

**FALKLAND ISLANDS DEVELOPMENT
CORPORATION**

Report and Financial Statements

30 June 2008

FALKLAND ISLANDS DEVELOPMENT CORPORATION

REPORT AND FINANCIAL STATEMENTS 2008

CONTENTS

Board Members' Report	1
Independent auditors' report	3
Principal accounting policies	5
General revenue account	7
Balance sheet	8
Cash flow statement	9
Notes to the financial statements	10

FALKLAND ISLANDS DEVELOPMENT CORPORATION

BOARD MEMBERS' REPORT

FALKLAND ISLANDS DEVELOPMENT CORPORATION BOARD MEMBERS

The Falkland Islands Development Corporation Ordinance 1983 (as amended) provides for the Corporation to have a governing board, known as the Falkland Islands Development Board, consisting of the following persons:

- (a) two members of the Legislative Council, nominated by the elected members of the Legislative Council from among their number, appointed by the Governor, one of which two members shall be appointed by the Governor, on the nomination of the elected members of the Legislative Council, to be the Chairman of the Corporation;
- (b) the Chief Executive of the Falkland Islands Government, who shall be the Executive Vice Chairman of the Corporation;
- (c) the General Manager of the Corporation;
- (d) one person nominated by the Rural Business Association and appointed by the Governor;
- (e) one person nominated by the Fishing Vessel Owners' Association and appointed by the Governor;
- (f) one person nominated by the Falkland Islands Chamber of Commerce and appointed by the Governor; and
- (g) one person nominated by the Falkland Islands Tourist Board and appointed by the Governor.

In addition to the above, the Financial Secretary of the Falkland Islands Government (or his representative) and the Financial Controller of the Corporation may attend meetings of the Board and may speak to any matter before the Board, but may not vote.

The Ordinance additionally provides for an employee of the Corporation to be nominated as Secretary.

The following individuals served on the Board during the year ended 30 June 2008 and to the date of this report:

Chair and first elected representative	Cllr A Clausen (resigned 23 November 2007) Cllr R Cockwell (appointed 23 November 2007)
Second elected representative	Cllr R Davies (resigned 28 November 2007) Cllr I Hansen (appointed 4 February 2008)
Executive Vice Chair and Chief Executive of the Falkland Islands Government	Mr C Simpkins (resigned 7 August 2007) Dr M Blanch (appointed 9 October 2007, resigned 23 November 2007) Dr T Thorogood (appointed 4 February 2008)
General Manager	Mr M Brunet (resigned 20 March 2008) Mr T Cosh (Interim General Manager) (appointed 5 August 2008)
Rural Business Association	Mr AT Blake
Fishing Vessel Owners' Association	Mr A Irvine
Falkland Islands Chamber of Commerce	Mr M Forrest
Falkland Islands Tourist Board	Mrs L Dimmlich (resigned 9 October 2007) Mr J Downing (appointed 23 November 2007)

Basis of preparation

As at 30 June 2008 the corporation has net current assets of £1,890,042 and cash of £1,844,178. The corporation is set up primarily to break even after receipt of grant income. The corporation is funded primarily through retained earnings and grant income from the Falkland Islands Government with funding received for the year to 30 June 2009 of £240,000.

As a consequence of the funding received for the year to 30 June 2009 and the previously unspent reserves, the board members believe that the corporation is well placed despite the current uncertain economic outlook and accordingly the financial statements have been prepared on a going concern basis.

FALKLAND ISLANDS DEVELOPMENT CORPORATION

BOARD MEMBERS' REPORT (CONTINUED)

STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES

The Falkland Islands Development Corporation Ordinance 1983 (as amended) requires the Falkland Islands Development Corporation Board Members to prepare financial statements for each financial year. In preparing those financial statements, the Falkland Islands Development Corporation board members are required to:

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

The Falkland Islands Development Corporation board members are responsible for keeping proper accounting records which 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 Falkland Islands Development Corporation Ordinance 1983 (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.

Approved by the Falkland Islands Development Corporation board on 7 April 2009.

Signed on behalf of the Falkland Islands Development Corporation board

A handwritten signature in blue ink, appearing to read 'Richard Cockwell', is written over the printed name and title.

Councillor Richard Cockwell
Chair

INDEPENDENT AUDITORS' REPORT TO THE BOARD MEMBERS OF THE FALKLAND ISLANDS DEVELOPMENT CORPORATION

We have audited the financial statements of the Falklands Islands Development Corporation for the year ended 30 June 2008 which comprise the principal accounting policies, the general revenue account, the balance sheet, the cash flow statement and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the board members of the Falkland Islands Development Corporation, as a body. Our audit work has been undertaken so that we might state to them 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 Corporation and the board members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of board members and auditors

The board members' responsibilities for preparing the financial statements in accordance with applicable Falkland Islands law are set out in the statement of Board Members' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant Falkland Islands legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements are properly prepared in accordance with the Falklands Islands Development Corporation Ordinance 1983 (as amended) and the Finance and Audit Ordinance 1988.

In addition, we report to you if, in our opinion the Corporation has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding board members' remuneration and other transactions is not disclosed.

We read the board members' report and consider the implications for our report if we become aware of any apparent misstatements within it or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the board members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Corporation's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

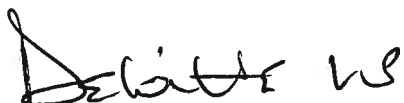
Opinion

In our opinion the financial statements properly present the state of affairs of the Corporation as at 30 June 2008 and the deficit of the Corporation for the year then ended in accordance with the principal accounting policies detailed on pages 5 and 6 of the financial statements and have been properly prepared in accordance with the Falkland Islands Development Corporation Ordinance 1983 (as amended) and the Finance and Audit Ordinance 1988.

**INDEPENDENT AUDITORS' REPORT TO THE BOARD MEMBERS OF THE
FALKLAND ISLANDS DEVELOPMENT CORPORATION (CONTINUED)**

Emphasis of matter – accounting policies

In order to provide a proper understanding of the basis of our opinion, without qualifying our opinion, we draw attention to the principal accounting policies adopted by the Corporation, as detailed on pages 5 and 6, in particular the policy for the abattoir fixed assets to be recorded at depreciated historic cost, with no further consideration of potential impairment in recoverable amount or value in use of these assets being incorporated in these financial statements.

A handwritten signature in black ink, appearing to read "Deloitte US", is written over the printed name of the firm.

Deloitte LLP
Chartered Accountants
Glasgow
United Kingdom

3 June 2009

FALKLAND ISLANDS DEVELOPMENT CORPORATION

PRINCIPAL ACCOUNTING POLICIES

Year ended 30 June 2008

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Corporation's financial statements:

(a) Basis of accounting

The financial statements are prepared under the historical cost accounting convention.

The presentation of the financial statements is in a form considered by the Falkland Islands Development Corporation board members appropriate to the activities of the Corporation and complies with the requirements of the Falkland Islands Development Corporation Ordinance 1983 (as amended) and the Finance and Audit Ordinance 1988.

(b) Basis of preparation

As at 30 June 2008 the corporation has net current assets of £1,890,042 and cash of £1,844,178. The corporation is set up primarily to break even after receipt of grant income. The corporation is funded primarily through retained earnings and grant income from the Falkland Islands Government with funding received for the year to 30 June 2009 of £240,000.

As a consequence of the funding received for the year to 30 June 2009 and the previously unspent reserves, the board members believe that the corporation is well placed despite the current uncertain economic outlook and accordingly the financial statements have been prepared on a going concern basis.

(c) Funding

The Corporation's mainstream activities during the year were principally funded by grant-in-aid from the Falkland Islands Government, repayment of loans advanced in previous periods, loan interest and other income. This funding financed both capital expenditure, including investments and loans, and the excess of revenue expenditure over income. Grant-in-aid received is credited to the general fund, and the excess of expenditure over income is deducted from the general fund. Funding repaid to the Falkland Islands Government is deducted from the general fund. In certain circumstances, where the Corporation is acting purely in an administrative capacity in the application of funding received, the funding is credited to deferred income and released to the general fund to match actual expenditure. If expenditure is in excess of funding received and the Corporation has recourse to recover the excess, then the difference is accounted for as accrued income

(d) Fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. No depreciation is charged in respect of freehold land. Assets under the course of construction are not depreciated until they are brought into use. Depreciation on other categories of fixed assets is calculated to write off the cost of fixed assets by equal annual instalments over their estimated useful lives at the following rates:

Land	Nil
Buildings – freehold	3%
Buildings – leasehold	Over life of lease
Buildings – portacabins	20%
Shipping	10%
Motor vehicles	25%
Plant & equipment	10-20%
Office furniture & fittings	10-12.5%
Computer equipment	33%

The Abattoir has been recorded at depreciated historic cost. No consideration of potential impairment in its recoverable amount or value in use has been incorporated in these financial statements, as the board members consider that attempting to make a reliable assessment would be impractical.

FALKLAND ISLANDS DEVELOPMENT CORPORATION

PRINCIPAL ACCOUNTING POLICIES (continued)

Year ended 30 June 2008

(e) Investments and loans

Investments are stated at cost less any provision for permanent diminution in value considered necessary by the Falkland Islands Development Corporation board members. Loans are stated after deduction of any provisions for losses considered necessary in cases where it is anticipated that loans will not be recovered in full.

(f) Research and surveys

Expenditure on research and surveys is charged to the General Revenue Account in the year in which it is incurred.

(g) Deferred income

Amounts received in prior periods from the Falkland Islands Government to fund land transfer loans made by the Corporation have been recorded as deferred income and are released to the General Fund as the farm loan repayment income is received or written off by the Corporation.

(h) Operating leases

Assets owned by the Corporation for use under operating leases by lessees are included in Tangible Fixed Assets - Projects. Income derived from operating leases is recognised in the General Revenue Account as it falls due.

(i) Loans and interest

Outstanding amounts in relation to Loans are shown within Investments in Projects - Shares and Loans, and are reduced to nil over the period of the loan by the capital element of loan repayment.

Interest earned on loans is credited to the General Revenue Account upon receipt. No account is taken of interest in respect of which a moratorium has been granted.

(j) Foreign currency

The financial statements are maintained and reported in Falkland Islands pounds. Transactions denominated in other currencies are converted to Falkland Islands pounds at the foreign exchange rate ruling on the date the transactions take place. Foreign currency bank balances held at the year end are retranslated into Falkland Islands pounds at the exchange rate ruling at the year end. Gains and losses on translation are taken to the general revenue account.

(k) Taxation

The Corporation is not subject to taxation.

(l) Pension costs

The pension cost charge in the financial statements represents contributions paid by the Corporation to defined contribution pension funds during the year.

(m) Consolidation

Consolidated financial statements including the results of subsidiaries and associates have not been prepared. There is no requirement to prepare consolidated financial statements under applicable Falkland Islands legislation.

FALKLAND ISLANDS DEVELOPMENT CORPORATION

GENERAL REVENUE ACCOUNT Year ended 30 June 2008

	Note	2008 £	2007 £
INCOME			
Loan and hire purchase interest		160,992	173,214
Bank interest		52,109	29,856
Rent		59,233	70,941
Aquaculture income		9,999	-
Other income		18,913	40,771
		<u>301,246</u>	<u>314,782</u>
EXPENDITURE			
Grant assistance	1	(6,625)	(24,859)
Project costs:			
Rural development		(296,639)	(351,154)
Fisheries		(55,615)	(41,668)
Industry		(237,016)	(212,274)
Training and professional support		(1,125)	(3,915)
Tourism		(69,534)	(53,047)
Aquaculture		(198,708)	(132,716)
Falkland Islands Wool Company		(105,000)	(120,000)
Abattoir project		(593,231)	(594,553)
Dairy project		(90,244)	(208,012)
Administrative expenses (net)	2	(169,250)	(194,711)
Depreciation of own use assets	5	(37,139)	(42,117)
		<u>(1,860,126)</u>	<u>(1,979,026)</u>
Net operating costs		<u>(1,558,880)</u>	<u>(1,664,244)</u>
Operation of the Tamar			
FIG funding received		1,106,136	869,524
Revenue		86,249	86,944
Expenditure		(1,192,385)	(956,468)
		<u>-</u>	<u>-</u>
Net gain/(loss) on disposal of fixed assets and investments		33,323	(14,783)
Increased provision against investments, loans and project fixed assets (net)	3	-	(164,071)
DEFICIT FUNDED BY GRANT-IN-AID AND FUND RESERVES		<u>(1,525,557)</u>	<u>(1,843,098)</u>

FALKLAND ISLANDS DEVELOPMENT CORPORATION

BALANCE SHEET

As at 30 June 2008

	Note	2008 £	2007 £
INVESTMENTS IN PROJECTS			
Shares and loans	3	2,378,258	2,485,506
Tangible fixed assets – projects	4	3,742,166	3,325,159
		<u>6,120,424</u>	<u>5,810,665</u>
FIXED ASSETS			
Tangible fixed assets – own use	5	616,581	692,037
		<u>6,737,005</u>	<u>6,502,702</u>
CURRENT ASSETS			
Debtors	6	200,344	209,056
Cash at bank and in hand		1,844,178	1,613,928
		<u>2,044,522</u>	<u>1,822,984</u>
CURRENT LIABILITIES			
Creditors : Amounts falling due within one year	7	(154,480)	(182,753)
		<u>1,890,042</u>	<u>1,640,231</u>
NET CURRENT ASSETS			
		<u>1,890,042</u>	<u>1,640,231</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
Deferred income account	8	8,627,047 (389,003)	8,142,933 (454,692)
		<u>8,238,044</u>	<u>7,688,241</u>
NET ASSETS			
		<u>8,238,044</u>	<u>7,688,241</u>
FUNDS			
Grant-in-aid funding received during the year:			
Core funding		433,000	458,865
Port development reimbursement		(65,239)	-
Abattoir project - animal crates		115,000	-
Abattoir project – operating grant		593,231	594,553
Abattoir project – capital grant		627,429	122,447
Woolco		105,000	-
Aquaculture project		200,000	200,000
		<u>2,008,421</u>	<u>1,375,865</u>
Net funding received		2,008,421	1,375,865
Deferred income released	8	66,939	38,654
Excess of expenditure over income		(1,525,557)	(1,843,098)
Fund reserves brought forward		7,688,241	8,116,820
		<u>7,688,241</u>	<u>8,116,820</u>
Fund reserves carried forward	9	8,238,044	7,688,241
		<u>8,238,044</u>	<u>7,688,241</u>

Approved by the Falkland Islands Development Corporation board on 7 April 2009.

Signed on behalf of the Falkland Islands Development Corporation board



Board Member



Board Member

FALKLAND ISLANDS DEVELOPMENT CORPORATION

CASH FLOW STATEMENT

Year ended 30 June 2008

	2008	2007	
	£	£	
RECONCILIATION OF NET OPERATING CASH OUTFLOW			
Net operating deficit	(1,525,557)	(1,843,098)	
Depreciation and provisions for diminution in value:			
Tangible fixed assets	305,048	343,184	
Decrease in stock	-	32,679	
Decrease in debtors	8,712	30,449	
Decrease in creditors	(28,273)	(173,560)	
Movement in loans and investment provisions	-	164,071	
(Gain) / loss on disposal of fixed assets	(33,323)	14,783	
Other non-cash adjustments	1,250	(9,224)	
	<u>(1,272,143)</u>	<u>(1,440,716)</u>	
NET CASH OUTFLOW FROM OPERATING ACTIVITIES			
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Additions to tangible fixed assets	(700,656)	(183,817)	
Receipts from sales of tangible fixed assets	87,381	138,446	
Loans advanced during year	(520,322)	(353,207)	
Loan and hire purchase capital repayments received	627,569	977,539	
	<u>(506,028)</u>	<u>578,961</u>	
NET CASH (OUTFLOW) / INFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
	<u>(1,778,171)</u>	<u>(861,755)</u>	
NET CASH OUTFLOW BEFORE FINANCING			
FINANCING			
Net funding received during year	2,008,421	1,375,865	
	<u>230,250</u>	<u>514,110</u>	
INCREASE IN CASH DURING THE YEAR			
ANALYSIS OF CHANGES IN NET FUNDS			
Net funds at 1 July 2007	1,613,928	1,099,818	
Net cash inflow	230,250	514,110	
	<u>1,844,178</u>	<u>1,613,928</u>	
ANALYSIS OF CASH AS SHOWN IN THE BALANCE SHEET			
	2008	2007	Change in
	£	£	year
			£
Cash at bank and in hand	<u>1,844,178</u>	<u>1,613,928</u>	<u>230,250</u>

FALKLAND ISLANDS DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2008

1. GRANT ASSISTANCE

	2008 £	2007 £
Tourism	1,365	9,071
Enterprise grants	5,260	9,305
Fisheries	-	6,483
	<u>6,625</u>	<u>24,859</u>

2. ADMINISTRATIVE EXPENSES (NET)

	2008 £	2007 £
Salaries and staff costs	323,687	318,320
Less: allocated to project costs	(238,557)	(213,362)
	<u>85,130</u>	<u>104,958</u>
Other admin costs		
Travelling and subsistence	12,856	7,679
General expenses	17,515	11,167
Heat, light and power	9,978	6,895
Repairs and maintenance	1,844	6,150
Insurance	11,212	10,275
Telephone, fax and postage	24,629	20,586
Printing and stationery	5,267	11,288
Audit fees	18,885	19,204
Accountancy and professional fees	2,835	16,325
Bad debt expense	-	217
Publicity and promotions	9,795	5,284
	<u>114,816</u>	<u>115,070</u>
Less: allocated to project costs	(30,696)	(25,317)
	<u>84,120</u>	<u>89,753</u>
	<u>169,250</u>	<u>194,711</u>

FALKLAND ISLANDS DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2008

3. INVESTMENTS IN PROJECTS

SHARES AND LOANS

	Ordinary shares £	Loans £	Total £
At 1 July 2007			
Subsidiary companies	12,596	20,000	32,596
Associated companies	84,700	39,211	123,911
Land transfer loans	-	454,692	454,692
Others	-	1,874,307	1,874,307
	<u>97,296</u>	<u>2,388,210</u>	<u>2,485,506</u>
Net additions/(disposals) in year:			
Subsidiary companies	-	180,000	180,000
Associated companies	-	-	-
Land transfer loans	-	-	-
Others	-	340,322	340,322
	<u>-</u>	<u>520,322</u>	<u>520,322</u>
Provision (charged)/released in year:	<u>-</u>	<u>-</u>	<u>-</u>
Repayments/transfers in year:			
Subsidiary companies	-	(100,000)	(100,000)
Associated companies	-	(8,720)	(8,720)
Land transfer loans	-	(66,939)	(66,939)
Others	-	(451,911)	(451,911)
	<u>-</u>	<u>(627,570)</u>	<u>(627,570)</u>
At 30 June 2008	<u>97,296</u>	<u>2,280,962</u>	<u>2,378,258</u>
Comprising:			
Subsidiary companies	12,596	100,000	112,596
Associated companies	84,700	30,491	115,191
Land transfer loans	-	387,753	387,753
Others	-	1,762,718	1,762,718
	<u>97,296</u>	<u>2,280,962</u>	<u>2,378,258</u>
Analysis by sector:			
Rural development	12,596	1,245,179	1,257,775
Industry	84,700	1,031,084	1,115,784
Tourism	-	4,699	4,699
	<u>97,296</u>	<u>2,280,962</u>	<u>2,378,258</u>

FALKLAND ISLANDS DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2008

3. INVESTMENTS IN PROJECTS (CONTINUED)

Investments in ordinary shares

FIDC subsidiaries	2008	2007
Stanley Dairy Limited	100%	100%
Falkland Islands Meat Company Limited	100%	100%
Other significant FIDC associated companies	2008	2007
Shorty's Diner Limited	50%	50%
Falkland Farmers Limited (no voting control)	54%	54%

Consolidated financial statements including the results of the above subsidiaries and associates have not been prepared. There is no requirement to prepare consolidated financial statements under applicable Falkland Islands legislation.

Repayment profile of loan investments

Loans are recoverable as follows:

	2008	2007
	£	£
Within 1 year	456,973	415,426
Within 2 to 5 years	944,963	1,083,046
After more than 5 years	879,026	889,738
	<u>2,280,962</u>	<u>2,388,210</u>

FALKLAND ISLANDS DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2008

4. TANGIBLE FIXED ASSETS – PROJECTS

	Land & buildings £	Furniture & fittings £	Shipping £	Plant & equipment £	Assets under course of construction £	Total £
Cost						
At 1 July 2007	4,549,985	24,566	1,586,972	1,432,369	-	7,593,892
Additions	7,501	1,756	6,451	57,269	612,020	684,997
Disposals	-	(2,200)	-	(15,928)	-	(18,128)
At 30 June 2008	<u>4,557,486</u>	<u>24,122</u>	<u>1,593,423</u>	<u>1,473,710</u>	<u>612,020</u>	<u>8,260,761</u>
Depreciation						
At 1 July 2007	1,513,773	22,942	1,541,844	1,190,174	-	4,268,733
Charge for year	148,593	992	8,205	110,119	-	267,909
Eliminated on disposals	-	(2,119)	-	(15,928)	-	(18,047)
At 30 June 2008	<u>1,662,366</u>	<u>21,815</u>	<u>1,550,049</u>	<u>1,284,365</u>	<u>-</u>	<u>4,518,595</u>
Net book value						
At 30 June 2008	<u>2,895,120</u>	<u>2,307</u>	<u>43,374</u>	<u>189,345</u>	<u>612,020</u>	<u>3,742,166</u>
At 30 June 2007	<u>3,036,212</u>	<u>1,624</u>	<u>45,128</u>	<u>242,195</u>	<u>-</u>	<u>3,325,159</u>
Cost analysis by sector:						
Rural development	3,038,181	10,481	-	1,302,020	612,020	4,962,702
Fisheries	42,667	3,256	-	51,118	-	97,041
Industry	1,476,638	10,385	1,593,423	104,013	-	3,184,459
Energy	-	-	-	16,559	-	16,559
	<u>4,557,486</u>	<u>24,122</u>	<u>1,593,423</u>	<u>1,473,710</u>	<u>612,020</u>	<u>8,260,761</u>

Included within plant and equipment is motor vehicles and computer equipment.

FALKLAND ISLANDS DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2008

4. TANGIBLE FIXED ASSETS – PROJECTS (CONTINUED)

Included within accumulated depreciation for Land and Buildings is a £93,345 (2007 - £93,345) provision for diminution in value of assets. Included in accumulated depreciation for Plant & Equipment is a £1,380 (2007 - £1,380) provision for diminution in value of assets. Included in accumulated depreciation for Shipping is a £151,000 (2007 - £151,000) provision for diminution in value of assets.

Included within Land and Buildings, Plant and Equipment and Assets Under the Course of Construction above are amounts which relate to the Abattoir Project as follows:

	Land & buildings £	Plant & equipment £	Assets under the course of construction £	Total £
Cost				
At 1 July 2007	2,935,177	1,096,121	-	4,031,298
Additions	-	23,816	612,020	635,836
	<u>2,935,177</u>	<u>1,119,937</u>	<u>612,020</u>	<u>4,667,134</u>
At 30 June 2008	<u>2,935,177</u>	<u>1,119,937</u>	<u>612,020</u>	<u>4,667,134</u>
Depreciation				
At 1 July 2007	555,124	994,855	-	1,549,979
Charge for year	88,056	61,148	-	149,204
	<u>643,180</u>	<u>1,056,003</u>	<u>-</u>	<u>1,699,183</u>
At 30 June 2008	<u>643,180</u>	<u>1,056,003</u>	<u>-</u>	<u>1,699,183</u>
Net book value				
At 30 June 2008	<u>2,291,997</u>	<u>63,934</u>	<u>612,020</u>	<u>2,967,951</u>
At 30 June 2007	<u>2,380,053</u>	<u>101,266</u>	<u>-</u>	<u>2,481,319</u>

FALKLAND ISLANDS DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2008

5. TANGIBLE FIXED ASSETS – OWN USE

	Land & buildings £	Motor vehicles £	Office furniture & fittings £	Plant & equipment £	Total £
Cost					
At 1 July 2007	925,394	74,903	208,316	7,411	1,216,024
Additions	-	-	15,660	-	15,660
Disposals	(67,216)	(26,432)	(85,422)	-	(179,070)
At 30 June 2008	<u>858,178</u>	<u>48,471</u>	<u>138,554</u>	<u>7,411</u>	<u>1,052,614</u>
Depreciation					
At 1 July 2007	266,252	58,094	192,230	7,411	523,987
Charge for year	17,662	8,405	11,072	-	37,139
Eliminated on disposals	(16,132)	(26,432)	(82,529)	-	(125,093)
At 30 June 2008	<u>267,782</u>	<u>40,067</u>	<u>120,773</u>	<u>7,411</u>	<u>436,033</u>
Net book value					
At 30 June 2008	<u>590,396</u>	<u>8,404</u>	<u>17,781</u>	<u>-</u>	<u>616,581</u>
At 30 June 2007	<u>659,142</u>	<u>16,809</u>	<u>16,086</u>	<u>-</u>	<u>692,037</u>

Included in own use land and buildings cost is an amount of £170,927 (2007 - £170,927) for land which is not depreciated.

6. DEBTORS

	2008 £	2007 £
Trade debtors	51,713	54,009
Other debtors	20,953	11,816
Amount owed from subsidiaries	81,819	122,447
Accrued income	35,661	9,524
Prepayments	10,198	11,260
	<u>200,344</u>	<u>209,056</u>

All amounts are due within one year.

FALKLAND ISLANDS DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2008

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Trade creditors	72,825	22,413
Amounts due to subsidiaries	1,496	19,374
Other creditors	20,392	54,578
Accruals	59,767	86,388
	<u>154,480</u>	<u>182,753</u>

8. DEFERRED INCOME ACCOUNT

	Aqua- culture £	Land transfer loans £	Operation of the Tamar £	Total £
Total as at 1 July 2007	-	454,692	-	454,692
Received in the year	1,250	-	1,080,000	1,081,250
Released to General Fund	-	(66,939)	-	(66,939)
Released to the General Revenue Account	-	-	(1,106,136)	(1,106,136)
Transferred to debtors	-	-	26,136	26,136
	<u>1,250</u>	<u>387,753</u>	<u>-</u>	<u>389,003</u>

9. FUND RESERVES

	2008 £	2007 £
General fund	8,111,743	7,620,617
House Building fund	12,263	7,081
Agricultural Incentive Scheme	51,194	50,609
Abattoir	62,844	9,934
	<u>8,238,044</u>	<u>7,688,241</u>

FALKLAND ISLANDS DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2008

10. BOARD MEMBERS' EMOLUMENTS

	2008 £	2007 £
Total emoluments (including pension contributions)	<u>82,518</u>	<u>115,028</u>

The Chairman's remuneration was £Nil (2007 - £Nil) and the remuneration of the highest paid member, excluding pension contributions, was £73,706 (2007 - £89,120). Pension contributions paid to the highest paid member during the year were £Nil (2007 - £Nil).

Full time and part time board members received emoluments, excluding pension contributions, in the following ranges:

	2008 Number	2007 Number
£0 - £1,000	10	10
£1,000 - £55,000	1	1
£55,000 - £65,000	-	-
£65,000 - £90,000	<u>1</u>	<u>1</u>

11. PENSION COSTS

The Corporation participates in the Falkland Islands Pension Scheme, which is a defined contribution scheme. Contributions to the scheme during the year in respect of Corporation employees totalled £30,324 (2007 - £28,230).

12. GUARANTEES

At 30 June 2008, the Corporation had granted guarantees in relation to third party bank loans totalling £400,000 (2007 - £400,000).

13. COMMITMENTS

At 30 June 2008, monies approved but not yet expended in respect of grants, investments and the Corporation operations were:

	At 1 July 2007 £	Current Approvals £	Approvals Disbursed £	Released £	At 30 June 2008 £
Administration	53,224	486,000	(454,161)	(84,558)	505
Fisheries	130,010	250,000	(240,797)	(55,524)	83,689
Industry	278,901	1,631,305	(1,385,451)	(95,538)	429,217
Rural development	174,674	395,788	(233,522)	(116,469)	220,471
Tourism	96,901	104,030	(24,257)	(34,322)	142,352
Training	2,989	-	(1,125)	(1,864)	-
	<u>736,699</u>	<u>2,867,123</u>	<u>(2,339,313)</u>	<u>(388,275)</u>	<u>876,234</u>

14. SUBSEQUENT EVENTS

On 24 October 2008 the Board agreed to transfer the fixed assets related to the Abattoir Project to Falkland Islands Meat Company Limited in the form of a grant.