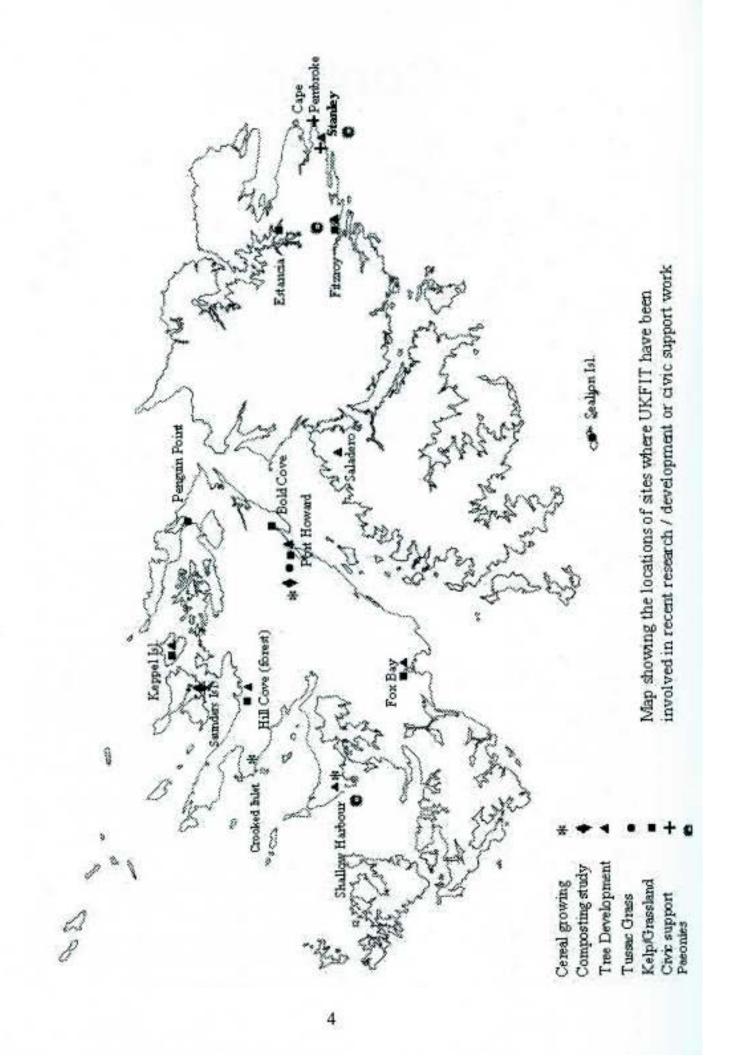


2004 Annual Report

Contents

Site Map	
INTRODUCTION	
AIM	a sanawa azanii
ORIGINS OF THE TRUST	
THE WORK OF THE TRUST	
FUNDING	
DONATIONS	
TRUST ACTIVITY	
Trees	
Seaweed	
Science database	10
Tussac	11
Visit to Chile	
Paeonies	1/
Shellfish	14
Miscellaneous	15
CONSULTANCY PROVISION	15
VISIT TO THE FALKLANDS	16
PERSONALITIES	17
FINANCIAL AFFAIRS	17
Accounts	17
Investments	17
SHACKLETON SCHOLARSHIP FUND	19
Scholarships	19
Academic Scholars	19
Quality of Life Scholars	19
Finance and Donations	10
Looking Forward	19
PERSONNEL	20
SHACKLETON SCHOLARSHIP FUND - LONDON	
MANAGEMENT COMMITTEE	21
DONATIONS	21
Audited Accounts	22
Consultants Reports	22
nformation	22



UNITED KINGDOM FALKLAND ISLANDS TRUST (UKFIT) Incorporating the

SHACKLETON SCHOLARSHIP FUND (SSF)

Patron – Her Royal Highness Princess Alexandra Developments, Activities and Achievements 2004

INTRODUCTION

The United Kingdom Falkland Islands Trust is now in its twenty-third year of operation and has continued to provide specialist research and development assistance to the Falkland Islands in a variety of areas, designed to help strengthen and consolidate the rural economy. Trustees continue to maintain a keen oversight of the work of the Trust and have recently taken steps to improve our investment base. This year the Report majors on the work of the Trust, outlining in some detail our achievements in furthering economic development in the Islands.

AIM

The aim of the UKFIT is as follows:

The United Kingdom Falkland Islands Trust is a UK Registered Charity formed in 1981 and dedicated to the assistance of the Islands' population by conducting beneficial projects not normally funded by Government. Its primary effort is directed towards programmes of research and advice, on agriculture, forestry and rural development issues, or through use of the contracts and special skills of its consultants to assist the Falkland Islands Government (FIG) and the Falkland Islands Development Corporation (FIDC) in the sustainable growth of the economy. On a lesser scale, the Trust also assists the population in the Falklands with individual civic projects as and when they arise. Trustees are also responsible for the financial management of the Shackleton Scholarship Fund.

Principally, the aims of the Trust are met through the work of our distinguished consultant, Dr Jim McAdam of the Northern Ireland Department of Agriculture and Rural Development, and Queen's University, Belfast.

ORIGINS OF THE TRUST

The United Kingdom Falkland Islands Trust was set up in June 1981 by a consortium led by Major General Nigel St G Gribbon OBE (Chairman until 1998). The Trust had a wide range of aims but principally it set out to: "...promote study and research into the development of agriculture, animal husbandry, commerce, fisheries, forestry and all other industries and sciences in the Falkland Islands ...". A modest trust fund was established largely from donations to the Falklands Appeal in the aftermath of the liberation of the Islands in 1982. During the early years projects were funded from the proceeds from this fund. In later years, and as the Islands economy grew on the back of successful wool and fisheries industries, funds were supplemented by grants from the, which eventually became the prime source of income to the Trust.

THE WORK OF THE TRUST

Over the years, the Trust has actively promoted the scientific and development potential of the Falklands at many key national and international events and worked on a wide variety of rural development projects, many of which have been initiated by the Trust and then taken on by FIG. These include:

- Research on kelp harvesting as liquid fertiliser
- Making valuable contacts for the establishment of an aquaculture industry
- Research on soil improvement including an in-depth study on the processing of by-products from the abattoir, the need for which has recently re-emerged
- Vegetable growing trials
- Development of the concept of both organic development and the marketing of organic products
- The selection and provenance of tree species
- The development of tussac as a source of animal feed and erosion inhibitor
- Research on calcareous base materials
- · Research on grains and grasses

- Consultancy on aerial mapping
- The development of a comprehensive science database for the Islands
- Work on a number of civic projects including help with the Memorial Wood in Stanley, setting up of the Alexandra Wood at Port Howard, help to school projects and support to repainting of ships names on the Camber

Most recently, the Trust has investigated the potential for commercial paeony production in the Islands. Our Royal Patron, Her Royal Highness Princess Alexandra, enjoyed a successful visit to the Islands in 2000 and, as reported later, remains highly supportive of our work.

FUNDING

Funding for our work has for the last ten years stemmed principally from the generous annual grants made by the Falkland Islands Development Corporation (FIDC), for which the Trust makes grateful acknowledgement. Further funding comes from the small investment trust which this year has risen in value a little in line with a limited recovery in the value of equities. However, despite the success of our work, the future of the Trust is not secure. From 2000 to 2003 poor performance in the investment world had an adverse effect on both the capital and income from our small trust fund. Additionally, and most importantly, funding from FIDC has decreased markedly because of difficulties with the fisheries industry.

In 2004 funding from FIDC was cut to half previous annual grants and in 2005 we are expecting less.

DONATIONS

Such a dramatic decrease in income will have a significant impact on our ability to continue our work. Donations from those interested in promoting the rural economy of the Islands will therefore be most welcome. Ways in which donations can be made are given inside the back cover of this report.

TRUST ACTIVITY

Trees

Chilean student Rodrigo Olave and our consultant Dr McAdam have co-operated during the year on the development of a Tree Seedling Production Manual following on from Rodrigo's thesis on tree seedling production for the Falklands. Willow cuttings taken to the Islands from Northern Ireland and containerised locally have been successfully rooted and have been planted out in field trials at Fitzroy and Stanley.

Also during the year efforts have concentrated on urging FIG to support the independent planting of trees for shelter by farmers or making it a compulsory element under the Government's Pasture Improvement Programme. If this is not done there is unlikely to be widespread uptake of shelterbelt establishment, given the long-term nature of the benefits generated and the short-term benefits generated from, for example, fencing. Other governments worldwide have recognised the value of independent and/or compulsory planting and have independent grant aid for tree planting, recognising the special economic problems which must be overcome.

Furthermore, in the Falklands where nursery stocks are not readily available, it is critical that the few local producers are given at least 2-3 years advance notice of tree seedling requirements, especially if large numbers are involved. Should this not be done it will further compound the disadvantage of allowing farmers the option of choosing whether or not to include a shelter element in the Islands' Pasture Improvement Programme.

During Dr McAdam's visit to the Islands in February it was noted that all the trees in the Department of Agriculture (DoA) and UKFIT shelterbelt trials at Shallow Harbour, Port Howard, Fitzroy and Stanley were growing well. Growth has been exceptional over the past season and it was also noted that the general public are registering surprise at the rate of appearance of trees and their associated shelter value.

Also during the visit the three trials put in place by Rodrigo Olave at Fitzroy (one on the effect of planting out procedure on a range

of willow varieties; one on growth of containerised stock of a range of species) and at Stanley (on container types for initial production) were examined and measurements taken. When analysed, the results of these trials will be reported in scientific papers and in the tree seedling booklet mentioned earlier, and will be fed back to growers and others in the Falklands.

During February the opportunity was also taken to visit the Alexandra Wood project at Port Howard. This piece of land had been given over to the Trust and is used for developments in ground preparation, out-planting techniques and tree combinations. Land had been cultivated within the site and is now ready for the proposed Falklands National Willow Collection. Within this collection, willow cuttings from trees or hedges growing at sites and settlements across the Falklands will be compared under common conditions and the best performers multiplied for widespread use as rapid shelter. This is an important project initiated and implemented by UKFIT, backed up by some of Rodrigo's research on containerisation and rooting of willow cuttings.

In April Dr McAdam presented a paper to a major international Conference in Lugo, Spain, on "Silvopastoralism for Sustainable Management". The paper presented was "The potential for agriforestry in the Falkland Islands". It was well received and attracted interest from many Latin American delegates in particular. Dr McAdam also presented the paper at a Farm Woodlands Conference in Newton Rigg, Penrith, in June. Rodrigo Olave published his completed paper on willow transplant work in the Falklands in USDA Forest Service Proceedings in 2004 and also completed a further paper on his work for the Chilean Society of Agronomy. His paper on a "Survey of Tree Seedling Production in the Falklands" has been submitted to the Quarterly Journal of Forestry.

Seaweed

During the year papers from various meetings attended and ideas on the way forward for an aquaculture industry in the Falklands were forwarded by Dr McAdam to numerous interested parties. Queen's University Belfast has been involved in consulting on a survey/sampling exercise to assess the potential for cultivation and rope aquaculture. In May a visit by a commercial/government delegation to Ireland allowed further contacts with seaweed developers to be made. MarenCo, a Northern Ireland Mariculture Research and Development Agency, has provided valuable direction on further progress and a commercial firm in County Cork has shown a positive interest in developing the Falklands seaweed resource. Background reports and papers have been sent to both.

Several commercial operators are showing an interest in seaweed harvesting in the Falklands. Requests have been received from the operators for all relevant UKFIT reports and for a general briefing. Interestingly, one of these came via a senior counsellor in the Islands and it appears that the whole mariculture business is building up. The Trust has a good central co-ordinating role and queries are being directed in our direction. In September Dr McAdam attended a two day Aquaculture workshop at Queen's University Belfast and reported back to the Aquaculture group in the Falklands through FIDC. Seventy delegates attended the workshop which covered mussel cultivation, seaweed and general aquaculture. Dr McAdam's report was most favourably received, in particular by Falkland companies interested in the mariculture business. Dr McAdam has arranged for a research fellow from Queen's University Belfast to visit the Islands in December/ January and work with a commercial group undertaking a survey on Sea Urchins. This is a good example of UKFIT activity adding value to a commercial enterprise.

Science Database

The Science Database project is now complete and CDs containing the database have been circulated to most Government Departments in the Islands as well as to interested individuals. The database has achieved widespread praise for its value and comprehensiveness; it remains for it to be made accessible via the UKFIT website, a project which should be complete very soon. During the visit in February, Dr McAdam discussed with Phyl Rendell, Director of Agriculture, the need to manage, maintain and update the database if its full value is to be realised.

Tussac

During February Dr McAdam visited the Tussac trial site at Penguin Point, Port Howard. Tussac established by the Trust in 1999 appeared to have regressed in quality since last year. Plants were not as healthy but few had actually died and, encouragingly, there were many young seedlings establishing between the original trial plants. Tussac plants losing vigour about 4 years after planting is a widely observed phenomenon and may be fertility related. As part of the Trust's ongoing work on organic establishment, chicken fertiliser was applied to some plants in the trial. Last year was also an exceptionally heavy one for rust fungus infection and the slightly warmer, more humid conditions (possibly due to long-term climate change) may further exacerbate rust problems in the future.

Discussions were also held with the Department of Agriculture on their joint Tussac programme with Falklands Conservation; in this work UKFIT may be able to provide an advisory role. Dr Andrew Douse (Environmental Planning, Falkland Islands Government) also sought advice on Tussac grass recovery following the recent disastrous fire on East Island.

Partly because of the UKFIT trials and partly because of her own experience of Tussac cultivation on Bleaker Island, during the visit in February the Director of Agriculture outlined the need for a practical revised and updated planting guide for Tussac. Work has begun on a guide and should be complete soon. Encouragement has been given to Andrew Carter, an agronomist who previously worked in the Islands, to commence his studies (in UK) on the agronomy of Tussac grass and an expert on insect pests applicable to Tussac, Dr Roy Anderson, has been sourced by UKFIT to analyse samples taken from the Islands.

Visit to Chile

During Dr McAdam's visit to Chile in February an agreement was signed between the University of Magallanes (UMAG) and Queen's University, Belfast, with UKFIT acting as a 'vehicle' for the co-operation, which will essentially involve the Falklands in a 'tripartite' arrangement. UMAG are interested in being more involved with the Falklands either at graduate or post graduate



Alastair Marsh of Shallow Harbour Farm now dwarfed by Lodgepole Pine growing in a trial shelterbelt at the farm.

Alan Eagle and Rodrigo Olave planting willow varieties at Fitzroy Farm.





Dr McAdam discussing his contribution to the Silvopastoralism for Sustainable Management Conference in Lugo, Spain.

Taking a well-earned rest after applying chicken manure fertiliser and measuring Tussac plants at Penguin Point, Port Howard.





Dr McAdam (left) completes signing of the agreement between Queen's University Belfast and the University of Magallanes, Chile. Professor Victor Fajardo of UMAG is on the right.

Dr Consuelo Saez, a commercial Paeony producer and scientist at UMAG (second from right) selects plants with Tim Miller (second from left) for trials in the Falklands.



level. Although a small university, they have useful facilities in areas such as Medicine, Health Administration, Nursing, Engineering, Agriculture and Marine Science.

The signing of the agreement attracted considerable publicity and Tim Miller (UKFIT Trustee) and Dr McAdam appeared on Chilean National TV, the interview focusing very strongly on the Chile-Falklands link. Visits were arranged to the local Chilean State Forest Nursery, the Floriculture Centre at the UMAG and especially beneficial was a meeting with the President of a local Chamber of Commerce in Punta Arenas (Tim's counterpart).

Paeonies

During the Chile trip a visit to a commercial Paeony production unit in Punta Arenas stimulated an interest in the commercial production of Paeonies. The flowers produced in Punta Arenas are harvested in January and flown straight to USA where they command a high price. During the subsequent visit to the Falklands, Dr McAdam was accompanied by Dr Consuelo Saez of the University of Magallanes who brought with her 100 Paeony bulbs of 5 varieties to plant under trial conditions in the Falklands at Shallow Harbour, Fitzroy and Stanley. Her visit was UKFIT funded and she also helped with recording some of Rodrigo's tree seedling trials. The Paeony project generated widespread interest within the Islands and although Dr Saez's trial has yet to report, it seems clear that the commercial growing of Paeonies on the Falklands has great potential and might be best initiated and implemented through the commercial producer in Punta Arenas.

Following the visit by Dr Saez to the Falklands, she has now received funding to come to Europe to help draw up the guidelines for a degree in either Agronomy or Agriculture at the University of Magallenes, Punta Arenas. The curriculum will have a local content covering many issues of direct relevance to the Falklands and will stimulate research highly relevant to some of the problems facing agriculture in the Falklands.

Shellfish

During May Dr McAdam assisted in the organising of and participated in a visit of commercial and FIG and FIDC personnel

on a fact-finding mission to shellfish production businesses in Ireland. On the visit were Hamish Wylie, Julian Morris, John Barton, Simon Hardcastle, Stuart Wallace and Dick Sawle. The party visited commercial and university establishments and built up valuable contacts and a constructive picture on how to proceed to establish shellfish culture in the Islands. As a result of this visit the Falklands are now much nearer to establishing a local mariculture industry. This work by Dr McAdam follows up on work done previously and amply demonstrates the value the Trust is able to bring to economic development projects.

Miscellaneous

In August Dr McAdam presented a paper on flora of the Falklands at a conference in Dublin where the Trust's work on sustainability was mentioned. In January 2005 a student from Queen's University Belfast will begin work on soil-related problems in the Falklands and in Patagonia. In October Dr McAdam presented a paper at the 4th Annual Shackleton Autumn School in Athy, Co Kildare on "Shackleton and the Falklands". The presentation was given under a UKFIT/QUB umbrella and also strongly promoted the Shackleton Scholarship Fund.

CONSULTANCY PROVISION

It is an essential requisite of the consultancy provided to UKFIT that a rapid response might be required to specific topics as and when they arise. In some cases the consultant may be able to amalgamate the necessary information and contacts and respond in full. In other cases the role may be more of an intermediary one where specific expertise is made available to FIG or private individuals based on the consultant's wide knowledge of the Falklands and matters related to them.

For the past three years the Trust's database of potential consultants has been strengthened by the addition of a former Chief Executive and Development Director of the Northern Ireland Tourist Board, now running his own consultancy in tourism and transport. His current work extends throughout Northern Ireland, Ireland and France. He has extensive experience of the tourism industry and has published widely. His inclusion endows the Trust with the potential to provide rapid, focussed and expert advice

on tourism activities in the Islands and this specific capability has been offered to FIDC in pursuit of their concept of cultural and natural heritage development in the Islands. With this addition, the Trust now has the more general capability to provide timely, focussed support to at least four of the "Top Ten Themes" identified in the recently published Islands Plan 2002/05. The Trust now has the ability to call on expertise covering the sustainable economy, a viable camp, quality of life and the environment. In addition, the strengthening of our Trustee base also allows direct assistance to FIDC in pursuit of their concept of cultural and natural heritage development in the Islands.

VISIT TO THE FALKLANDS

In early March the Chairman visited the Islands to view and publicise the ongoing work of the Trust and to seek FIG support to future projects. In company with Dr McAdam and Mr Tim Miller, the Chairman made calls on the Department of Agriculture (Phyl Rendell), the Fisheries Department (John Barton), the Education Department (Sylvia Cole), Councillors (Jan Cheek and Richard Cockwell), the Chief Executive (Chris Simkins) and the Acting Governor (Harriet Hall). Additionally, a presentation was made to Seafish (Hamish Wylie and others) and to the FIG Financial Advisor, the FIDC General Manager and the FIDC Marketing Manager about UKFIT in general and aquaculture in particular.

During the presentations recipients appeared supportive of our work. However, much was made of the parlous state of projected income from the Fisheries Department this year having a significant impact upon next year's FIG budget. All were concerned that the big reduction in Illex stock in particular had now occurred in two years out of three and that not only income but also confidence in the local industry was now under threat, even if stocks returned, thereby jeopardising future income. Despite our careful explanation of the advantages to the Falklands of using the UKFIT as a research tool for the enhancement of the rural economy and a detailed account of the value our organisation has already added, the FIDC Development Board subsequently voted that UKFIT funding should be reduced substantially. The Chairman's visit was, therefore, unsuccessful in this respect but valuable in raising the Trust's profile.

PERSONALITIES

Early in the year Mr Alan Frost resigned from the Board of Trustees because of other commitments and the Board would like to use this opportunity to offer him our grateful thanks for his expert advice on finances during his tenure as a Trustee. His guidance and assistance have been invaluable in securing the long-term future of both the UKFIT and SSF funds.

On 7th September, Dr McAdam and the Chairman were invited to call on our Royal Patron, Her Royal Highness Princess Alexandra, at Buckingham Palace. Dr McAdam explained the ongoing work of the Trust and showed the Princess photographs of his visit to the Islands earlier in the year. As ever, the Princess was very interested in our work and congratulated Dr McAdam on what had been achieved. She was concerned to hear of our funding difficulties but offered her full and continuing support to our efforts. A photo of the visit is on the back cover of this Report.

FINANCIAL AFFAIRS

Accounts

The formal accounts for the financial year 2003/4 have been audited and, if required, a copy of the audit can be obtained from the Honorary Treasurer, details on the inside of the back page.

UKFIT Income during the year amounted to £29,611, of which £27,000 was provided by FIDC and £2,611 was earned in dividends and bank interest. UKFIT Expenditure amounted to £26,427, of which £24,389 was spent directly on project work with only £2,038 spent on management and administration.

Investments

The value of the UKFIT core fund carried forward as of 5th April 2004 was £76,445 compared with £67,948 in 2003. This represents a recovery in value over the past year but still represents a loss compared with April 2002 when the core fund stood at £80940. We hope investments will continue to improve in line with worldwide equity values but prudence dictates planning for income similar to this financial year, around £2,500, and a continued drive for efficiency savings in administration costs.

The objective of UKFIT Investment Policy is to sustain the value of the investment portfolio whilst realising a modest income to cover administrative costs. In 2003 a high proportion of investment was held in cash but a review of investments undertaken that summer by Mr Alan Frost recommended a move back into equities and at a quarterly meeting in September 2003 Trustees agreed with our investment mangers, Laing & Cruickshank, to re-invest circa £25K of cash in their recommended Charitable Trust funds. That re-investment is now complete.

At the same time as the review of UKFIT investments, Mr Frost also reviewed the SSF investments and in September 2003 Trustees agreed with our investment mangers, Laing & Cruickshank, to re-invest circa £110K of cash in their recommended Charitable Trust funds. That re-investment is now complete. As at 5th April 2004, the SSF stood at £331,610 compared with £298,812 in April 2003.

SHACKLETON SCHOLARSHIP FUND

Scholarships

The sum of £7,020 was spent on scholarships in the year ended 5 April 2004, of which £4,020 went to academic scholars and £3,000 to quality of life scholars. This brings the total amount spent since the foundation of the Shackleton Scholarship Fund in 1995 to £113,328.

Academic Scholars

Academic scholarships were granted during the year to:

- Dr Alastair Lavery (£1,900) Spiders and Harvestmen of the Falkland Islands
- Mr Alasdair Pinkerton (£1,120) Radio-broadcasting within the Falkland Islands
- Dr Andrea Clausen (£1,000) Birdlife International course

Quality of Life Scholars

Quality of life scholarships were granted during the year to:

- Ms Janice McGinnes (£1,120) Karate instructor
- Mr Steve Massam (£2,500) Taxidermist
- Dr Ken MacKenzie (£1,120) Jazz trumpeter

Finance and Donations

Donations received during this financial year amounted to £1,401. Administrative costs were kept to £186, advertising costs were £145, auditors' fees were £250 and investment management costs £470. Bank interest amounted to £5001 and income from investments was £6,107. Income tax recovery yielded £1,410 and book and brochure sales totalled £225. The SSF London Committee thanks all those volunteers and sponsors whose support has made it possible for administrative costs to be kept to a minimum.

Looking Forward

Rising interest rates in London have slightly increased our income available for awards and the recovery in share values has made good some of the decline in the value of our capital base. The Fund will celebrate ten years of achievement in 2005 with an exhibition in Falkland House of photographs of Falkland Islands life in the 1960s. These have been framed and restored with the help of a Quality of Life scholarship granted to Bjorn Gillsater, the son of the original photographer, Sven Gillsater.

PERSONNEL

Patron

Her Royal Highness Princess Alexandra

Trustees

Lord Strathcona and Mount Royal - President

Air Commodore P G Johnson OBE - Chairman

Sir Rex Hunt CMG

Mr D Tatham CMG – Chairman London Shackleton Scholarship Committee

Mr D G Ainslie - Honorary Secretary

Mr H Normand

Mr A Frost (until 7 January 2004)

Mr H Robinson (Until 19 January 2005)

Mr T J D Miller

Mrs M Marsh

Principal Officers

Dr J McAdam – Department of Agriculture and Rural Development and Queen's University, Belfast, Northern Ireland – Consultant.

Mr B Hill - Honorary Treasurer

Charity Number 282786

Auditors

DEKM, 5 Trinity Terrace, London Road, Derby DE1 2QS

Investment Managers

Laing & Cruickshank Broadwalk House, 5 Appold Street, London EC2A 2DA

SHACKLETON SCHOLARSHIP FUND – LONDON MANAGEMENT COMMITTEE

Mr D Tatham CMG - Chairman and Managing Trustee

Sir Rex Hunt CMG

Mrs P Hill - Honorary Secretary

The Hon. Alexandra Shackleton

Mr H Briley OBE

Mr D Langridge (until January 2005)

Miss S Cameron MBE – Falkland Islands Government Representative

Air Commodore P G Johnson OBE - Chairman UKFIT

DONATIONS TO THE UK FALKLAND ISLANDS TRUST

Contributions made towards the work of the Trust will be most gratefully received and will be fully acknowledged in Trust publicity:

- The Annual Report circulated widely within the Islands and within Government and industry in the UK
- The UKFIT Website: www.ukfit.org.uk
- UKFIT publicity displays in Stanley and in the Falkland Islands Government Office in London

Donations should be made out to The UK Falkland Islands Trust and sent to the Hon. Treasurer, Mr Brian Hill, at 11 Greenacres, Steyning, West Sussex BN44 3QA.

This year the Trust should like to thank Captain Paddy Vincent CBE RN and Mr Guillermo Kocrim for their generous donation to our work.

Audited Accounts

Copies of the UKFIT Trustees' Report and Financial Statements are available from the Honorary Treasurer, Mr Brian Hill, at 11 Greenacres, Steyning, West Sussex BN44 3QA.

Consultant's Reports

Activity reports by our Consultant, Dr Jim McAdam, and information on the Science Database on CD are available from:

Dr Jim McAdam
Department of Applied Plant Science
Queen's University Belfast
Newforge Lane
Belfast BT9 5PX
jim.mcadam@dardni.gov.uk

Information

Further information on the work of the Trust is available at any time from the Chairman, Air Commodore Peter Johnson at:

"Little Acres" 2 Cornerways Speen Bucks HP27 0RX

Tel: 01494 488092

E-mail: petej3@aol.com

Website www.ukfit.org.uk

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