856,406</u>		<u>6,760,603</u>
Capital and reserves					
Profit and loss account			<u>7,856,406</u>		<u>6,760,603</u>
Funds	10		<u>7,856,406</u>		<u>6,760,603</u>

All amounts relate to continuing operations.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

6th December 19


Board member


~~N Judd~~

The notes on pages 8 to 16 form part of these financial statements.

FALKLANDS LANDHOLDINGS CORPORATION
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 £	2018 £
Net cash flow from operating activities	11	2,292,185	654,631
Returns on investments and servicing of finance	12	4,775	2,261
Capital expenditure and financial investment	12	(1,312,928)	(888,319)
Increase/(Decrease) in cash in the year		984,032	(231,427)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 30 JUNE 2019

	2019 £	2018 £
Increase/(Decrease) in cash in the year	984,032	(231,427)
Movement in net debt in the year	984,032	(231,427)
Net funds at 1 July 2018	2,144,178	2,375,605
Net funds at 30 June 2019	3,128,210	2,144,178

The notes on pages 8 to 16 form part of these financial statements.

FALKLANDS LANDHOLDINGS CORPORATION

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. Accounting Policies

1.1 Accounting Convention

The Financial Statements have been prepared under the historical cost convention.

1.2 Basis of preparation

The board members have prepared the financial statements on a going concern basis. The board members consider this to be appropriate as they have received assurances from the company's loan creditors to the effect that the loan creditors will continue to make funds available to the company for the foreseeable future and will continue to meet the company's obligations to the other creditors as and when they fall due.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold Buildings	-	4% straight line
Plant & Equipment	-	20% straight line
Motor vehicles	-	25% straight line
Office equipment and fixtures	-	20% straight line
Fencing	-	5% straight line

Land is recorded at historic cost. Buildings and fencing have been recorded at depreciated historic cost. No further consideration of potential impairment in recoverable amount or value in use of land, buildings and fencing has been incorporated in these financial statements, as the board members consider that attempting to make a reliable assessment would be impractical.

1.5 Livestock

Investments are stated at market value. Market value is the closing mid-market price on the last day of trading before the Balance Sheet date. Where market values are not available Investments are stated at the lower of cost and the board members' valuation. Where a valuation is undertaken consideration is given to the most recent information available. Realisable value in the short term could differ materially from the amount which these investments are included in the accounts.

1.6 Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

FALKLANDS LANDHOLDINGS CORPORATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. Accounting Policies (continued)

1.7 Government grants and subsidies

Government grants relating to tangible fixed assets are treated as deferred income and released to the Profit and Loss Account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and Loss Account as the related expenditure is incurred.

2. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets:		
- owned by the company	426,735	332,611
Auditors' remuneration	15,522	15,262
Board members expenses	63,483	67,750
Other wages and salaries	772,588	673,586
	<u>772,588</u>	<u>673,586</u>

and after crediting the following grants and subsidies:

Grants received in respect of Camp School	6,000	10,500
	<u>6,000</u>	<u>10,500</u>

3. Staff costs

Staff costs, including board members' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	751,936	662,257
MST	-	5,171
Other pension costs	84,135	73,908
	<u>836,071</u>	<u>741,336</u>

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

	2019 No.	2018 No.
Farm workers	45	41
Administration	2	2
	<u>47</u>	<u>43</u>

FALKLANDS LANDHOLDINGS CORPORATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4. Board members' remuneration

During the year retirement benefits were accruing to 1 board member (2018 - 1) in respect of defined contribution pension schemes.

5. Tangible Fixed Assets

Cost or valuation

	At 1 July 2018 £	Additions £	Revaluation of livestock £	Disposals £	At 30 June 2019 £
Freehold land and buildings	2,422,736	348,948	-	(3,578)	2,768,106
Goose Green Development	150,234	-	-	-	150,234
Plant and equipment	1,077,972	187,025	-	(3,609)	1,261,388
Motor vehicles	714,220	313,328	-	(8,633)	1,018,915
Office equipment and fixtures	72,674	29,102	-	-	101,776
Fencing	909,121	133,414	-	-	1,042,535
Livestock	951,856	-	2,210	-	954,066
Assets under Construction	76,858	302,611	-	-	379,469
Total	6,375,671	1,314,428	2,210	(15,820)	7,676,489

Depreciation

	At 1 July 2018 £	Charge for year £	Disposals £	At 30 June 2019 £
Freehold land and buildings	772,491	55,764	(3,578)	824,677
Goose Green Development	150,234	-	-	150,234
Plant and equipment	728,609	145,968	(3,609)	870,968
Motor vehicles	462,244	181,833	(7,133)	636,944
Office equipment and fixtures	33,439	16,683	-	50,122
Fencing	555,879	26,485	-	582,364
Livestock	-	-	-	-
Asset Under Construction	-	-	-	-
Total	2,702,896	426,733	(14,320)	3,115,309

FALKLANDS LANDHOLDINGS CORPORATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Net Book Value

	2019 £	2018 £
Freehold land and buildings	1,943,429	1,650,245
Goose Green Development	-	-
Plant and equipment	390,420	349,362
Motor vehicles	381,971	251,976
Office equipment and fixtures	51,654	39,235
Fencing	460,171	353,243
Livestock	954,066	951,856
Asset Under Construction	379,469	76,858
Total	4,561,180	3,672,775

The net book value of the freehold land and buildings was split as follows:

	2019 £	2018 £
Land	752,283	752,283
Buildings	1,191,146	897,962
Total	1,943,429	1,650,245

Upon the dissolution of the former Falklands Landholdings Limited company, all fixed assets were transferred to the Falklands Landholdings Corporation. Opening fixed asset costs upon incorporation on 1 February 2001 were assigned as the book values of the fixed assets of the Falklands Landholdings Limited as at the date of dissolution of that company, 31 January 2001.

The analysis of livestock numbers at 30 June 2019 and 30 June 2018, and the comparative valuations at each respective balance sheet date, are as follows:

	Number 2019	Valuation 2019 £	Number 2018	Valuation 2018 £
Sheep	143,764	921,866	141,990	930,556
Cattle	644	32,200	426	21,300
Total	144,408	954,066	142,416	951,856

FALKLANDS LANDHOLDINGS CORPORATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

6. Fixed asset investments

	Investments in subsidiary companies £	Total £
Cost or valuation		
At 1 July 2018 and 30 June 2019	100	100
Net book value		
At 30 June 2019	100	100
At 30 June 2018	100	100

Subsidiary undertakings

The shares are in respect of Falkland Farmers Limited which is incorporated in the Falkland Islands and this investment represents a 0.1% share of the ordinary share capital of that company. The board members estimate that the market value of this investment is not less than its original cost.

7. Stocks

	2019 £	2018 £
Wool	65,843	14,878
Farm Materials	168,586	112,942
Farm Stores	8,891	10,854
	<u>243,320</u>	<u>138,674</u>

8. Debtors

	2019 £	2018 £
Trade debtors	132,858	977,050
Loans	5,646	5,159
Other debtors and prepayments	38,428	36,587
	<u>176,932</u>	<u>1,018,796</u>

FALKLANDS LANDHOLDINGS CORPORATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

9. Creditors:
Amounts falling due within one year

	2019	2018
	£	£
Trade creditors	162,015	124,417
Other creditors	1,072	1,972
Accruals and deferred income	90,249	87,532
	<u>253,336</u>	<u>213,921</u>

10. Reconciliation of movement in members' funds

	2019	2018
	£	£
Opening members' funds	6,760,603	5,865,657
Profit for the financial year	1,095,803	894,946
	<u>7,856,406</u>	<u>6,760,603</u>

11. Net cash flow from operating activities

	2019	2018
	£	£
Operating profit	1,088,818	912,002
Depreciation of tangible fixed assets	426,735	332,611
(Increase)/decrease in stocks	(104,645)	48,031
Decrease/(increase) in debtors	841,863	(726,714)
Increase in creditors	39,414	88,701
	<u>2,292,185</u>	<u>654,631</u>

FALKLANDS LANDHOLDINGS CORPORATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

12. Analysis of cash flows for headings netted in cash flow statement

	2019 £	2018 £
Returns on investments and servicing of finance		
Interest received	4,775	2,261
	<u>4,775</u>	<u>2,261</u>
	2019 £	2018 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,314,428)	(891,519)
Sale of tangible fixed assets	304,111	80,058
Purchase of assets under construction	(302,611)	(76,858)
	<u>(1,312,928)</u>	<u>(888,319)</u>
Net cash (outflow) from capital expenditure	(1,312,928)	(888,319)

13. Analysis of changes in net funds

	1 July 2018 £	Cash flow £	Other non-cash changes £	30 June 2019 £
Cash at bank and in hand	2,144,178	984,032	-	3,128,210
Net funds	<u>2,144,178</u>	<u>984,032</u>	<u>-</u>	<u>3,128,210</u>

14. Pension Scheme Arrangements

During 2001, the Falklands Landholdings Pension Scheme was incorporated into the Falkland Islands Government (Old Scheme) Pension Fund and the net assets of the scheme were transferred, with that scheme assuming the majority of the liabilities for current, deferred and future pensions.

Copies of the financial statements of the Falkland Islands Government (Old Scheme) Pension Fund are available from the Treasury, Falkland Islands Government, Stanley.

FALKLANDS LANDHOLDINGS CORPORATION
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

15. Related Party Transactions

During the year ended 30 June 2019, the Corporation has undertaken a number of transactions with entities which are defined as a related party. The total income and expenditure attributable to those entities in the year ended 30 June 2019, as well as the balance due or receivable from the entities at 30 June 2019 is listed below, along with the comparison figures for the year ended 30 June 2018.

	Income 2019	Income 2018	Expenditure 2019	Expenditure 2018	Debtors 2019	Debtors 2018	Creditors 2019	Creditors 2018
	£	£	£	£	£	£	£	£
Falkland Islands Government - Grants and Subsidies	6,000	10,500	-	-	-	-	-	-
Falkland Islands Government	4,199	3,002	45,072	56,743	-	-	1,092	18,983
Falkland Islands Meat Company	389,744	562,519	3,461	6,484	-	51,243	-	395
Falkland Islands Wool Company	3,233,968	2,623,823	1,235	1,301	120,649	911,357	1,235	1,301
J Forster	-	-	-	14,344	-	-	-	-
South American Atlantic Service	-	-	300	6,520	-	-	-	-
Stanley Growers	-	-	344	208	-	-	-	-
Stanley Nurseries & Garden Centre	-	-	1,957	16,932	-	-	-	-
Total	3,633,911	3,199,844	52,369	102,532	120,649	962,600	2,327	20,659

These entities are connected to Falklands Landholdings Corporation through the following relationships with the Board Members.

FALKLANDS LANDHOLDINGS CORPORATION
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Related Party Transactions (continued)

	Falkland Islands Government	Rural Business Association	Falkland Islands Meat Company	Falkland Islands Wool Company	Stanley Nurseries & Garden Centre	Stanley Growers	SAAS
I Hansen	✓						
T Miller					✓	✓	
A Pollard			✓	✓			
R Lee				✓			
B Rowland	✓						✓
T Barkman	✓						✓
K Knight		✓			P		