



St Helena
Government

ST HELENA GOVERNMENT

AUDIT ST HELENA MANAGEMENT LETTER TO ST HELENA CURRENCY COMMISSIONERS – CURRENCY FUND FINANCIAL STATEMENTS 2024/25

LAMB UPON THE TABLE 7 MAY 2026



AUDIT ST HELENA
External Auditors

MANAGEMENT LETTER

FINANCIAL STATEMENTS 2024-25

To the Saint Helena Currency Commissioners

2 April 2026

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INTRODUCTION

As the Chief Auditor for St Helena, I am required by section 22 of the Currency Ordinance to report to the Commissioners of Currency my findings from the audit of the financial statements of the Saint Helena Currency Fund.

The purpose of this report is to summarise for the Commissioners of Currency the key issues arising from my audit of the financial statements for the year ended 31 March 2025 and report any material weaknesses in the accounting and internal controls that have come to my attention during the audit.

FINANCIAL REPORTING FRAMEWORK

The financial statements of the Currency Fund are prepared in accordance with the International Public Sector Accounting Standards (IPSAS).

AUDIT OBJECTIVES

The main objective of the audit is to form an opinion as to whether the financial statements of the Currency Fund present fairly the financial position of the Fund at 31 March 2025 and of its financial performance and cash flows for the year then ended, and confirm that the financial statements are prepared in accordance with the Currency Ordinance.

As part of my audit I carry out the following work:

- Examine, on a test basis, evidence relevant to the amounts and disclosures in the financial statements.
- Assess any significant estimates and judgements made by the Fund in the preparation of the financial statements.
- Assess whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed.
- Evaluate the overall adequacy of the presentation of information in the financial statements to ensure compliance with International Public Sector Accounting Standards (IPSAS).
- Report to you my opinion that the financial statements present fairly, in all material respects, the financial position of the Fund, as at the accounting date and its financial performance for the year then ended.
- Report to you such other information as I consider necessary or appropriate to assist you in your consideration of the Fund's accounts for that financial year.
- Submit for your consideration a Management Letter covering the audit undertaken.

My methodology for the collection of audit evidence is based on the Financial Audit Manual of Audit St Helena, which has been developed to reflect International Auditing Standards (ISAs).

Although I am required under ISAs to consider the risk of material misstatement arising from fraud, the purpose of my audit is not for the detection of fraud. Responsibility for the prevention and detection of fraud rests with the Fund who should not rely on the external audit function to discharge these responsibilities.

AUDITOR INDEPENDENCE

I confirm that myself as Chief Auditor, and the audit engagement team, have complied with relevant ethical requirements regarding independence under the Code of Ethics issued by the International Ethical Standards Board for Accountants (the IESBA Code).

There are statutory protections enshrined in the St Helena Constitution, in which the Chief Auditor, and staff acting on his behalf, are not subject to the direction or control of the Governor, the Executive Council or any other person or authority.

My staff have completed declarations of interest, and where there is an identified conflict, appropriate safeguards are applied. Through these ethical policies and specific threat mitigation measures I am satisfied as to the independence and objectivity with which the audit is conducted.

INDEPENDENT AUDITOR'S REPORT

QUALIFIED OPINION

At the conclusion of the audit I issued my Independent Auditor's Report (my Report) on the financial statements – the auditor's report is the key output of the audit process. The form of my Report is prescribed by ISA 700 (Revised) – *Forming an Opinion and Reporting on Financial Statements*.

I based my opinion on the detailed audit work carried out in accordance with International Standards on Auditing. My opinion is qualified on that basis that it was not possible for me to obtain reasonable assurance that royalties on commemorative coin revenue is complete.

My report includes an 'Emphasis of Matter' to highlight the continued judgment applied by management in the interpretation of the Currency Ordinance regarding determination of the surplus on the Fund.

A copy of my Independent Auditor's Report is included in Appendix C.

SIGNIFICANT ISSUES ARISING FROM THE AUDIT

SIGNIFICANT MATTERS THAT REMAIN UNRESOLVED

The matter outlined below remains unresolved at the point of reporting the audit. Until action is taken by Commissioners to address the related open recommendation the issue will repeatedly present as an emphasis of matter and other matter in the audit reporting on the Fund.

DETERMINATION OF STATUTORY SURPLUS

The statutory surplus of the Fund for any financial year is determined in accordance with section 18(1) of the Currency Fund Ordinance. Section 18(1) specifies the inclusion of dividends, interest or other revenue derived from investments of the Fund, or from the employment in any manner of the moneys of the Fund and all commissions paid to the

Commissioners in accordance with section 12 (being commission charged on any conversion to sterling). But there is ambiguity in the meaning of the provision with reference to 'moneys' and 'employed' resulting in arguable interpretation as to what is permitted to be included within the calculation of the statutory surplus.

Management have interpreted section 18(1) to include all revenues, other than changes in the value of investments which are excluded under section 19(2). Accordingly the surplus before loss on investments, as reported in the Statement of Financial Performance and reckoned in the Statement of Changes in Net Assets and Reserves, includes income from royalties, sale of coins and other income in addition to interest, dividends and commission.

Section 17 then determines the distribution of the surplus on the Fund. Providing section 17(a) and 17(b) are met the statutory surplus is required to be transferred to the Currency Fund General Reserve (previously to the General Reserves of St Helena) in accordance with 17(c). These distributions amounted to -£74,936 in 2024/25 (2023/24: -£48,431).

Statutory interpretation is a complex matter and the intention of section 18 is arguable. Judgment has been used by management in determining the accounting policy for the calculation of the surplus as set out in Note 1.8 to the account. Given the statutory ambiguity I have concluded the management judgment and resultant accounting policy is not unreasonable in the circumstances. However, its application has potential material impact on the Statement of Net Assets and Reserves and transfers to the General Reserve and therefore I raise an emphasis of matter in my Independent Auditor's Report.

ROYALTIES ON COMMEMORATIVE COIN SALES

The Currency Fund has entered into an agreement with the East India Collections Company (EICC) whereby EICC would sell precious metal bullion coins which are deemed to be legal tender on St Helena. In return the Currency Fund receives royalties based on the number of coins sold. The royalty income has increased dramatically since 2018/19 when only £24,610 was accrued to the Currency Fund. It has now reached £133,831 (2023/24: £336,773) for the financial year ending 31 March 2025.

In recording the royalty income the Currency Fund places assurance on sales statements provided by EICB. I have not been able to obtain audit assurance that controls at minting agents, subcontracted to mint commemorative coins, are appropriately designed and implemented to ensure that the commemorative coin revenue of the Currency Fund is complete. My audit report in Appendix C is modified in respect of this matter.

SIGNIFICANT MATTERS THAT WERE RESOLVED

DETERMINATION OF SURPLUS OR DEFICIT TO THE FUND

In accordance with Section 18(1) of the Currency Fund Ordinance, any provision for contingencies included in the calculation of the surplus or deficit must be approved by the Governor at his discretion. For the financial year ending 31 March 2025, a total of £133,831 (2023/24: £404,778) was recognised as a provision for doubtful debts. Approval for this provision was subsequently obtained from the Governor.

WRITTEN REPRESENTATIONS

Written representations were requested and received from the Currency Officer in line with those required by Auditing Standards. This included a specific representation in regard to currency inventory held in sealed boxes.

GOING CONCERN

I have considered and reviewed management's assessment that the Fund is a going concern. I am satisfied that this assessment is appropriate based on discussions with the Currency Officer as well as consideration of the Financial Position of the Fund, with positive net assets of £1.406m after demand liabilities. In addition, the Currency Ordinance in section 20 makes provision for the St Helena Government to provide the appropriate relief measures, should the total assets of the fund be less than its liabilities.

FINANCIAL MANAGEMENT AND INTERNAL CONTROL

Overall responsibility for maintaining adequate financial reporting systems and systems of internal control, as well as for the prevention and detection of fraud, irregularities, and other errors, rests with the Currency Commissioners.

The matters described in this section came to our attention during the normal course of my audit, the purpose of which was to express an opinion on the financial statements. The audit included consideration of internal control relevant to the preparation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

There were no new financial management and internal control issues identified in the 2024/25 financial year.

FOLLOW UP OF PREVIOUS ISSUES

We have also followed-up previous audit recommendations. The table below sets out the summary position on these recommendations in terms of those raised and those either closed or remaining open and requiring further management response.

Financial statement	Recommendation open – action required	Recommendation closed – action completed
2018/19	1	1
2019/20	0	1
Total	1	2

We have reported those open recommendations from prior periods requiring further attention from management in Appendix B to this report.

ACKNOWLEDGEMENT

I acknowledge and thank the Currency Officer and Corporate Finance team for their assistance and co-operation during the course of the statutory audit.



Brendon Hunt
Chief Auditor
Audit St Helena

2 April 2026

APPENDIX A – SCHEDULE OF ADJUSTMENTS

Material Adjustments to the financial statements: No significant adjustments were made to the financial statements following the initial draft submitted by management for audit.

Table 1: Adjustments to financial disclosures

Description of correction	Note affected	Value of the error
An amendment to include the face value of soiled currency pending destruction	Note 12 Inventories	£790,000

No	Observation	Recommendation	Priority	Follow-up
1	<p>The chosen investment strategy has failed to maintain the real value of the fund over the past 8 years and has fallen short of comparative benchmarks over the past 5-year period.</p>	<p>Review investment strategy in the context of the historical performance of the fund as compared to inflation and benchmark indices and make changes as appropriate to preserve fund value in real terms.</p>	M	<p>Closed</p> <p>This recommendation arose when the fund had suffered net losses in consecutive years, on the basis that the Fund has now reported net gains in consecutive years, we consider this recommendation closed.</p>
2	<p>The Currency Ordinance is silent on the subject of commemorative coins and how they should be dealt with in monetary and accounting terms. Whilst regulations in section 7 enable the Commissioners to appoint officers and agents to perform functions on their behalf there is no specific power which allows any other person to issue currency.</p>	<p>In the absence of specific legislative provisions the Commissioners obtain legal opinion to support their practice of authorizing the issue of commemorative coins through licensed agents. The scope of the opinion should also be requested to address the outstanding issue of ambiguity in section 18(1) regarding royalty income.</p>	H	<p>Closed</p> <p>Currency (Amendment) Ordinance 2025</p> <p>Amendment of the Currency Ordinance 2025 in section 6(3)b of the Ordinance to include "outside St Helena".</p>

No	Observation	Recommendation	Priority	Follow-up
3	<p>The Ordinance in section 18 is ambiguous and the interpretation arguable as to what is permitted to be included within the calculation of the statutory surplus. Management have applied judgment in the calculation of the surplus under section 18(1) to include all ordinary revenues, excepting losses and gains on investments under section 19(2). (first raised in 2018/19)</p>	<p>An amendment should be considered to the Currency Fund Ordinance to give clarity over the determination of the statutory surplus for distribution under section 18(1).</p>	H	<p>Open Amendment of the Currency Ordinance 2025 in section 18(1) of the Ordinance to include royalty income from the sale of coins. However, this amendment only took into account one aspect and did not include other aspects such as losses and gains on investments.</p>

Definition of Priorities

HIGH	Immediate risk of error, loss of cash or other assets or significant non-compliance with relevant Ordinances or regulations. Action should be taken on these within 2 months.
MEDIUM	Issues identified which would improve the quality of financial reporting and/or internal control systems. Action should be taken on these within 6 months, or by the end of the next financial reporting period, whichever is the earliest.



AUDIT ST HELENA
External Auditors

St Helena Currency Fund

Financial Statements for the year ended 31 March 2025

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the financial statements of the Currency Fund (the Fund), which comprise the Statement of Financial Position as at 31 March 2025, and the Statement of Financial Performance, Statement of Changes in Net Assets, and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described below, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2025, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

Basis for Qualified Opinion

The statement of financial performance includes royalties on commemorative coin revenue of £133,831 (2023/24: £336,773). I was unable to obtain sufficient appropriate audit evidence regarding the controls implemented by companies subcontracted to mint commemorative coins to confirm the completeness of this revenue. Consequently, there were no practical alternative procedures available to obtain the necessary audit evidence. In these circumstances, I was unable to determine whether any adjustments to the recorded amount of royalties on commemorative coin revenue were necessary.

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Fund in accordance with the International Ethical Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and I have fulfilled my other ethical responsibilities in accordance with the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

I draw attention to Note 1.8 to the financial statements and the material judgement applied by management in interpreting the provisions of the Currency Ordinance to determine the accounting policy used for the calculation of the surplus on the Fund. My opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Commissioners of Currency Report but does not include the annual financial statements and our auditor's report thereon.

My opinion on the annual financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Except for the matters described in the above Emphasis of Matter and the Basis for Qualified Opinion sections of the report, I have determined there are no other key audit matters to communicate in my report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines 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, management is responsible for assessing the Fund'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 management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Commissioners, being those charged with governance, are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located in the attached Annex. This description forms part of my auditor's report.

Brendon Hunt CA(SA)
Chief Auditor

Audit St Helena
New Porteous House, Jamestown, St Helena, STHL 1ZZ

30 March 2026

Annex to the Independent Auditors Report

Further description of the auditor's responsibilities for the audit of the Financial Statements

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the management's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.