S.P. 3/23



St Helena
Government

ST HELENA GOVERNMENT

FINANCIAL STATEMENTS 2020/2021



St Helena Government
Financial Statements
2020/2021

These are the financial statements of St Helena Government laid before Legislative Council pursuant to section 109(3) of the Constitution of St Helena, Ascension and Tristan Da Cunha.

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1.0 Financial Secretary's Report

1.0 Introduction

Welcome to Saint Helena Government's (SHG) Financial Statements for the year ending 31 March 2021.

The Financial Statements are a statutory document providing information on the cost of services provided by SHG to the people of St Helena and how those services are financed. In addition it provides information, within the Statement of Financial Position, of the value of the assets the Government owns and the liabilities that it owes. It is in essence, a statement of how well it has managed its money over the last 12 months.

These financial statements provide, in accordance with International Public Sector Accounting Standards (IPSAS), the accounts for the Consolidated Fund, the Special Funds and all of the reserves held within them. Supporting statements and notes are provided to help explain the figures in the financial statements. In addition, a glossary can be found at the back of this document to help explain some of the technical terms.

The purpose of this report, which can also be referred to as a Financial Statement Discussion and Analysis, is to highlight information and provide explanations of significant items, transactions and events affecting the financial position, financial performance and cash flows of St Helena Government (SHG). It is designed to complement and enhance understanding of the financial statements and provide information useful to users for accountability and decision making purposes.

These financial statements and all relevant documents are reviewed by the Government's external auditors, Audit St Helena. The auditor's opinion on the financial statements is provided in the Independent Auditor's Report (Section 2 of these financial statements).

1.1 Overview

SHG is the governing body of the Island of St Helena. Executive authority is vested in Her Majesty and is exercised on behalf of Her Majesty by the Governor either directly or indirectly through officers subordinate to him or her. Executive Council is the highest policy-making body on St Helena and currently consists of the Chief Minister, four Ministers and the Attorney General, who is a non-voting Member.

SHG is domiciled and operates within the Island of St Helena in the South Atlantic Ocean. SHG's principle activity is the provision of essential public services, which include Health, Social Care, Education, Environment and Natural Resources, Policing and Access.

SHG receives a significant proportion of its funding each year from the UK Government, through the Foreign and Commonwealth Development Office (FCDO) previously known as the Department for International Development (DfID). On an annual basis discussions are held between the Financial Aid Mission team (FAM), which is made up of delegates from FCDO and representatives from St Helena to agree on an aid settlement. On the St Helena side discussants include the Governor, Elected Members, senior SHG officials, the private sector and civil society organisations. For the financial year ending 2020/21 an aid settlement was agreed in April 2020.

SHG's annual budget is approved each year by Legislative Council and is developed through the Medium Term Expenditure Framework (MTEF) process. The Appropriation Ordinance 2020, enacted by the Governor of St Helena on the advice and consent of Legislative Council, sets out the approved budget for Directorates in the financial year commencing 1 April 2020. Financial performance against the approved budget is reported to Legislative Council and FCDO monthly in the form of Budget Execution Reports.

SHG controls, from an accounting perspective, a number of entities. These controlled entities have not been consolidated in accordance with IPSAS 34 *Separate Financial Statements* or IPSAS 35 *Consolidated Financial Statements.* No adjustments have been made for transactions between

entities. These financial statements cover the transactions of SHG as an individual entity and the net assets of entities in which SHG holds an ownership interest, has been recognised on the Statement of Financial Position as a Non-current Investment.

1.2 Review of the 2020/21 Financial Year

2020/21 was a difficult year for St Helena and in particular the tourism sector due to the Covid-19 pandemic which limited access to and from the Island. The UK Government provided £3 million to mitigate some of the impact of the pandemic. The funding was used to facilitate the limited travel to the island through chartered flights, support businesses in the tourism and hospitality sector and for preparing SHG Directorates for a possible Covid-19 outbreak on the island such as construction of the hospital and quarantine facilities at Bradleys Camp.

Despite the adversities brought about by the pandemic SHG achieved a number of positive outcomes.

Some of the key highlights and achievements by St Helena Government in 2020/21 include:

- The Island received and installed the cable landing station and associated infrastructure in Rupert's. This was funded by the third tranche of EDF 11 funding from the EU.
- SHG successfully completed the Rockfall Protection project in both Jamestown and Rupert's Valley.
- Phase 1 of the Bottom Woods Comprehensive Development Area (CDA) commenced with two new Government Landlord Houses having been completed.
- Through the EDIP Micro projects two public toilets were refurbished, a walk way was constructed at Longwood Avenue and covered areas were completed for St Pauls Primary School and the emergency service entrance at the hospital.
- Standard and Poor's (S&P) awarded St Helena an investment grade credit rating of BBB minus this year.

1.3 The Financial Statements

These financial statements are made up of the following core financial statements as well as the accompanying notes to the core financial statements:

- Statement of Financial Performance - a statement which incorporates all recurrent income and expenditure relating to the year.
- Statement of Financial Position - which records all the assets and liabilities as at the 31 March.
- Statement of Changes in Net Assets/Reserves - which details the movements between the opening and closing balances on the reserves.
- Statement of Cash Flows - a statement which shows the inflows and outflows of cash during the year reconciled to the year-end cash position.
- Statement of Comparison of Budget and Actual Amounts - a statement showing the budgeted figures against the actuals.

The core financial statements are shown in sections 4.0 to 8.0 and further detailed information is presented in the notes to the core financial statements. Comparative figures for the previous financial year are provided.

It should be noted that the financial statements do not align to the way in which financial information is reported in the management accounts. This is due to the management accounts being prepared on a modified cash basis and the financial statements being prepared on an accruals basis. Note 9.4 to the financial statements sets out a reconciliation between the financial performance reported in the March 2021 management accounts and the Statement of Financial Performance.

1.4 Statement of Financial Performance

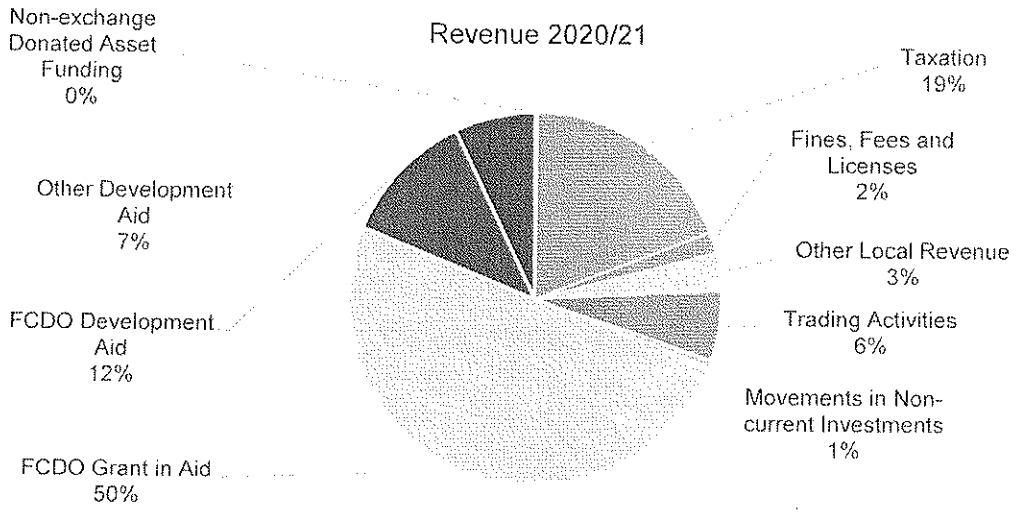
This statement sets out the expenditure and revenues of SHG during the financial year. It shows the expenditure incurred in the delivery of services and projects and the revenues received to fund services and projects. Notes 9.1 and 9.2 to the financial statements show a breakdown of revenue and expenditure by category.

1.4.1 Revenue

The Statement of Financial Performance shows that total revenue in 2020/21 was £60.282m this is generally in line with 2019/20 revenue of £60.455m. It is important to note however that while Grant in Aid increased by the Covid-19 funding for the BFI project ceased and the grant for Airport operations was reduced.

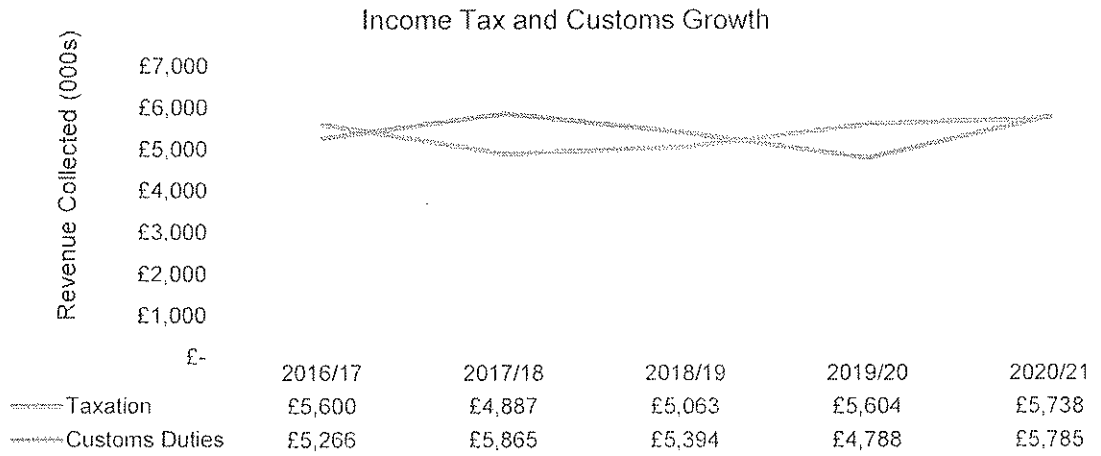
The statement contains exchange income and non-exchange income, non-exchange income which constitutes 89% of total revenue relates to funds received by SHG without it giving value in return these include the FCDO Grant and Development Aid, Other Development Aid, Non-exchange Donated Assets Funding, Movements in Non-current Investments, Customs Duty and Income Tax. Total revenue from Non-exchange transactions was £53.589m (53.264m in 2019/20). Exchange income which was mainly from sale of fuel through the Bulk Fuel Installation (BFI) and Charter flight income was £6.693m (£7.191 in 2019/20).

The following chart shows the proportion of revenue received from each funding source during the year:



We have assessed the total revenue collected during the financial year (excluding non-cash items, internal sales, FCDO Development Aid and Other Development Aid) against budgeted revenue. This has allowed us to assess the degree to which SHG achieved the revenue projected during the budget setting process. Our ability to deliver key services is dependent on our ability to appropriately forecast revenues.

Revenue budgets were developed for Taxation and Customs Duties based on a series of detailed discussions and an agreed macro-economic model adjusted for changes in policies. The model was developed by the Government Economist for economic forecasting, and is expected to provide a consistent basis on which to estimate future tax revenues. The following chart shows the revenue collected from Taxation and Customs Duties over the past five years.

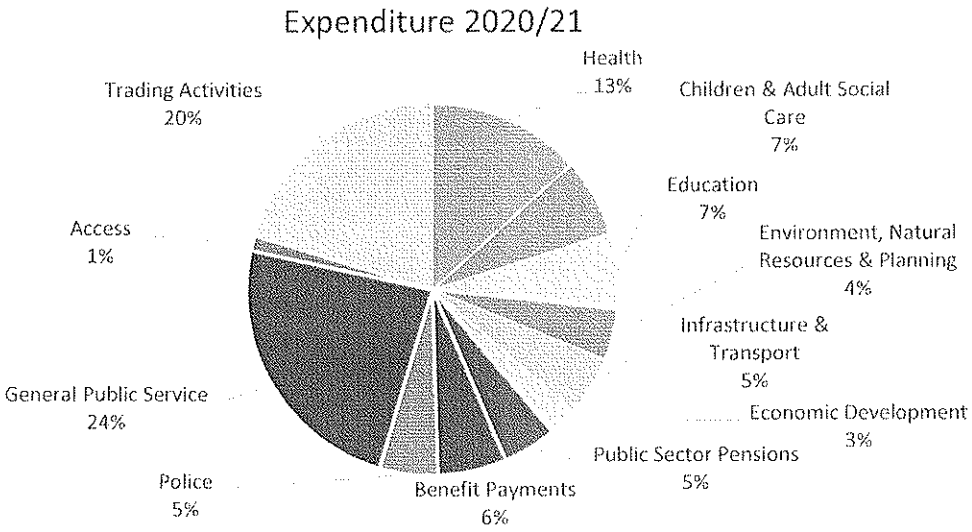


The increase in customs duty revenue was mainly driven by the increase in duty rates for alcohol and tobacco.

1.4.2 Expenditure

The Statement of Financial Performance shows that total expenditure in 2020/21 was £57.013m (£65.883m in 2019/20), a decrease of £8.9m. The decrease in expenditure is mainly a result of the absence of significant non-cash loss that were present in the 2019/20 financial statements these include the £4.3m devaluation losses as a result of the revaluation of SHG assets in 2019/20 and the provision created in 2019/20 to recognise the potential of not recovering £1.036m spent on the Ground Based Augmentation System (GBAS) installed at the St Helena Airport. Other decreases can be attributed to lower overseas medical referral expenses in 2020/21 owing to the Covid-19 induced travel restrictions and less subsidy payments due to the closure of St Helena Fisheries Corporation.

The following chart shows how total expenditure in 2020/21 was distributed by Head of Expenditure:



Overall the Statement of Financial Performance shows a surplus (total revenue less total expenditure) for 2020/21 of £3.269m (deficit of £5.428m in 2019/20).

The overall surplus is analysed and allocated between the Consolidated Fund and Special Funds in 8.1 Statement showing each head of expenditure paid out of and each category of revenue accruing to the Consolidated Fund.

1.5 Statement of Financial Position

The Statement of Financial Position summarises the financial position of SHG at 31 March 2021 and shows that the net worth of SHG's assets and liabilities is £242.417m.

	31 March 2021 £000	31 March 2020 Restated £000
Tangible and Intangible Assets owned	266,642	263,908
Cash Investments and Inventories	59,887	57,308
Pension Liabilities	(74,728)	(86,062)
Money SHG owes	(14,138)	(16,298)
Money SHG is owed	4,754	7,751
Net Worth of SHG at 31 March	**242,417**	**226,607**

- The value of tangible and intangible assets owned has increased mainly because of expenditure spent to date on the St Helena Cable project as well as Rock Fall mitigation.
- The value of cash, investments and inventories has increased because our cashflow position improved and we had more cash and investment holdings due to unspent funds.
- Pension liabilities have decreased because of favourable changes in financial assumptions used in the valuation of the Defined Benefit Pension Scheme liability as at 31 March 2021.
- Money SHG owes has decreased mainly due to there being less unpaid accruals at year end.
- Money owed to SHG decreased as funds were received to clear the advance to Tristan da Cunha for EDF project funding which was outstanding at the end of 2019/20. In addition generally there were less receivables from Non-Exchange transactions at the end of 2020/21 as claims were made early.

1.6 Statement of Changes in Net Assets/Reserves

This statement sets out the movements in the Funds and Reserves of SHG. There is a statutory authority for SHG to maintain only two forms of Funds and Reserves:

- Consolidated Fund; and
- Special Funds

1.6.1 Consolidated Fund

The Consolidated Fund is analysed into eight reserves and an explanation of each of the reserves along with a detailed analysis of the movements on each reserve is shown in Note 10.15 to the financial statements. Only the General Reserve and the Litigation Reserve are Useable Reserves. The General Reserve is a reserve which SHG uses to provide services, subject to the need to maintain a prudent level of reserves to meet unforeseen circumstances. The Litigation Reserve is useable but there is a statutory limitation on its use in that it must only be used for paying litigation claims.

The other 6 reserves are Unusable Reserves. These are reserves that SHG is not able to use to provide services. Unusable Reserves are those that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold.

At the 31 March 2021 the Statement of Changes in Net Assets/Reserves shows that the balance on the Consolidated Fund was £231.011m.

	Note	31 March 2021 £000	31 March 2020 £000
General Reserve	10.15.1.1	9,660	7,351
Capital Reserve	10.15.1.2	71,635	65,427
Revaluation Reserve	10.15.1.3	6,442	6,461
Pension Reserve	10.15.1.4	(74,728)	(86,062)
Investments in Subsidiaries Reserve	10.15.1.5	32,049	32,055
Aid Funded Infrastructure Reserve	10.15.1.6	188,824	192,444
Donated Asset Reserve	10.15.1.7	177	133
Litigation Reserve	10.15.1.8	(3,048)	(3,274)
		231,011	**214,535**

1.6.2 Special Funds

Special Funds are established by order and enable individual projects and trading activities to be accounted for separately to the Consolidated Fund. Special Funds are split between Projects, Trading Activities and Other Funds. A detailed analysis of the movements on each of the Special Funds can be found within Note 10.15.2 to the financial statements.

At the 31 March 2021 the Statement of Changes in Net Assets/Reserves shows that the balance of Special Funds was £11.406m (£12.071m at 31 March 2020). The reasons for the £0.665m decrease are mainly linked to the cable project were expenditure for the year exceed the Economic Development Funding Tranche received.

1.7 Statement of Cash Flows

The Cash Flow Statement shows the changes in Cash & Cash Equivalents of SHG during the reporting period. The Statement shows how SHG generates and uses Cash & Cash Equivalents by classifying cash flows as operating and investing activities.

The cash flows from operating activities are a key indicator of the extent to which the operations of SHG are funded by way of taxation and grant income or from the recipients of services provided by SHG. Investing activities represent the extent to which cash outflows have been made for the purchase of resources which are intended to contribute to SHG's future service delivery.

The overall increase in SHG's Cash and Cash Equivalents of £0.632m reflects that SHG earned more from operating activities than was spent on investing activities.

1.8 Statement of Comparison of Budget and Actual Amounts

This statement shows the original budget, final budget and the expenditure and revenues of SHG services, reported in SHG's March 2021 management accounts. Note 9.3 to the financial statements provides an explanation of the reasons for changes between the original and final budget and an explanation of the material differences between the final budget and the actual expenditure and revenues reported in the March 2021 management accounts.

1.9 Capital Expenditure

During the financial year SHG received financial support from external bodies, including FCDO, for particular capital projects.

Capital expenditure additions of Property, Plant and Equipment, excluding Assets under Construction, totalled £1.048m in 2020/21 (£1.494m in 2019/20). This represents the purchase of 27 items of IT equipment and software for £0.251m, 19 items of plant, machinery and equipment for £0.389m, 2 motor vehicles for £0.069m, a Flu Pod £7K, Infrastructure work on the Island's Fuel

System Handling for £0.112m and assets transferred to SHG as part of St Helena Fisheries Corporation liquidation £0.126m.

During the Financial Year assets worth £0.092m were donated or transferred to SHG. These include 3 items of medical equipment purchased by FCDO, a land parcel, a wood chipper and 3 vehicles transferred from Enterprise St Helena.

Spend during 2020/21 on Assets under Construction was £8.136m (£2.765m in 2019/20). This was spent on the Economic Development Investment Programme (EDIP) £2.338m, Ruperts Valley Development £0.149m, Construction work at Bradley's camp in response to the Covid-19 pandemic £0.565m, Wharf Office Development £0.107m, Custody Suite £0.205m, Bottom Woods Comprehensive Development Areas £0.172, building and housing maintenance £0.181m and £4.419m on the Equiano cable project.

1.10 Bulk Fuel Installation Project

SHG has one remaining key infrastructure component outstanding under the St Helena Airport project which is the construction and commissioning of the new Bulk Fuel Installation. A further study is required to determine the optimal engineering solution and identify whether all components of the BFI and wider fuel system will be put into use. It is possible that the BFI will not be commissioned at all or only parts of it will be commissioned.

There is a definite uncertainty as to whether the current asset under construction value for BFI is a fair presentation of expected future performance and inflow of economic benefits.

1.11 Material Events

SHG's accounting policies can be found at the beginning of each section of these financial statements to which they are relevant. These policies are largely unchanged from previous years.

No key events took place over the year which would have a material impact on the understanding of these financial statements.

1.12 Looking forward

Note 11.9 of these financial statements provides details of material events that have occurred since the end of the 2020/21 financial year.

Key among these are:

- SHG signed a 10-Year lease with Saints Tuna Corporation Limited (STC) for the Fish Processing Factory and committed £0.5m for the refurbishment of the factory.
- Charter flights to and from St Helena have since stopped with Airlink commercial flights resuming on the 25th of March 2022.
- Enterprise St Helena a SHG controlled entity ceased operations with some of its functions being integrated into SHG's Treasury, Infrastructure & Sustainable Development portfolio.
- St Helena Line Limited the company that operated the RMS St Helena was dissolved on 31 May 2022.
- The Fit for the Future transformational programme Phase 1 reviews has been undertaken resulting in the successful creation of five Portfolios and a Central Support Service
- A general election was held in October 2021 under a new ministerial form of government.

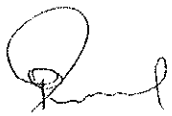
1.13 Conclusion

In closing I would like to acknowledge the hard work of the finance team in pulling together these financial statements, and the work of departments and counterparts within the group. I hope the information is helpful in allowing you to have a clear understanding of how SHG's money has been spent in 2020/21.

I hope you find these financial statements interesting and may I take the opportunity of thanking you for taking time to read them.

We have tried hard to present information as clearly as possible, but if you would like to find out more about these financial statements you can:

- Visit our website at www.sainthelena.gov.sh
- Send an email to Dax Richards, Financial Secretary at dax.richards@sainthelena.gov.sh
- Call us on (00290) 22470
- Write to us at:
  The Castle,
  Jamestown,
  St Helena,
  STHL 1ZZ
- Or contact our auditors Audit St Helena via the Chief Auditor, Brendon Hunt at brendon.hunt@sainthelena.gov.sh



Dax Richards
Financial Secretary

2.0 Independent Auditor's Report

AUDIT ST HELENA
External Auditors

INDEPENDENT AUDITOR'S REPORT

To the Members of Legislative Council for the Government of St Helena

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the financial statements of St Helena Government (SHG), which comprise the statement of financial position as at 31 March 2021, and the statement of financial performance, statement of changes in net assets and reserves, statement of cash flows, and statement of comparison of budget and actual amounts, 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 SHG as at 31 March 2021, 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

SHG's investment in Enterprise Saint Helena (ESH) is equity accounted and recognised at £827,000 in the Statement of Financial Position, and its loss of £230,550 is fully recognised in the Statement of Financial Performance for the year ended 31 March 2021. These accounts have not been audited as envisaged in Section 9(2) of the Enterprise Saint Helena Ordinance, and I have been unable to determine, even by alternative means, whether any adjustments are necessary in respect of the accounting for the Investment in ESH and the results of its operations in the Statement of Financial Performance for the year ended 31 March 2021.

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 SHG in accordance with the International Ethics 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 10.8.8 in the financial statements which highlights the significant estimation uncertainty associated with the new Bulk Fuel Installation which is carried at a cost of £75.5m within assets under construction in Note 10.8.11. The note explains there is uncertainty as to the final configuration of this major installation with associated potential for material write-down in asset value before completion of works and commissioning of the facility. My opinion is not modified in respect of this matter.

Material Uncertainty Related to Going Concern

I draw attention to Note 11.2 in the financial statements which indicates that SHG is reliant on recurrent funding through UK grant-in-aid for the continued operation of public services in St Helena. Whilst the Government of the United Kingdom, through the Foreign, Commonwealth & Development Office (FCDO) has a responsibility to meet the reasonable assistance needs of St Helena the level of financial support for the final year to 31 March 2024 has yet to be formalised. In the absence of sufficient grant-in-aid and with limited usable reserves SHG would not be in a position to meet its liabilities as they fall due within the foreseeable future without significant curtailment of services. As stated in Note 11.2 these circumstances indicate that a material uncertainty exists which may cast doubt on SHG's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Other Information

Management is responsible for other information. The other information includes the Financial Secretary's Report but does not include the financial statements and my audit report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance or 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 there is a material misstatement of this other information I am required to report the 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 sections on Basis for Qualified Opinion, and Material Uncertainty Related to Going Concern, 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 they 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, management is responsible for assessing SHGs ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Those charged with governance are responsible for overseeing SHG's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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.

I also read all the financial and non-financial information published with the financial statements to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Auditor's Other Responsibilities arising from Law and Regulation

Section 29(1)(b)(i) of the Public Finance Ordinance requires me to assess whether in all material respects the expenditure and income have been applied to the purposes intended and conform to the authorities which govern them; and whether the accounts and financial statements have been prepared in accordance with all relevant laws and policies.

Qualified Opinion on Regularity

In my opinion, except for the authorisation of the write off of loans recoverable and trade receivables as described below, in all material respects, the expenditure and income has been applied to the purposes intended, and conforms to the authorities which govern them.

Basis for qualified opinion on Regularity

Loans and trade receivables due from a controlled entity, Saint Helena Fisheries Corporation (SHFC), amounting to £209,359 were written off during the Corporation's liquidation proceedings. This loss was reduced by the transfer to SHG of SHFC assets with a carrying value of £126,421.

Section 17 of the Public Finance Ordinance requires that any write-off of assets exceeding £50,000 is required to be authorised by the Secretary of State. The authorisation for the loss on the SHFC loan and receivable of £82,938 has not been obtained and accordingly these losses do not conform to the statutory authority which governs it.

Opinion on Other Matters Required by Statute

In my opinion, the financial statements have been prepared in accordance with all relevant laws or policies.



Brendon Hunt
Chief Auditor CA(SA)

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

11 October 2022

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 scepticism 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 SHG'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 SHG'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 SHG 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.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

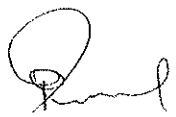
3.0 Financial Secretary's Statement of Responsibilities

The Financial Secretary is responsible for the overall management and control of St Helena Government (SHG) finances. This includes responsibility for preparing an annual statement of accounts and submitting them to the Chief Auditor.

In preparing these financial statements, the Financial Secretary is required to:

- observe the directions on the Public Finance Ordinance, including the relevant accounting and disclosure requirements, applying suitable accounting policies on a consistent basis and explaining any material non-compliance with International Public Sector Accounting Standards;
- make judgements and estimates on a reasonable basis;
- ensure that proper and adequate systems exist for bringing to account all transactions of SHG, including all revenues, expenditures, cash flows, and transfers of stores and assets;
- maintain systems of internal control to promote the efficient and economical conduct of SHG;
- be responsible for the propriety and regularity of the public expenditure and for the keeping of property and safeguarding of assets belonging to or entrusted to SHG as required by the Public Finance Ordinance; and
- prepare the accounts on a going concern basis.

The Financial Secretary confirms that the above responsibilities and obligations have been properly discharged in preparing these financial statements.



Dax Richards
Financial Secretary

11 October 2022



4.0 Statement of Financial Performance for the year ended 31 March 2021

	Note	2020/21 £000	Restated 2019/20 £000
REVENUE	9.1		
Exchange Revenue			
Fines, Fees and Licenses		1,100	1,156
Other Local Revenue		1,961	834
Trading Activities		3,632	5,201
Total Exchange Revenue		**6,693**	**7,191**
Non-exchange Revenue			
Taxation		11,522	10,393
Movements in Non-current Investments		362	1,246
FCDO Grant in Aid		30,348	27,393
FCDO Development Aid		7,023	10,201
Other Development Aid		4,242	3,995
Non-exchange Donated Asset Funding		92	36
Total Non-exchange Revenue		**53,589**	**53,264**
Total Revenue		**60,282**	**60,455**
EXPENDITURE	9.2		
Health		7,570	11,073
Children & Adults Social Care		3,896	3,671
Education		3,779	3,680
Environment, Natural Resources & Planning		2,504	2,657
Infrastructure & Transport		2,970	3,244
Economic Development		1,424	1,873
Public Sector Pensions		2,656	2,884
Benefit Payments		3,411	3,160
Police		2,887	3,073
General Public Service		13,612	15,754
Access		748	639
Trading Activities		11,556	14,175
Total Expenditure		**57,013**	**65,883**
SURPLUS/(DEFICIT) FOR THE PERIOD		**3,269**	**(5,428)**

4.1 Restated Statement of Financial Performance for the year ended 31 March 2020

	2019/20 Previously reported	Customs Duty	Investments	BFI Revenue	SHAP Fuel transfer	Operating expenses	2019/20 Restated
	£000	£000	£000	£000	£000	£000	£000
REVENUE							
Exchange revenue							
Fines, Fees and Licenses	1,156	0	0	0	0	0	1,156
Other Local Revenue	834	0	0	0	0	0	834
Trading Activities	5,450	0	0	(249)	0	0	5,201
Total Exchange revenue	**7,440**	**0**	**0**	**(249)**	**0**	**0**	**7,191**
Non-exchange revenue							
Taxation	9,967	395	0	0	31	0	10,393
Movements in Non-current Investments	1,122	0	124	0	0	0	1,246
FCDO Grant in Aid	27,393	0	0	0	0	0	27,393
FCDO Development Aid	10,201	0	0	0	0	0	10,201
Other Development Aid	3,995	0	0	0	0	0	3,995
Non-exchange FCDO Infrastructure Aid Funding	36	0	0	0	0	0	36
Total Non-exchange revenue	**52,714**	**395**	**124**	**0**	**31**	**0**	**53,264**
Total Revenue	**60,154**	**395**	**124**	**(249)**	**31**	**0**	**60,455**

	2019/20 Previously reported £000	Customs Duty £000	Investments £000	BFI Revenue £000	SHAP Fuel transfer £000	Operating expenses £000	2019/20 Restated £000
EXPENDITURE							
Health	11,073	0	0	0	0	0	11,073
Children & Adults Social Care	3,671	0	0	0	0	0	3,671
Education	3,680	0	0	0	0	0	3,680
Environment, Natural Resources & Planning	2,657	0	0	0	0	0	2,657
Infrastructure & Transport	3,244	0	0	0	0	0	3,244
Economic Development	1,873	0	0	0	0	0	1,873
Public Sector Pensions	2,884	0	0	0	0	0	2,884
Benefit Payments	3,160	0	0	0	0	0	3,160
Police	3,073	0	0	0	0	0	3,073
General Public Service	15,754	0	0	0	0	0	15,754
Shipping	639	0	0	0	0	0	639
Trading Activities	13,794	0	0	0	(210)	591	14,175
Total Expenditure	**65,502**	**0**	**0**	**0**	**(210)**	**591**	**65,883**
SURPLUS/(DEFICIT) FOR THE PERIOD	**(5,348)**	**395**	**124**	**(249)**	**241**	**(591)**	**(5,428)**



5.0 Statement of Financial Position as at 31 March 2021

	Note	31 March 2021 £000	31 March 2020 Restated £000
ASSETS			
Current Assets			
Cash & Cash Equivalents	10.1	8,497	7,190
Investments	10.2.1	16,592	15,644
Receivables from Non-exchange Transactions	10.3	2,496	4,540
Receivables from Exchange Transactions	10.4.1	1,746	2,692
Inventories	10.5	2,748	2,419
Other Financial Assets	10.6.1	488	473
Discontinued Operations		1	1
		32,568	32,959
Non-current Assets			
Non-current Investments	10.2.2	32,049	32,055
Receivables from Exchange Transactions	10.4.2	17	31
Other Financial Assets	10.6.2	6	14
Property, Plant & Equipment	10.8	266,432	263,779
Intangible Assets	10.9	210	129
		298,714	296,008
Total Assets		**331,282**	**328,967**
LIABILITIES			
Current Liabilities			
Bank overdraft	10.1	2,057	1,382
Payables from Non-exchange Transactions	10.11	1,935	2,906
Payables from Exchange Transactions	10.12.1	4,144	5,980
Provisions	10.13	791	962
		8,927	11,230
Non-current Liabilities			
Payables from Exchange Transactions	10.12.2	8	9
Pension Liabilities	10.14	74,728	86,062
Provisions	10.13	5,202	5,060
		79,938	91,131
Total Liabilities		**88,865**	**102,361**
NET ASSETS		**242,417**	**226,606**
FUNDS AND RESERVES			
Consolidated Fund	10.15.1	231,011	214,535
Special Funds	10.15.2	11,406	12,071
		242,417	**226,606**

5.1 Restated Statement of Financial Position for the year ended 31 March 2020

	1 April 2020 Previously reported £000	Cash and Cash Equivalents £000	Receivables	Investments £000	PPE £000	Inventory £000	Payables £000	Reserve Transfers £000	1 April 2020 Restated £000
ASSETS									
Current Assets									
Cash & Cash Equivalents	5,808	1,382	0	0	0	0	0	0	7,190
Investments	15,644	0	0	0	0	0	0	0	15,644
Receivables from Non-exchange Transactions	4,113	0	427	0	0	0	0	0	4,540
Receivables from Exchange Transactions	2,482	0	210	0	0	0	0	0	2,692
Inventories	2,814	0	0	0	0	(395)	0	0	2,419
Other Financial Assets	473	0	0	0	0	0	0	0	473
Discontinued Operations	1	0	0	0	0	0	0	0	1
	31,335	1,382	637	0	0	(395)	0	0	32,959
Non-current Assets									
Non-Current Investments	29,874	0	0	2,181	0	0	0	0	32,055
Receivables from Exchange Transactions	31	0	0	0	0	0	0	0	31
Other Financial Assets	14	0	0	0	0	0	0	0	14
Property, Plant & Equipment	263,768	0	0	0	11	0	0	0	263,779
Intangible Assets	129	0	0	0	0	0	0	0	129
	293,816	0	0	2,181	11	0	0	0	296,008
Total Assets	**325,151**	**1,382**	**637**	**2,181**	**11**	**(395)**	**0**	**0**	**328,967**

	1 April 2020 Previously reported	Cash and Cash Equivalents	Receivables	Investments	PPE	Inventory	Payables	Reserve Transfers	1 April 2020 Restated
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current Liabilities									
Bank overdraft	0	1,382	0	0	0	0	0	0	1,382
Payables from Non-exchange Transactions	2,906	0	0	0	0	0	0	0	2,906
Payables from Exchange Transactions	5,285	0	0	0	0	0	695	0	5,980
Provisions	962	0	0	0	0	0	0	0	962
	9,153	1,382	0	0	0	0	695	0	11,230
Non-current Liabilities									
Payables from Exchange Transactions	9	0	0	0	0	0	0	0	9
Pension Liabilities	86,062	0	0	0	0	0	0	0	86,062
Provisions	5,060	0	0	0	0	0	0	0	5,060
	91,131	0	0	0	0	0	0	0	91,131
Total Liabilities	**100,284**	**1,382**	**0**	**0**	**0**	**0**	**695**	**0**	**102,361**
NET ASSETS	**224,867**	**0**	**637**	**2,181**	**11**	**(395)**	**(695)**	**0**	**226,606**
FUNDS AND RESERVES									
Consolidated Fund	211,356	0	427	2,182	11	189	0	370	214,535
Special Funds	13,510	0	210	0	0	(584)	(695)	(370)	12,071
	224,866	**0**	**637**	**2,182**	**11**	**(395)**	**(695)**	**0**	**226,606**



6.0 Statement of Changes in Net Assets/Reserves for the year ended 31 March 2021

	Consolidated Fund	Special Funds	Total Reserves
	£000	£000	£000
Balance at 1 April 2019 Restated	**226,433**	**9,560**	**235,993**
Surplus/(Deficit) for the Period	(7,457)	0	(7,457)
Funds Received	0	16,302	16,302
Funds Applied	0	(14,275)	(14,275)
Use of Funds to Finance Capital Expenditure	3,693	(3,692)	1
Actuarial Losses	(6,090)	0	(6,090)
Pensions: Changes in Financial Assumptions	(9,734)	0	(9,734)
Pensions: Changes in Demographic Assumptions	5,703	0	5,703
Recharges	(556)	557	1
Transfers between reserves	(3,622)	3,622	0
Non-current Asset Revaluations	6,157	0	6,157
Other Movements	7	(2)	5
Balance at 31 March 2020	**214,534**	**12,072**	**226,606**
Surplus/(Deficit) for the Period	1,841	0	1,841
Funds Received	0	11,828	11,828
Funds Applied	0	(10,397)	(10,397)
Use of Funds to Finance Capital Expenditure	7,994	(7,994)	0
Actuarial gains	1,704	0	1,704
Pensions: Changes in Financial Assumptions	10,818	0	10,818
Recharges	(630)	630	0
Transfers between reserves	(5,250)	5,249	(1)
Other movements	0	18	18
Balance at 31 March 2021	**231,011**	**11,406**	**242,417**

6.1 Restated Statement of Changes in Net Assets/Reserves for the year ended 31 March 2020

Consolidated Fund	Previously reported	Receivables	Investments	PPE	Inventory	Payables	Reserve Transfers	Restated
	£000	£000	£001	£000	£000	£000	£000	£000
Balance as at 1 April 2019	**223,805**	**0**	**2,057**	**11**	**190**	**0**	**370**	**226,433**
Changes in Net Assets/Reserves:								
Deficit for the Period	(8,007)	426	124	0	0	0	0	**(7,457)**
Use of Funds to Finance Capital Expenditure	3,693	0	0	0	0	0	0	**3,693**
Actuarial Losses	(6,090)	0	0	0	0	0	0	**(6,090)**
Changes in Assumptions	(9,734)	0	0	0	0	0	0	**(9,734)**
Changes in Demographic Assumptions	5,703	0	0	0	0	0	0	**5,703**
Recharges	(556)	0	0	0	0	0	0	**(556)**
Transfers between reserves	(3,622)	0	0	0	0	0	0	**(3,622)**
Non-current Asset Revaluations	6,157	0	0	0	0	0	0	**6,157**
Other Movements	7	0	0	0	0	0	0	**7**
Balance at 31 March 2020	**211,356**	**426**	**2,181**	**11**	**190**	**0**	**370**	**214,534**

Special Funds	Previously reported	Receivables	Inventory	Payables	Reserve Transfers	Restated
	£000	£000	£000	£000	£000	£000
Balance as at 1 April 2019	**10,477**	**0**	**0**	**(547)**	**(370)**	**9,560**
Changes in Net Assets/Reserves:						
Funds Received	16,551	0	0	0	(249)	**16,302**
Funds Applied	(13,894)	210	(577)	0	(14)	**(14,275)**
Use of Funds to Finance Capital Expenditure	(3,800)	0	0	0	108	**(3,692)**
Recharges	556	0	0	0	0	**556**
Transfers between reserves	3,622	0	0	0	0	**3,622**
Other Movements	(1)	0	0	0	0	**(1)**
Balance at 31 March 2020	**13,511**	**210**	**(577)**	**(547)**	**(525)**	**12,072**



7.0 Statement of Cash Flows for the year ended 31 March 2021

	Note	2020/21 £000	Restated 2019/20 £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(Deficit) for the Period		3,271	(5,430)
Interest Received		(91)	(208)
Dividend Received		(170)	(25)
Non Cash Movements			
Depreciation Charged on Non-current Assets	9.2	6,505	6,549
Impairment of Non-current Assets	9.2	5	0
Devaluation of Non-current Assets	9.2	0	4,324
Net (Gain)/Loss on Disposal of Non-current Assets	9.1	(16)	(47)
Donated Asset Funding	9.1	(92)	(36)
Share of Net Profit/Loss of Subsidiaries	9.1	6	(848)
Difference in Pensions Earned and Benefits Paid Relating to the Defined Benefit Pension Scheme	10.14	1,188	1,582
Provisions for Doubtful Debts	10.3, 10.6	0	1,549
Movements in Working Capital			
(Increase)/Decrease in Receivables	10.3, 10.4	3,003	(1,120)
(Increase)/Decrease in Inventories	10.5	(329)	699
(Increase)/Decrease in Prepayments	10.6	(7)	(57)
Increase/(Decrease) in Payables	10.12	(2,794)	(1,660)
Increase/(Decrease) in Provisions	10.13	(28)	510
Net Cash Flows from Operating Activities		**10,451**	**5,782**
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend Received	9.1	170	25
Interest Received		91	208
Capital Expenditure		(9,214)	(4,391)
Proceeds from the Sale of Non-current Assets		83	99
Further Investment in Subsidiary		0	(500)
(Increase)/Decrease in Investments		(948)	(302)
Net Cash Flows from Investing Activities		**(9,818)**	**(4,861)**
NET CASH FLOW FOR THE FINANCIAL YEAR		**633**	**921**
Cash & Cash Equivalents at 1 April		5,808	4,887
Net Cash Flows		632	921
Cash & Cash Equivalents at 31 March		**6,440**	**5,808**

7.1 Restated Statement of Cash Flows for the year ended 31 March 2020

	2019/20 As previously reported	Investments	Accrued Income	BFI Revenue	SHAP Fuel transfer	Operating Expenses	2019/20 Restated
	£000	£000	£000	£000	£000	£000	£000
CASH FLOWS FROM OPERATING ACTIVITIES							
Surplus/(Deficit) for the Period	(5,350)	124	395	(249)	241	(591)	(5,430)
Interest Received	(208)	0	0	0	0	0	(208)
Dividends Received	(25)	0	0	0	0	0	(25)
Non Cash Movements							
Depreciation	6,549	0	0	0	0	0	6,549
Devaluation of Non-current Assets	4,324	0	0	0	0	0	4,324
Net Gain on Disposal of Non-current Assets	(47)	0	0	0	0	0	(47)
Donated Asset Funding	(36)	0	0	0	0	0	(36)
Share of Net Profit/Loss of Subsidiaries	(724)	(124)	0	0	0	0	(848)
Difference in Pensions Earned and Benefits Paid Relating to the Defined Benefit Pension Scheme	1,582	0	0	0	0	0	1,582
Provisions for Doubtful Debts	1,549	0	0	0	0	0	1,549
Movements in Working Capital	(1,832)	0	(395)	249	(241)	591	(1,628)
Net Cash Flows from Operating Activities	**5,782**	**0**	**0**	**0**	**0**	**0**	**5,782**

	2019/20 As previously reported £000	Investments £000	Accrued Income £000	BFI Revenue £000	SHAP Fuel transfer £000	Operating Expenses £000	2019/20 Restated £000
CASH FLOWS FROM INVESTING ACTIVITIES							
Dividends Received	25	0	0	0	0	0	25
Interest Received	208	0	0	0	0	0	208
Capital Expenditure	(4,391)	0	0	0	0	0	(4,391)
Proceeds from the Sale of Non-current Assets	99	0	0	0	0	0	99
Further Investment in Subsidiary	(500)	0	0	0	0	0	(500)
Increase in Investments	(302)	0	0	0	0	0	(302)
Net Cash Flows from Investing Activities	**(4,861)**	**0**	**0**	**0**	**0**	**0**	**(4,861)**
NET CASH FLOW FOR THE FINANCIAL YEAR	**921**	**0**	**0**	**0**	**0**	**0**	**921**
Cash & Cash Equivalents at 1 April	4,887	0	0	0	0	0	4,887
Net Cash Flows	921	0	0	0	0	0	921
Cash & Cash Equivalents at 31 March	**5,808**	**0**	**0**	**0**	**0**	**0**	**5,808**



8.0 Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2021

This Statement of Comparison of Budget and Actual Amounts is prepared on the budget basis. The actual expenditure and revenue of SHG's services as reported in the March 2021 management accounts, which is on a comparable basis to the budget is shown below. IPSAS 24 *Presentation of Budget Information in Financial Statements* states that disclosure of comparative information in respect of the previous period is not required.

	Appropriated Recurrent Expenditure			Revenue		
	Original Budget £000	**Final Budget £000**	**Actual £000**	**Original Budget £000**	**Final Budget £000**	**Actual £000**
Corporate Support, Policy and Planning	1,329	1,329	1,288	189	189	190
Judicial Services	128	128	111	39	39	42
Human Resources	8,739	8,659	8,392	0	0	0
Police	1,862	1,862	1,778	312	312	311
Corporate Finance	10,544	10,544	10,208	42,548	42,548	44,468
Economic Development	897	897	800	0	0	0
Access	4,507	4,407	3,675	3,500	3,500	3,151
Education	3,375	3,375	3,365	244	244	226
Health	5,578	5,745	5,193	632	632	661
Environment, Natural Resources & Planning	1,675	1,667	1,691	111	111	180
Infrastructure & Transport	1,548	1,551	1,541	447	508	539
Children & Adults Social Care	3,048	3,343	3,325	304	304	248
	43,230	**43,507**	**41,367**	**48,326**	**48,387**	**50,016**
					Surplus / (Deficit)	**8,649**

Appropriated	**Capital Expenditure**		
	Original Budget £000	**Final Budget £000**	**Actual £000**
Corporate Finance	932	932	644
Access	0	230	0
Education	30	30	14
Health	0	156	148
Environment and Natural Resources	0	8	7
Infrastructure & Transport	60	180	160
	1,022	**1,536**	**973**

Non-appropriated	**Recurrent Expenditure**			**Revenue**		
	Original Budget £000	**Final Budget £000**	**Actual £000**	**Original Budget £000**	**Final Budget £000**	**Actual £000**
Pensions and Benefits	4,824	4,824	4,878	0	0	0
	4,824	**4,824**	**4,878**	**0**	**0**	**0**
TOTAL EXPENDITURE	**49,076**	**49,867**	**47,218**			

The budget for Pensions and Benefits is not appropriated from the Consolidated Fund. The Pensions and Social Security Ordinances state that expenditure can be charged directly to the Consolidated Fund, rather than budget being appropriated.

The budget is approved on a modified cash basis by functional classification. The approved budget covers the financial year from 1 April 2020 to 31 March 2021.

The Appropriation Ordinance 2020, enacted by the Governor of St Helena with the advice and consent of Legislative Council, provided for the services of Government in the financial year. The Appropriation Ordinance makes up the original budget enacted on 1 July 2020. Supplementary Appropriations, Withdrawal Warrants and Special Warrants have been issued in the year and these amendments, added to the original budget, make up the final budget.

The budget and the accounting bases are different. The budget is prepared on a modified cash basis and the financial statements are prepared on the accrual basis.

A reconciliation between the actual amounts on a comparable basis as presented in the note Comparison of Budget and Actual Amounts, and the actual amounts in the Statement of Cash Flows for the year ended 31 March 2021 is presented below.

	Operating £000	Investing £000	Net Cash Flow £000
Surplus in Comparable Basis as Presented in the Budget and Actual Comparative Statement	8,649	(973)	7,676
Basis Differences	9	(1,106)	(1,097)
Entity Differences	1,793	(7,740)	(5,947)
Actual Amount in the Statement of Cash Flows	**10,451**	**(9,819)**	**632**

The financial statements and budget are prepared for the same period and so there are no timing differences. There are entity differences: the budget is prepared for the revenue and expenditure generated and incurred by SHG through normal government business, which excludes funds received and applied in relation to Special Funds. The financial statements also include SHG's share of the profit/loss of subsidiaries, which do not form part of the budget. There is also a basis difference: the budget is prepared on a modified cash basis and the financial statements are prepared on the accrual basis.

The Comparison of Budget and Actual Amounts note within these Financial Statements, provides an explanation of the reasons for changes between the original and final budget and an explanation of the material differences between the final budget and actual expenditure and revenue.

8.1 Statement showing each head of expenditure paid out of and each category of revenue accruing to the Consolidated Fund and Special Funds for the financial year 2020/21

	Consolidated Fund £000	Special Funds £000	Total £000
REVENUE			
Taxation	11,522	0	11,522
Fines, Fees and Licences	1,100	0	1,100
Other Local Revenue	1,878	83	1,961
Trading Activities1	0	3,632	3,632
Movements in Non-current Investments	362	0	362
FCDO Grant in Aid	30,348	0	30,348
FCDO Development Aid	3,151	3,872	7,023
Other Development Aid	2	4,240	4,242
Non-exchange Donated Asset Funding	92	0	92
Total Revenue	48,455	11,827	60,282
EXPENDITURE			
Health	7,570	0	7,570
Children & Adults Social Care	3,875	21	3,896
Education	3,779	0	3,779
Environment, Natural Resources & Planning	1,634	870	2,504
Infrastructure & Transport	2,970	0	2,970
Economic Development	810	614	1,424
Public Sector Pensions	2,656	0	2,656
Benefit Payments	3,411	0	3,411
Police	2,805	82	2,887
General Public Service	12,762	850	13,612
Access	748	0	748
Trading Activities	3,595	7,961	11,556
Total Expenditure	46,615	10,398	57,013
SURPLUS/(DEFICIT) FOR THE PERIOD	**1,840**	**1,429**	**3,269**

9.0 Notes to the Statement of Financial Performance

9.1 Revenue by Category

Revenue is accounted for on an accruals basis meaning that revenue is recognised when goods and services are supplied or rendered by SHG. Revenue generated during the financial year but not received by the year end has been recognised as Accrued Income. Monies received in this financial year which relate to the next financial year have been recognised as Income Received in Advance. Taxation revenue collected from Self Employment and Corporation Tax is accrued for the year based on the budgeted income figure as the timing of the return of the annual self-assessment forms means that actuals cannot be used.

In accordance with IPSAS 23 *Revenue from Non Exchange Transactions*, revenue is recognised equal to the inflow of resources from a non-exchange transaction recognised as an asset. The fair value of Non-current Assets donated to SHG is recognised as revenue in the Statement of Financial Performance.

When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction which generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred.

Exchange Revenue	**2020/21 £000**	**2019/20 £000**
Fines, Fees and Licenses:		
Stamp Duty	29	56
Immigration Fees	32	73
Planning Fees	29	17
Other Fines, Fees and Licences	1,010	1,010
	1,100	1,156
Other Local Revenue:		
Earnings Government Departments	79	129
Interest Received	88	197
Other Treasury Receipts	4	2
Dividends Received	170	25
Profit on Disposal of Non-current Assets	8	82
Charter Flight Income	1,051	0
Other Income Received	561	399
	1,961	834
Trading Activities:		
Operating Revenue	3,596	5,174
Interest Received	3	11
Other Income Received	15	16
Profit on Disposal of Non-current Assets	18	0
	3,632	5,201
Total Exchange Revenue	**6,693**	**7,191**

A non-exchange transaction is one in which one party receives something of value without directly giving value in exchange.

Non-Exchange Revenue	**2020/21 £000**	**2019/20 £000**
Taxation:		
Income Tax (PAYE)	3,845	3,920
Self Employed Tax	212	308
Corporation Tax	1,288	892
Service Tax	386	465
Withholding Tax	7	19
Customs Duty - Alcohol	1,397	848
Customs Duty - Tobacco	1,119	857
Customs Duty - Petrol & Diesel	639	800
Other Customs Duties	2,629	2,284
	11,522	10,393
Movements in Non-current Investments:		
Share of Profit of Subsidiaries	362	1,246
	362	1,246
FCDO Grant in Aid	30,348	27,393
FCDO Development Aid	7,023	10,201
Other Development Aid	4,242	3,995
Non-exchange Donated Asset Funding	92	36
	41,705	41,625
Total Non-Exchange Revenue	**53,589**	**53,264**
Total Revenue	**60,282**	**60,455**

9.2 Expenditure by Category

Expenditure is accounted for on an accruals basis meaning that expenditure is recognised when it is incurred, upon delivery of goods or when services are employed. Goods and services paid for during the financial year but not yet received at the year-end have been accounted for as Prepayments. Goods and services received during the year that has not been paid for by the reporting date have been accounted for as Accrued Expenses.

During the normal course of business, Government directorates provide services to each other e.g. transport services. Internal sales during the year are eliminated in the financial statements by way of an internal recharge transaction. The directorate providing such services recognises those sales within their cost centre at the predetermined transfer price, which is subsequently netted out with the originating expenditure within their cost centre. The receiving directorate then recognises the expenditure for the service received. The cost of service provision is then accounted for as a transfer between reserves in the Statement of Financial Position.

	2020/21 £000	2019/20 £000
Employee Costs	22,113	21,725
Property Costs	879	916
Transport & Plant Costs	90	90
Supplies & Services Costs	8,346	9,473
Administration Costs	1,282	1,204
Payments to Other Agencies, Bodies or Persons	8,205	8,850
Finance & Other Expenditure	2,841	1,847
Payment to Contractors	6,418	8,622
Depreciation of Non-current Assets	6,502	6,548
Impairment of Non-current Assets	5	0
Devaluation of Non-current Assets	0	4,324
Loss on Disposal of Non-current Assets	9	34
Share of Loss of Subsidiaries	368	398
Provisions Recognised/(Released)	(226)	280
Provisions Recognised/(Released) for Doubtful Debts	181	1,572
Total Expenditure	**57,013**	**65,883**

The fee for the audit of the 2020/21 financial statements is expected to be £100,300 (2019/20 £93,500). Audit St Helena is a trading activity of SHG, the revenues and expenditures of which being included within these financial statements. As such, no accrual for the audit fee is included in these financial statements and an appropriation from the Consolidated Fund to the St Helena Audit Service Special Fund will be made in the financial period in which the costs of the audit are incurred.

Total expenditure on Benefit Payments is disclosed within the Statement of Financial Performance and included in the total of Payments to Other Agencies, Bodies or Persons above. A breakdown of expenditure on Benefit Payments is disclosed separately below to enhance the understanding of the financial statements.

	2020/21 £000	2019/20 £000
Benefit Payments:		
Basic Island Pension	2,668	2,524
Social Benefits	744	637
Unemployment Benefits	33	27
Better Life Allowance	209	180
	3,654	**3,368**

9.3 Comparison of Budget and Actual Amounts

The following table provides an analysis and explanation of the reasons for changes between the original and final budgets appropriated from the Consolidated Fund and non-appropriated statutory expenditure.

	Original Budget	Supplementary Appropriations	Withdrawal Warrants	Final Budget
	£000	£000	£000	£000
Appropriated Recurrent Expenditure				
Corporate Support, Policy and Planning	1,329	0	0	**1,329**
Judicial Services	128	0	0	**128**
Human Resources	8,739	0	(80)	**8,659**
Police	1,862	0	0	**1,862**
Corporate Finance	10,544	0	0	**10,544**
Economic Development	897	0	0	**897**
Access	4,507	0	(100)	**4,407**
Education	3,375	0	0	**3,375**
Health	5,578	167	0	**5,745**
Environment, Natural Resources & Planning	1,675	0	(8)	**1,667**
Infrastructure & Transport	1,548	3	0	**1,551**
Children & Adults Social Care	3,048	295	0	**3,343**
	43,230	465	(188)	**43,507**
Appropriated Capital Expenditure				
Corporate Support, Policy and Planning	0	0	0	**0**
Access	0	230		**230**
Police	0	0	0	**0**
Corporate Finance	932	0	0	**932**
Education	30	0	0	**30**
Health	0	156	0	**156**
Environment, Natural Resources & Planning	0	8	0	**8**
Infrastructure & Transport	60	120	0	**180**
Children & Adults Social Care	0	0	0	**0**
	1,022	514	0	**1,536**
	44,252	**979**	**(188)**	**45,043**
Non-appropriated				
Pensions and Benefits	4,824	0	0	**4,824**
	4,824	**0**	**0**	**4,824**

During the course of the 2020/21 financial year there were two Supplementary Appropriations, the first one was enacted on 16 December 2020 for £0.230m to finance Capital Expenditure at St Helena Airport Limited. The second was enacted on 29 March 2021 with the effect of increasing the 2020/21 recurrent and capital budgets by £465k and £284k respectively. A Withdrawal Warrant to finance the

above Supplementary Appropriation was approved by the Governor on the same date for a total amount of £188k Withdrawals were made from Corporate Human Resources, Corporate Finance, Access and Environment and Natural Resources resulting from projected under spends; and additional revenues generated under Head 27: Infrastructure and Transport and Corporate Services.

The following table provides an analysis and explanation of the differences between the final budget and actual expenditure and revenues reported in SHG's March 2021 management accounts.

	Final Budget £000	Actual £000	Variation £000	Final Budget £000	Actual £000	Variation £000
Appropriated Recurrent Expenditure						
Corporate Support, Policy and Planning	1,329	1,288	41	189	190	1
Judicial Services	128	111	17	39	42	3
Human Resources	8,659	8,392	267	0	0	0
Police	1,862	1,778	84	312	311	(1)
Corporate Finance	10,544	10,208	336	42,548	44,468	1,920
Economic Development	897	800	97	0	0	0
Access	4,407	3,675	732	3,500	3,151	(349)
Education	3,375	3,365	10	244	226	(18)
Health	5,745	5,193	552	632	661	29
Environment, Natural Resources & Planning	1,667	1,691	(24)	111	180	69
Infrastructure & Transport	1,551	1,541	10	508	539	31
Children & Adults Social Care	3,343	3,325	18	304	248	(56)
	43,507	41,367	2,140	48,387	50,016	1,629
Appropriated Capital Expenditure						
Corporate Support, Policy and Planning	0	0	0	0	0	0
Police	0	0	0	0	0	0
Corporate Finance	932	644	288	0	0	0
Access	230	0	230	0	0	0
Education	30	14	16	0	0	0
Health	156	148	8	0	0	0
Environment, Natural Resources & Planning	8	7	1	0	0	0
Infrastructure & Transport	180	160	20	0	0	0
Children & Adults Social Care	0	0	0	0	0	0
	1,536	973	563	0	0	0
	45,043	**42,340**	**2,703**	**48,387**	**50,016**	**1,629**
Non-appropriated						
Pensions and Benefits	4,824	4,878	(54)	0	0	0
	4,824	**4,878**	**(54)**	**0**	**0**	**0**

9.3.1 Revenue

Significant variance to budget is explained for the following directorates:

- Corporate Finance – Actual revenue collected was significantly more than budget because initial estimates for revenue used for budget preparation did not anticipate incidental revenues generated from chartered flights and the operation of Bradleys Camp.

- Access – The total financial aid was not claimed because the general reduction in flights due to the COVID-19 travel restrictions resulted in a decrease in expenditure for St Helena Airport Limited.

- Environment, Natural Resources & Planning – The favourable variance is largely due a significant planning application received and revenue from the Centre For Environment Fisheries and Agricultural Science (CEFAS) not anticipated in the original budget. Other surpluses relate to various miscellaneous revenues such as increased requests for tree surgery, veterinary services, waste incineration services and sale of irrigation materials.

- Children and Adults Social Care – More income was expected from the change in the charging policy for care residents. This was not realised because assessments revealed that only a small percentage of the expected residents are in a financial position to contribute to their boarding and lodging fees.

9.3.2 Recurrent Expenditure

Significant variance explanations for directorates are as follows:

- Human Resources – the under spend was largely due to restrictions on overseas travel which resulted in some Technical Co-operation Officers not travelling at the expected time. In addition Health and Telecommunication Consultants that were expected on the Island before year end did not come.

- Corporate Finance – The total contingency Call Down Fund was not required to meet excess expenditure for the purposes for which funds were approved.

- Access – Due to COVID travel restrictions there were less flights during the financial year resulting in the full subsidy not being claimed. A saving was also made on the cargo handling contract. The contract is dependent on the quantity of goods shipped which were lower than expected due to the COVID-19 pandemic.

- Health – Due to the COVID 19 pandemic there has been fewer overseas medical referrals than anticipated, during the financial year South Africa and the UK were only accepting critical patients.

- Environment, Natural Resources & Planning – Excess expenditure incurred under the Association of Overseas Countries and Territories (OCTA) Innovation Project that did not qualify for funding under the OCTA Memorandum of Understanding.

9.3.3 Capital Expenditure

Significant variance explanations for Capital Expenditure are as follows:

- Corporate Finance – Works on the Fish Processing Plant did not commence in the current financial year as expected.

- Access – Variance due to delay in completion of procurement arrangements for the Runway Sweeper.

9.4 Segment Reporting

Inter-segment transfers are priced on the basis of full cost recovery. Where transport costs are recharged, an allowance is added for the cost of replacement capital assets. Non-exchange revenues for customs recharges are calculated in accordance with the Customs Ordinance. Inter-segment transactions are not eliminated when financial performance is reported to management.

2020/21	Corporate Services	Education	Health and Children & Adults Social Care	Environment, Natural Resources & Planning and Infrastructure & Transport	Police & Economic Development & Pensions and Benefits	Access	**Management Accounts**	Not included in Management Accounts but included in Financial Statements	Included in Management Accounts but not included in Financial Statements	Unallocated Assets and Liabilities	**Financial Statements**
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Segment Revenue:											
Revenue from External Sources	44,187	12	392	303	276	3,151	**48,321**	11,961	0		**60,282**
Inter-segment Transfers	512	214	517	416	35	0	**1,694**	0	(1,694)		**0**
Total Segment Revenue	44,699	226	909	719	311	3,151	**50,015**	11,961	(1,694)		**60,282**
Total Segment Expenditure	20,643	3,379	8,666	3,399	7,456	3,675	**47,218**	8,833	962		**57,013**
Surplus/(Deficit) for the Period	**24,056**	**(3,153)**	**(7,757)**	**(2,680)**	**(7,145)**	**(524)**	**2,797**	**3,128**	**(2,656)**		**3,269**
Other Information:											
Segment Assets	8,078	4,067	7,414	58,341	3,303	177,849				72,230	**331,282**
Segment Liabilities	1,792	62	724	372	129	66				85,720	**88,865**
Costs to acquire Segment Assets	1,260	56	352	210	263	429				6,736	**9,306**
Impairments	0	0	0	0	0	0				0	**0**

10.0 Notes to the Statement of Financial Position

10.1 Cash and Cash Equivalents

Cash and Cash Equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and Cash Equivalents comprise the funds held with Bank of Saint Helena Ltd, Barclays Bank PLC, Crown Agents Bank Ltd and Crown Agents Investment Management Ltd.

These financial statements are prepared using the St Helena Pound (SHP). Revenue and expenditure earned or incurred are translated into SHP at the rate of exchange prevailing on the date the transaction occurred. Exchange differences are recognised in the Statement of Financial Performance in the period in which they arise.

	31 March 2021 £000	31 March 2020 £000
Bank Deposits	1,517	2,912
Overseas Call/Current Accounts	6,534	3,674
Cash	446	604
Per Statement of Financial Position	8,497	7,190
Overdraft - Bank of Saint Helena	(2,057)	(1,382)
Per Statement of Cash Flows	**6,440**	**5,808**

SHG also administers a number of trust funds. However these assets are not disclosed within SHG's Statement of Financial Position. Details of balances and movements on trust funds are provided separately in section 13.0 of these Financial Statements.

10.2 Investments

10.2.1 Current Investments

The investments held at Crown Agents Investment Management Ltd, including amounts invested in Floating-Rate Notes are classed as Current Investments. The maturity dates of these investments vary and may be more than 12 months from the reporting date but as they are readily convertible to cash they are classed as Current Investments.

	31 March 2021 £000	31 March 2020 £000
Certificates of Deposits	**16,592**	**15,644**

10.2.2 Non-current Investments

Non-current Investments represent SHG's ownership interests in subsidiaries. Where SHG has an ownership interest in a controlled entity, an investment is recognised on the Statement of Financial Position. All controlled entities, including those in which SHG has no ownership interest are disclosed in 12.0 Controlled Entities of these Financial Statements. Investments in subsidiaries are measured using the direct equity method whereby the investment is initially recognised at cost and

subsequently adjusted to recognise the profit/loss and other equity movements of the underlying entity based on the latest available financial statements of the subsidiary.

	31 March 2021 £000	31 March 2020 £000
Balance at 1 April as previously reported	32,055	28,650
Equity accounting for Currency Fund and ESH	0	2,057
Balance at 1 April - Restated	**32,055**	**30,707**
Investment in Subsidiary	0	500
Net Share of Profit/(Loss) of Subsidiaries	(6)	823
Dividend Received	0	25
Balance at 31 March	**32,049**	**32,055**

At the 31 March, SHG's net assets from investment in subsidiaries was made up as follows:

	31 March 2021 £000	Restated 31 March 2020 £000
Bank of St Helena Ltd	6,907	6,876
Currency Fund	1,234	1,124
Enterprise St Helena	827	1,057
Connect St Helena Ltd	15,684	15,821
Solomon & Company (St Helena) Plc	5,689	5,561
St Helena Hotel Development Ltd	1,408	1,366
St Helena Airport Limited	300	250
Balance at 31 March	**32,049**	**32,055**

IPSAS 34 *Separate Financial Statements* states that SHG must account for the balances and movements from the latest available audited financial statements of its entities. These investments are measured on the basis of the latest available financial statements of each entity.

10.3 Receivables from Non-exchange Transactions

SHG recognises revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognised instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Revenues from non-exchange transactions with UK Government entities are measured at fair value and recognised on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to SHG and can be measured reliably.

	31 March 2021 £000	31 March 2020 £000
Income Tax Debtors	1,746	1,493
Other Taxes and Duties	90	526
Grant Funding	1,173	2,756
Other	0	278
	3,009	5,053
Less Provision for Doubtful Debts:		
Grant Funding	(513)	(513)
	(513)	(513)
	2,496	**4,540**

10.4 Receivables from Exchange Transactions

Trade and Other Receivables (excluding those arising under legislation) and Housing and House Purchase Loans are deemed to be loans and receivables.

Trade Receivables are initially recognised at their original invoice amount. An appropriate allowance is made for doubtful receivables based on an assessment of all outstanding amounts at the reporting date. Debts that are considered doubtful have been provided for in full through the Statement of Financial Performance. Bad debts are written off when identified. No adjustments are made to discount the receivable to present value as it has been concluded that the effect would not be material based on the short payment terms relating to these balances.

Housing and House Purchase Loans are initially recognised at their principal amounts and interest accrues on the balance using the effective interest rate. An allowance is made for doubtful loan balances based on an assessment of all outstanding loans at the reporting date.

10.4.1 Amounts falling due within one year

	31 March 2021 £000	31 March 2020 £000
Receivables:		
Trade and Other Receivables	1,042	995
Government Landlord Housing	105	88
Bulk Fuel Installation	375	653
Currency Fund	0	103
	1,522	1,839
Accrued Income:		
Interest	17	32
Other	129	0
	146	32
Loans:		
Housing and House Purchase Loans	108	108
Staff Advances	184	137
Other Advances	314	975
	606	1,220
	2,274	3,091
Less Provision for Doubtful Debts:		
Trade and Other Receivables	(427)	(309)
Housing and House Purchase Loans	(101)	(90)
	(528)	(399)
	1,746	**2,692**

10.4.2 Amounts falling due after one year

	31 March 2021 £000	31 March 2020 £000
Housing and House Purchase Loans	31	75
Less: Provision for Doubtful Debts:		
Housing and House Purchase Loans	(14)	(44)
	17	**31**

10.4.3 Reconciliation of Provision for Doubtful Debts

SHG reassess its Provision for Doubtful Debts at each reporting date. Trade Receivables are provided against on the basis of age. Significant arrears on loans and advances are provided for where arrears are significant the loan is provided against in full. Debts which have been authorised by the Financial Secretary to be written off following the reporting period are provided for in full at the reporting date.

	Short-term	Long-term	Total
	£000	£000	£000
Balance at 1 April 2020	**399**	**44**	**443**
Provisions Recognised	397	0	397
Provisions Released	(268)	(30)	(298)
Balance at 31 March 2021	**528**	**14**	**542**

10.5 Inventories

Inventories are assets in the form of materials or supplies that will be consumed in the provision of services or sold or distributed as part of SHG's ordinary business. Inventories are valued at the lower of cost and net realisable value except for:

- Pharmacy inventory, which is measured at the lower of cost and current replacement cost as it is distributed at no charge or for a nominal charge; and
- Stamps inventory, which is measured at the lower of printing cost and face value.

A provision is made against the carrying value of Inventories where inventory obsolescence is identified during inventory count procedures performed at the end of the financial period. For pharmaceutical items any items identified as being past or close to its use by date are provided against until removed from the inventory system. Additionally, any spare parts held in transport inventories that are identified as being faulty, rusted or damaged are also provided for in full until removed from the inventory system. The assessment as to the condition of these items is performed by relevant supervisors experienced in that area of operations.

	31 March 2021 £000	31 March 2020 £000
Consolidated Fund:		
Pharmacy	835	428
Stamps	54	40
Fish Processing	24	12
Infrastructure	205	190
Other	105	54
	1,223	724
Special Funds:		
Information Technology	83	83
Transport	719	710
Aviation Fuel	82	112
Bulk Fuel Installation	958	1,150
	1,842	2,055
	3,065	2,779
Less Provision for Slow Moving and Obsolete Inventories:		
Special Funds:		
Information Technology	(39)	(39)
Transport	(76)	(76)
Bulk Fuel Installation	(202)	(245)
	(317)	(360)
	2,748	**2,419**

10.6 Other Financial Assets

10.6.1 Current Assets

Short-term Prepayments are amounts paid for by SHG in advance of the goods or services being received within the next 12 months.

The Ground Based Augmentation System (GBAS) installed at the St Helena Airport in 2015 has not been commissioned for use due to certification difficulties. A decision was made during 2021-22 to find a potential buyer for the system. It's uncertain whether any amounts would be recoverable from the sale, the financial asset has therefore been derecognized and is now disclosed as a contingent asset in Note 11.7.

	31 March 2021	31 March 2020
	£000	£000
Short-term Prepayments	488	473
Refund Asset - GBAS	0	1,036
	488	1,509
Less Provision for Doubtful Debts:		
Refund Asset - GBAS	0	(1,036)
	0	(1,036)
	488	**473**

10.6.2 Non-current Assets

SHG held other prepayments that were not due until 12 months after the reporting date. These have been classified as long-term prepayments within Non-current Other Financial Assets on the Statement of Financial Position.

	31 March 2021	31 March 2020
	£000	£000
Long-term Prepayments	6	14
	6	**14**

10.7 Discontinued Operations

The International Public Sector Accounting Standards Board (IPSASB) says that preparers will apply International Financial Reporting Standards (IFRS) where there is no applicable IPSAS. SHG has used IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* in relation to its investment with St Helena Line Limited.

With the final voyage of the RMS St Helena being completed on 17 February 2018, the distribution of the assets held by St Helena Line Limited (the company that ran the RMS) became highly probable. The company went in to liquidation on 31 January 2019 and was fully dissolved on 1 May

2022 (Note 11.9 – Events after Balance Sheet Date). SHG received £115k on 15 October 2021 from the liquidation process.

Following a decision of Executive Council the St Helena Fisheries Corporation ceased trading on 31 January 2020. The Corporation is now going through the process of being wound up. From the time SHFC ceased trading, the fish processing assets of the Corporation were leased to SHG to allow the fish processing to continue for the local market. On 9 April 2021 SHG signed a 10-year lease with Saints Tuna Corporation Limited (STC) for the Fish Processing Factory at Rupert's.

10.8 Property, Plant and Equipment

Property, Plant and Equipment are tangible items that (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes: and (b) are expected to be used during more than one reporting period. Assets held by SHG are predominantly held for public benefit or are mixed use assets. As such, all assets are deemed to be non-cash generating and are not held for investment purposes.

SHG holds assets in classes Land & Buildings, Infrastructure, Infrastructure – Roads, Computer Hardware & Software, Service Concessions, Assets under Construction and Other. Within 'Other' is Plant & Machinery, Equipment, Motor Vehicles and Furniture & Fittings.

10.8.1 Recognition

Property, Plant and Equipment of SHG is disclosed in the Statement of Financial Position. The capitalisation threshold used during the financial year is £5,000 or above per stand-alone item or total expected value of a project. When a number of the same stand-alone items are purchased at the same time, these items are purchased as a group of assets and economic consumption is recognised over the period that these will generate income, providing that the group of assets still meets the deminimis £5,000 threshold.

Expenditure associated with the construction of a new asset or the improvement, enhancement or extension of an existing asset is capital expenditure and will be added to the carrying value of the relevant asset. Expenditure associated with the repair, maintenance, renovation or refurbishment of an existing asset is recurrent expenditure and will be charged to the Statement of Financial Performance.

A capital project enhances the value of the existing asset, either by contributing substantially to an increase in its useful economic life, boosting its productivity or expanding its capacity. A capital project is not undertaken on a recurring basis.

The existence and condition of all assets is verified on an annual basis except for land and buildings which is done at least every 5 years as part of the revaluation exercise. There are no restrictions on title of any items of property, plant & equipment neither are any assets pledged as security for liabilities. SHG did not receive any compensation from third parties for items of property, plant and equipment that were impaired, lost or given up.

Gains or losses arising from the disposal of an item of Property, Plant and Equipment are determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. Any gain or loss on disposal is credited or charged to the Statement of Financial Performance.

SHG had no items of property, plant and equipment which were temporarily idle as at 31st March 2021, but it did have 27 assets which were retired from active use and held for disposal in a future year. The carrying amount of these assets was nil as at 31st March 2021.

10.8.2 Measurement

Assets are initially measured at cost, comprising the purchase price plus any costs associated with bringing the asset into use. The measurement of an asset acquired other than through purchase is deemed to be its fair value at the recognition date.

After initial recognition as an asset the asset classes land and buildings, infrastructure and infrastructure-roads are carried at revalued amount being the fair value at date of valuation less accumulated depreciation and accumulated impairment losses. All other asset classes are carried at cost less accumulated depreciation and accumulated depreciation impairment losses.

10.8.3 Depreciation

Depreciation is calculated on a straight line basis, based on the useful economic life of each asset and is charged to the Statement of Financial Performance. Each component of an asset with a cost that is significant in relation to the total cost of the item is depreciated separately. Depreciation is charged in the month of addition but not in the month of disposal.

The following table shows the range of estimated useful economic lives of each class of asset disclosed in the financial statements:

Class of Asset	Estimated Useful Economic Life (Years)
Land & Buildings (Land element not subject to depreciation)	1-100
Infrastructure	15-65
Infrastructure - Roads	15-20
Plant & Machinery, Equipment, Motor Vehicles and Furniture & Fittings	2-15
Computer Hardware and Software	5
Service Concessions	3-55
Intangibles	3-10

IPSAS 17 *Property, Plant & Equipment* states that SHG must disclose the gross carrying amount of fully depreciated assets that are still in use. SHG holds a number of fully depreciated assets in various categories.

	31 March 2021		31 March 2020	
	Number of assets	Gross carrying amount £000	Number of assets	Gross carrying amount £000
Computer Hardware	47	650	30	384
Infrastructure	1	60	1	60
Buildings	3	17	0	0
Other	114	5,804	98	5,335
Service Concessions	15	2,959	15	2,959
Total	**180**	**9,490**	**144**	**8,738**

10.8.4 Change in Useful Lives of Assets

The estimated useful economic life of land and building assets were considered and changed as necessary following the revaluation by the professional valuers. For all other classes of asset, they are based on management's experience of the lifespan of similar assets and are reconsidered each year. Due to the long life of many assets and the uncertainty of future events, the allocated useful economic lives remain an estimate only. During the annual existence and impairment testing exercise, it was found that there were no non-property assets that needed their estimated remaining useful lives changing.

10.8.5 Revaluations

Revaluations apply to land and buildings, infrastructure and infrastructure-roads assets classes.

SHG carries out a revaluation programme that ensures all property, plant and equipment required to be measured at fair value are revalued at least every five years and all assets within a class are revalued simultaneously. The last assets revaluation was carried out for the financial year ending 31 March 2020, land and buildings were externally valued by independent valuers DM Hall LLP Chartered Surveyors and BDO. The valuations were carried out in accordance with methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

Assets can go up in value (revaluation) as well as down in value (devaluation). Devaluation is not the same as impairment. Where devaluations are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance on the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant expenditure line according to Directorate in the Statement of Financial Performance.

Where an asset has suffered devaluation, Secretary of State Approval has not been sought as these devaluations are unrealised losses and not impairments. Secretary of State Approval would only be requested once a loss over £50,000 is realised i.e. the asset is sold.

10.8.5.1 Basis of Valuation

In estimating the market value of land and buildings revalued the following was adopted;

- Apart from infrastructure and assets under construction, the basis of value for all assets shall be fair value;
- Non-operational property is valued at fair value;
- Assets held for sale are valued at fair value less costs to sell;
  Subject to any assumptions that the Standards require, fair value is the same as market value;
- Where it is difficult to establish assets fair value due to the specialised nature of the asset or because no market-based evidence is available, the depreciated replacement cost (DRC) method is to be applied, subject to the prospect and viability of continuing occupation and use by SHG.

10.8.5.2 Valuation Methodology

- **Existing Use Value (EUV)**; for operational land and buildings, current value falls to be interpreted as the amount that would be paid for the asset in its existing use. This means that these assets have been measured at existing use value, existing use value social housing (EUV-SH) or by adopting the depreciated replacement cost (DRC) approach in order

to arrive at their fair value. Existing use value was only applied on owner-occupied property held by SHG.

- **The Depreciated Replacement Cost (DRC) Approach**; for assets which are rarely traded in the open market and for which there would be limited (if any) useful comparable transaction evidence. For the buildings and land improvements we have adopted a cost approach which is appropriate for assets which are rarely traded in the open market and for which there would be limited (if any) useful comparable transaction evidence.

10.8.6.1 Valuation Cost Assumptions

For all assets, excluding the valuation of land included in Service Concession Assets, re-estimated cost of construction for the assets has been arrived at by utilising the industry cost sources and indices. As part of the DRC methodology we have compared with Basil Read's tender schedule of prices to ascertain the difference in the re-estimate construction costs and the rebased original costs. For the vast majority of assets, even allowing for the inflated cost of construction in St Helena, the comparable data indicates lower re-construction cost estimates as at valuation date.

The single variable to this is the runway and taxiway asset where the re-estimate cost obtained through the same industry cost information sources slightly exceeds the rebased Basil Read's tender schedule of price cost. There are a number of reasons as to why the re-estimate cost is greater than the rebased Basil Read original cost.

We consider the re-estimated cost, calculated in line with the DRC methodology, is accurate for the purposes of this valuation.

Land included in Service Concession assets has been valued at fair value.

10.8.6.2 Functional Obsolescence

In order to manage the safety challenges posed by the existence of windshear at the airport, the loading weight of aircraft is often limited, and therefore the number of passengers is limited. The runway design is based on aircraft model types including, B737-800, the A319, and the B757-200. The length of the runway is therefore appropriate for larger aircraft, with the shortest runway design option having been adopted. No discount has been applied for functional obsolescence, as the design still fulfils the function for which it was originally designed.

We have also considered Rupert's Wharf. We understand that, to facilitate the airport development, a temporary jetty was constructed for the purposes of berthing a vessel to enable the import of materials. Work was then undertaken to expand upon the small temporary jetty to construct a permanent Wharf. The Wharf is in use daily by the local fishing sector, monthly by the call of the MV Helena and at all other times (whenever a larger vessel is not berthed alongside) by the public. Therefore, we have not applied functional obsolescence to the Wharf.

10.8.6.3 Economic Obsolescence

A DRC methodology has been used to value the Airport as it is a specialised asset with no recent comparable evidence and the value of the asset is intrinsically linked to its use.

Economic obsolescence relates to any loss of utility caused by economic or locational factors external to the asset, which can be either temporary or permanent. In this instance, the economic/financial consequences associated with reduced capacity/efficiency of the asset necessitates a form of discount. It can also apply in relation to changing market conditions for use of an asset.

We have considered issues of economic obsolescence and have considered that:

- Flights to the island are on a one day a week basis (although two flights were operated between December 2019 and March 2020); however, the airport has to be staffed for reasons of health and safety and if a private jet is required to land;
- Passenger numbers are often limited, due to weight restrictions (particularly when there is a tailwind), and as such flights are often not operated to their full capacity
- Construction data that we have obtained (mainly based on Johannesburg) assume facilities that are operational on a 7 day a week basis.
- St Helena airport has the capacity to take a greater number of flights, but the island and its services are still building the capacity to handle increased numbers of visitors. The Airport Director notes there is excess capacity in off-peak season and insufficient capacity in the peak season.
- Windshear difficulties at the airport have limited passenger numbers due to weight restrictions since the opening of the airport. Having said that, St Helena Airport is a fully certified international airport with capacity to expand volume of traffic going forwards.

For these reasons we have applied a discount of 10% to the valuation of the airport buildings valuation to represent economic obsolescence.

10.8.7 Assets under Construction

Assets under Construction are classified separately within Property, Plant and Equipment and are not subject to depreciation. These assets, once completed are transferred to the relevant class of completed assets and are measured as per note 10.8.2.

Assets under Construction acquired through an exchange transaction, as defined under IPSAS 9 *Revenue from Exchange Transactions*, are valued at the cost of completed works as at the reporting date. Assets under Construction acquired through a non-exchange transaction, as defined under IPSAS 23 *Revenue from Non-Exchange Transactions*, are initially measured at fair value as at the date of acquisition. Where an asset is acquired through both an exchange and non-exchange transaction, the proportion of the asset acquired through each component transaction is initially recognised at cost and fair value respectively.

10.8.8 Bulk Fuel Installation

Ongoing construction costs of £75.6m related to the construction of the Bulk Fuel Installation (BFI) and other fuel system assets, are included within Assets under Construction in Note 10.8.10.

SHG terminated the external contract to build the BFI and assumed responsibility for the project in October 2019. An independent review was completed before 31 March 2020 and recommended that not all components of the fuel system should be commissioned. Various proposals were put forward in the review which may result in certain components of the system being rendered obsolete. A further study to determine the optimal engineering solution and identify whether all components of the BFI and wider fuel system will be put into use has yet to report.

In these circumstances management are aware that the initial recognition of capital costs relating to the BFI on a construction cost basis carries significant estimation uncertainty. The extent of the uncertainty cannot currently be quantified but will depend upon the final configuration of the fuel system, including potential for write-down of any redundant components, and any measurement changes when the completed aid-funded infrastructure is fair valued on an optimized depreciated replacement cost basis.

10.8.9 Service Concessions

IPSAS 32 *Service Concession Arrangements* states that SHG must show as a separate class of assets any items of property, plant and equipment which an operator is using to provide public services on behalf of a grantor.

SHG (the grantor) has appointed St Helena Airport Ltd (SHAL) to operate the airport at Prosperous Plain from 5 October 2018, to facilitate air access to St Helena. SHAL has agreed to operate and maintain the airport and other related facilities in accordance with the provisions of a service concession agreement. SHG shall provide funding to support the ongoing operation and maintenance of St Helena Airport by SHAL, This will be by way of a quarterly funding mechanism. SHAL shall manage on SHG's behalf all property, plant & equipment assets at St Helena Airport and shall have exclusive rights to these for the duration of the agreement. All property, plant and equipment assets shall remain the property of SHG for the duration of the agreement unless otherwise specified by SHG. The maintenance and operation of the assets shall be planned, managed and delivered by SHAL, the airport operator.

The service concession agreement shall remain in force until such time as the expiry date of 31 May 2026 or an expiry date is mutually agreed between both parties; or the agreement is terminated in accordance with the operating agreement. By mutual agreement between SHG and SHAL, the agreement can be extended for a further three-year period. The Airport Operator shall hand back the Airport to SHG on the agreement expiry date in a condition that meets the requirements 'fit for purpose' with no backlog of maintenance.

10.8.10 Impairments

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. Impairment can be compared to accelerated depreciation. It is different from a devaluation of the asset.

Assets are reviewed annually for any impairment losses and following an existence and impairment testing exercise, it was determined that there were 3 items of Furniture and Fittings and equipment to impair during 2020/21. The carrying value of assets was reduced by £5k in 2020/21 as 3 assets were impaired. The total impairment has all been charged to the Statement of Financial Performance.

Asset Description	Asset Category	Impairment value 2020/21 £000	Reason for impairment
Digital X-Ray Unit - Vista Scan Mini Plus	Equipment	2	Sensor is Faulty and costly to repair
Rescue Boat Shelter	Furniture & Fittings	2	Canvas roof covering demolished by falling rocks and debris.
Canon IR-Adv C5030I	Equipment	1	Copier no longer in use due to damaged parts
		5	

10.8.11 Movements in Property, Plant & Equipment

2020/21	Land & Buildings £000	Infrastructure £000	Infrastructure - Roads £000	Computer Hardware & Software £000	Other £000	Service Concessions £000	Assets Under Construction £000	Totals £000
Cost								
Balance at 1 April 2020 (Restated)	43,240	15,836	19,989	1,498	14,043	112,287	79,782	**286,675**
Recategorisation	0	(55)	37	0	18	0	0	**0**
Additions	39	112	0	251	646	0	8,136	**9,184**
Transferred to completed assets	1,185	3,826	0	0	0	0	(5,011)	**0**
Disposals	(62)	0	0	0	(76)	0	0	**(138)**
Balance at 31 March 2021	**44,402**	**19,719**	**20,026**	**1,749**	**14,631**	**112,287**	**82,907**	**295,721**
Accumulated Depreciation & Impairment								
Balance at 1 April 2020	(65)	(2,213)	(1,806)	(892)	(9,024)	(7,819)	(1,077)	**(22,896)**
Recategorisation	(21)	12	(12)	0	21	0	0	**0**
Charge for year	(1,096)	(425)	(984)	(210)	(842)	(2,905)	0	**(6,462)**
Impairment losses recognised in the Statement of Financial Performance	0	0	0	0	(5)	0	0	**(5)**
Disposals	0	18	0	0	56	0	0	**74**
Other Movements	0	0	0	0	0	0	0	**0**
Balance at 31 March 2021	**(1,182)**	**(2,608)**	**(2,802)**	**(1,102)**	**(9,794)**	**(10,724)**	**(1,077)**	**(29,289)**
Net Book Value at 31 March 2021	**43,220**	**17,111**	**17,224**	**647**	**4,837**	**101,563**	**81,830**	**266,432**

2019/20	Land & Buildings £000	Infrastructure £000	Infrastructure - Roads £000	Computer Hardware & Software £000	Other £000	Service Concessions £000	Assets Under Construction £000	Totals £000
Cost								
Balance at 1 April 2019	44,639	15,707	20,026	1,168	13,329	112,129	77,269	**284,267**
Transferred to completed assets	160	92	0	0	0	0	(252)	**0**
Additions	179	0	0	330	985	0	2,765	**4,259**
Recategorisation	0	37	(37)	0	(158)	158	0	**0**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,656	0	0	0	0	0	0	**2,656**
Devaluations recognised in the Statement of Financial Performance	(4,324)	0	0	0	0	0	0	**(4,324)**
Disposals	(47)	0	0	0	(113)	0	0	**(160)**
Other Movements	(23)	0	0	0	0	0	0	**(23)**
Balance at 31 March	**43,240**	**15,836**	**19,989**	**1,498**	**14,043**	**112,287**	**79,782**	**286,675**
Accumulated Depreciation & Impairment								
Balance at 1 April 2019	(2,922)	(1,908)	(910)	(686)	(8,326)	(4,182)	(1,077)	**(20,011)**
Charge for year	(668)	(293)	(910)	(206)	(866)	(3,582)	0	**(6,525)**
Accumulated depreciation written-back to the Revaluation Reserve	3,501	0	1	0	0	0	0	**3,502**
Recategorisation	0	(12)	12	0	55	(55)	0	**0**
Disposals	2	0	0	0	113	0	0	**115**
Other Movements	22	0	1	0	0	0	0	**23**
Balance at 31 March 2020	**(65)**	**(2,213)**	**(1,806)**	**(892)**	**(9,024)**	**(7,819)**	**(1,077)**	**(22,896)**
Net Book Value at 31 March 2020	**43,175**	**13,623**	**18,183**	**606**	**5,019**	**104,468**	**78,705**	**263,779**

10.9 Intangible Assets

Intangible Assets are created when expenditure on non-monetary assets that do not have physical substance but are controlled by SHG as a result of past events (e.g. software licences), are capitalised and it is expected that future economic benefits or service potential will flow from the intangible asset to the government. Intangible assets are measured initially at cost. The cost is amortised over its useful life to the relevant service area in the Statement of Financial Performance. IPSAS 31 *Intangible Assets* states that SHG must disclose the gross carrying amount of fully amortised assets that are still in use. There were 10 fully amortised intangible assets still in use at 31 March 2021 with a gross carrying amount of £73k (10 assets at 31 March 2020 at £73k). Each asset is tested for impairment annually. Any gain or loss arising on the disposal or obsolescence of an intangible asset is posted to the relevant service area in the Statement of Financial Performance.

SHG accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system. If it is integral, it is accounted for as part of the computer hardware item of Property, Plant and Equipment. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the government. The useful life assigned to the major software suites used by the government is five years. The carrying amount of intangible assets is amortised on a straight-line basis and is charged to the relevant cost centres within the Statement of Financial Performance.

	2020/21 £000	2019/20 £000
Balance at 1 April		
Cost	264	207
Amortisation	(135)	(111)
Recategorisations:		
Cost	0	0
Amortisation	0	0
Additions	122	57
Amortisation for the period	(41)	(24)
Net Carrying Amount at 31 March	**210**	**129**
Comprising:		
Gross Carrying Amounts	386	264
Accumulated Amortisation	(176)	(135)
	210	**129**

10.10 Leases

SHG has not entered into any lease agreements with a third party to lease any assets of property, plant or equipment with the exception of a notional lease with the Saint Helena Fisheries Corporation as disclosed in Note 12.0. The Government has however leased out certain assets as Operational Leases. The table below shows the total number of assets which SHG leases out and the revenue that those leases generate.

	2020/21		2019/20	
	Annual lease payments £000	Number of Leases 2020/21	Annual lease payments £000	Number of Leases 2019/20
Residential leases	29	127	26	116
Commercial leases	34	43	34	41
Non-operational leases	39	52	38	48
	102	**222**	**98**	**205**

10.11 Payables from Non-exchange Transactions

Various deposits are held by SHG for things such as defined contribution pension liabilities, monies held on behalf of deceased people, and funds held for clients in the Community Care Complex and the Prison. Deposits are released when the monies become payable or when certain contractual services are delivered.

	31 March 2021 £000	31 March 2020 £000
Deposits:		
Defined Contribution Pension Liability	328	238
Bank of St Helena Ltd	0	800
Other	94	60
	422	1,098
Income Received in Advance:		
Income Tax	640	721
Grant Funding	873	1,087
	1,513	1,808
	1,935	**2,906**

10.12 Payables from Exchange Transactions

Trade Payables are initially recognised and subsequently held at amortised cost. No adjustments are made to discount the payable to present value as it has been concluded that the effect would not be material based on the short settlement times associated with these balances.

An accrual is made for the cost of accumulated deferred annual leave owing to employees at the reporting date. The value of the accrual is based on the number of days of deferred leave accrued by each employee multiplied by the rate of pay for a working day. The staff benefits accrual is released when an employee takes a portion or all of their deferred leave entitlement. This occurs either when the employee takes leave during the year above their annual entitlement, when an employee leaves the public service or where they are paid their deferred leave.

SHG has no borrowings or other financial liabilities.

10.12.1 Amounts payable within one year

	31 March 2021 £000	31 March 2020 £000
Payables:		
Trade Payables	872	1,448
Other Payables	41	148
	913	1,596
Accruals:		
Staff Benefits	1,217	989
Other	1,984	3,395
	3,201	4,384
Income Received in Advance:		
Other	30	0
	30	0
	4,144	**5,980**

10.12.2 Amounts payable after one year

	31 March 2021 £000	31 March 2020 £000
Payables:		
Trade Payables	8	9
	8	**9**

10.13 Provisions

Provisions are recognised when SHG has a present obligation (legal or constructive) as a result of a past event, it is probable that SHG will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. The unwinding of any such discount is recognised as a finance cost in the Statement of Financial Performance in the period it arises. A sufficiently reliable estimate of the obligations has been determined by assessing a range of possible outcomes. Each case has been assessed individually.

SHG has made a provision to cover for instances of outstanding litigation relating to: child abuse cases, defamation of character and also cases relating to medical negligence claims and related legal costs. In determining the provision SHG relies on estimates provided by the Attorney General's Chambers which are based on the probability of SHG winning or losing a case. In one case where the Court has determined the amount to be paid to the plaintiff it has been assumed that payments will be made over the next 20 years. The cost has been discounted using the rate on the FTSE Actuaries UK Gilts Index (20 year duration). The discount rate used is 1.4% per annum.

The provision for expected decommissioning costs of the Bulk Fuel Installation has been determined on the basis of a scope of works for the BFI decommissioning prepared by SHG's Project Management Unit (PMU) in 2018. The provision estimates the future expected decommissioning costs on the decommissioning date by adjusting the original calculation by an average global inflation rate of 3.5% per annum and then discounting back to the present value using a risk free discount rate of 1.4% per annum.

	Short-term £000	Long-term £000	Total £000
Balance at 1 April 2020	962	5,060	**6,022**
Provisions recognised	0	388	**388**
Provisions released	(201)	(216)	**(417)**
Transfers between short-term and long-term	30	(30)	**0**
Balance at 31 March 2021	**791**	**5,202**	**5,993**
Litigation claims	791	1,748	**2,539**
BFI Decommissioning	0	3,454	**3,454**
	791	**5,202**	**5,993**

Of the total balance above, £2.5m was for litigation claims and £3.5m was provided for BFI decommissioning.

10.14 Pensions

SHG operates a wholly unfunded Defined Benefit Pension Scheme for its employees who were appointed before or on 31 March 2010. Employees who commenced employment on or after 1 April 2010 have the opportunity to join the Defined Contribution Pension Scheme.

10.14.1 Defined Contribution Pension Scheme (DCPS)

SHG provides employees who are not members of the Defined Benefit Pension Scheme with a contribution towards a defined contribution pension. If staff members wish to join the pension scheme then they are invited to establish individual accounts with the MiSaint Pension Scheme offered by Provident Financial Services Ltd and administered locally by Solomon & Company PLC. Contributions are paid directly to the scheme for those people. Other staff members who are neither members of the Defined Benefit Pension Scheme or the MiSaint Pension Scheme, are given an amount equal to the pension contribution which they pay in to their own pension scheme overseas.

Obligations for contributions to defined contribution plans are expensed as the related service is provided. The amount of employer contributions recognised as an expense and charged to the Consolidated Fund in 2020/21 was £0.705m (2019/20 £0.609m). As at 31 March 2021 SHG held £0.325m of pension contributions on behalf of employees which was due to be transferred to the MiSaint Pension Scheme (31 March 2020 £0.238m). This liability is recorded in Deposits.

10.14.2 Defined Benefit Pension Scheme (DBPS)

The DBPS is an unfunded scheme. Pensions and retirement benefits of eligible employees who started on or before the 31 March 2010 are non-contributory and are paid to employees in accordance with the Pensions Ordinance, CAP 150. The cost of retirement benefits are recognised in the Statement of Financial Performance when they are earned by the employees rather than when they are paid as pensions.

The UK Government Actuary's Department was contracted by SHG to perform an assessment of the Pension Liability of the DBPS for this set of financial statements. A roll-forward valuation of the Actuarial Pension Liability was obtained for 2020/21. Prior to this, the last full valuation was performed on 31 March 2020. The pension scheme valuations were prepared in accordance with IPSAS 39 *Employee Benefits*.

The liabilities of the scheme are included in the Statement of Financial Position on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of future earnings for current employees. The liability is discounted to present value using an assumed discount rate.

The change in the Pension Liability is analysed into the following components:

Service Cost (recognised in the Statement of Financial Performance) comprising:

- Current Service Cost – the increase in liabilities resulting from employee service in the current period.
- Past Service Cost – the change in liabilities as a result of a scheme amendment whose effect relates to years of service earned in earlier years. Curtailments are also considered to be negative past service costs.

Interest Cost - the increase during a period in the present value of a defined benefit obligation that arises because the benefits are one period closer to settlement.

Actuarial Gains and Losses – changes in the defined benefit obligation that arise because events have not coincided with assumptions made at the last actuarial valuation. These are recognised directly in Net Assets/Reserves immediately in the period in which they occur.

10.14.2.1 Movements in the Actuarial Pension Liability

The movement in the actuarial pension liability is as follows:

	2020/21 £000	2019/20 £000
Balance at 1 April	86,062	74,359
Movement in the year due to:		
Current service cost	1,966	1,768
Interest cost	690	1,119
Expense for year	2,656	2,887
Pension benefits paid	(1,468)	(1,305)
Actuarial pension valuation movement	1,188	1,582
Included in the Statement of Changes in Net Assets		
Changes in financial assumptions	(10,818)	9,734
Changes in demographic assumptions	0	(5,703)
Actuarial (gains)/losses	(1,704)	6,090
Balance at 31 March	**74,728**	**86,062**

The item 'Changes in assumptions' (a gain of £10.818m) in the table above, arose primarily from the increase in the discount rate (1.4% - 2020/21: 0.8% - 2019/20), and, for post 1 April 2012 leavers, net of revaluation in deferment. These were offset, to an extent, by changes in the mortality assumptions. This represents an increase in the calculated value of the actuarial liability.

Experience gains and losses over the year give rise to a £1.704m experience gain. As well as experience gains and losses since the previous valuation as at 31 March 2019 this element also includes experience gains and losses since 31 March 2016 to the extent that these were not fully reflected in the roll-forward figures in previous years. Experience losses over the year include a loss arising from higher salary increases awarded between 2016 and 2020 than assumed, as a result of incremental progression and promotional increases. Losses also arise from fewer withdrawals and fewer deaths than expected between 2016 and 2020. Experience gains include slightly lower pension increases awarded between 2016 and 2020 than assumed.

SHG recognises Actuarial Gains and Losses immediately in reserves in the period in which they arise. As such, there is no difference between the fair value of the defined benefit obligation and the carrying amount of the obligation recorded in these financial statements.

Amounts recognised for the current and previous periods in relation to the DBPS are as follows:

	31 March 2021	31 March 2020	31 March 2019	31 March 2018	31 March 2017
	£000	£000	£000	£000	£000
Statement of Financial Position:					
Actuarial Pension Liability	74,728	86,062	74,359	71,612	68,776
Statement of Changes in Net Assets:					
Experience (Gains)/Losses Arising on Scheme Liabilities	(1,704)	6,090	(2,288)	(390)	126
Changes in financial assumptions	(10,818)	9,734	3,454	1,607	6,234
Changes in demographic assumptions	0	(5,703)	0	0	0
Net Actuarial (Gain)/Loss on Scheme Liabilities	(12,522)	10,121	1,166	1,217	6,360

10.14.2.2 Key Estimation Assumptions

10.14.2.2.1 Financial Assumptions

The following were the principal financial assumptions adopted for the valuation as at 31 March 2021:

	31 March 2021	31 March 2020	31 March 2019
Assumption	**% a year**	**% a year**	**% a year**
Rate of return (discount rate)	1.4	0.8	1.5
Rate of pay inflation	3.5	3.5	3.5
Rate of pension increases	3.25	3.25	3.5
Rate of increase in deferred pensions:			
Pre 1 April 2012 leavers	0.1	0.0	0.0
Post 31 March 2012 leavers	3.3	3.25	3.5
Rate of Return in excess of:			
General pay increases	-2.1	-2.7	-2.0
Pension increases	-1.9	-2.45	-2.0
Deferred pensions:			
Pre 1 April 2012 leavers	1.4	0.8	1.5
Post 31 March 2012 leavers	-1.9	-2.45	-2.0

Given there is no market in St Helena in either government bonds or high quality corporate bonds the discount rate of 1.4% was determined with reference to the yield on UK Gilts of an appropriate term. The FTSE Actuaries UK Gilts Index (20 year duration) was chosen as an appropriate index to use and the annualised yield on this index as at 31 March 2021 was 1.4% pa (0.8% 31 March 2020).

10.14.2.2.2 Demographic Assumptions

Assumptions regarding future mortality have been based on more general experience from large populations, but have regard to recent scheme experience where possible. Standard tables prepared by the Continuous Mortality Investigation of the UK actuarial profession based on the mortality of members of UK pension schemes were used. The current life expectancy underlying the values of the defined benefit obligation at the reporting date were as follows:

	31 March 2021		31 March 2020	
Life expectancy of normal health pensioners at age 65	**Men (years)**	**Women (years)**	**Men (years)**	**Women (years)**
Current Pensioners	19.5	22.7	19.4	22.7
Active Members	20.7	23.9	20.7	23.8

10.14.2.2.3 Sensitivity Analysis

The results of any actuarial calculation are inherently uncertain because of the assumptions which must be made. The principal financial assumptions are the real rates of return in excess of pension increases and earnings growth whilst pensioner mortality is the main demographic assumption.

The table below shows the indicative effects on the total liability as at 31 March 2021 of changes to these assumptions, each considered in isolation:

	Approximate effect on total liability	
Change in assumption	**%**	**£000**
Rate of salary increase 0.5% a year higher	3.0	2,250.0
Rate of pensions increase and revaluation in deferment 0.5% a year higher	8.1	6,054.0
Discount rate 0.5% a year lower	12.1	9,031.0
Pensioner mortality		
Each pensioner assumed to be subject to the longevity of an individual 1 year younger	5.2	3,895.0

10.15 Funds and Reserves

There is a statutory authority for SHG to maintain only two forms of Funds and Reserves; the Consolidated Fund and Special Funds. The Consolidated Fund is divided into eight reserves. All revenue and expenditure generated and incurred by SHG through normal "day to day" government business is channelled through the General Reserve within the Consolidated Fund.

Whenever SHG receives money provided by any Government or International Body outside St Helena, on terms or conditions that such money may only be used for purposes specified by the donor, the Governor may, by Order, establish a Special Fund for the purpose of receiving, managing, disbursing and accounting for such money. Special Funds are also created for the trading accounts. Trading accounts exist for business trading such as Information Technology, Transport and Housing.

A summary of the Consolidated Fund and the Special Funds is shown below.

10.15.1 The Consolidated Fund

	Note	31 March 2021 £000	31 March 2020 £000
Consolidated Fund			
General Reserve	10.15.1.1	9,660	7,351
Capital Reserve	10.15.1.2	71,635	65,427
Revaluation Reserve	10.15.1.3	6,442	6,461
Pension Reserve	10.15.1.4	(74,728)	(86,062)
Investments in Subsidiaries Reserve	10.15.1.5	32,049	32,055
Aid Funded Infrastructure Reserve	10.15.1.6	188,824	192,444
Donated Asset Reserve	10.15.1.7	177	133
Litigation Reserve	10.15.1.8	(3,048)	(3,274)
		231,011	**214,535**
Special Funds			
Projects	10.15.2.1	9,666	11,420
Trading Accounts	10.15.2.2	892	(314)
Other Funds	10.15.2.3	848	965
		11,406	**12,071**

10.15.1.1 General Reserve

This is the primary government fund in which all revenues are received and from which all expenditures are funded save for those separately provided in law.

	31 March 2021 £000	31 March 2020 £000
Balance at 1 April as previously reported	**7,351**	**6,547**
Transfer from BFI Trading Account	0	770
Transfer to BFI Trading Account	0	(400)
Recognition of Transport & Infrastructure Inventory	0	190
Balance at 1 April - Restated	**7,351**	**7,107**
Surplus/ (Deficit) for the Period	10,635	6,745
Use of General Reserve to Finance Payment of Pension Benefits	(1,468)	(1,305)
Use of General Reserve to Finance Capital Expenditure	(973)	(479)
Recharges	(630)	(556)
Transfers between reserves	(5,250)	(3,597)
Investments Funded by the General Reserve	0	(500)
Gain/(Loss) on Financial Assets	(5)	(50)
Adjustment to the Donated Asset Reserve	0	(14)
Balance at 31 March	**9,660**	**7,351**

10.15.1.2 Capital Reserve

This reserve was created upon initial recognition of Property, Plant and Equipment within the Statement of Financial Position. Funds will be transferred to the Capital Reserve to reflect expenditure on assets and an amount equivalent to depreciation will be charged to the reserve over the useful life of assets.

	31 March 2021 £000	31 March 2020 £000
Balance at 1 April Previously reported	**65,427**	**68,751**
Recognition of Assets Under Construction	0	11
Balance at 1 April - Restated	**65,427**	**68,762**
Use of General Reserve to finance capital expenditure	973	479
Use of Special Funds to finance capital expenditure	7,994	3,692
Use of Capital Reserve to finance doubtful debt expense	0	(1,036)
Depreciation charged on non-current assets	(2,761)	(2,098)
Impairments of non-current assets	(5)	0
Devaluations of Non-current Assets	0	(4,321)
Disposal of Non-current Assets	(11)	(45)
Disposal of Donated Asset	0	(6)
Removal of Revaluation Reserve for Disposed Assets	18	0
Balance at 31 March	**71,635**	**65,427**

10.15.1.3 Revaluation Reserve

The Revaluation Reserve contains the gains made by the government arising from increases in the value of its Property, Plant and Equipment. The Reserve contains only revaluation gains accumulated since 31 March 2016, the date that the Reserve was created following the end of the transitional provision of IPSAS 17 *Property, Plant & Equipment*. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of and the gains are realised.

	31 March 2021 £000	31 March 2020 £000
Balance at 1 April	**6,460**	**303**
Upward revaluations	0	4,904
Accumulated depreciation from revaluations	0	3,501
Use of Revaluation Reserve for assets devalued	0	(2,247)
Revaluation reserve used for disposed assets	(18)	0
Balance at 31 March	**6,442**	**6,461**

10.15.1.4 Pension Reserve

This reserve represents the negative balance arising from the unfunded liability on the Defined Benefit Pension Scheme.

	31 March 2021 £000	31 March 2020 £000
Balance at 1 April	**(86,062)**	**(74,359)**
Current service cost	(1,966)	(1,768)
Interest cost	(690)	(1,119)
Use of General Reserve to finance payment of pension benefits	1,468	1,305
Changes in financial assumptions	10,818	(9,734)
Changes in demographic assumptions	0	5,703
Actuarial gains/(losses)	1,704	(6,090)
Balance at 31 March	**(74,728)**	**(86,062)**

10.15.1.5 Investments in Subsidiaries Reserve

This reserve was created upon initial recognition of investments in subsidiaries within the Statement of Financial Position. Funds are transferred to this reserve to reflect the investment of funds in a subsidiary organisation, those funds therefore not being available for the provision of services. When returns on investments are realised, either through sale of shares or distribution of profits, funds are transferred back to the General Reserve.

IPSAS 35 *Consolidated Financial Statements* states that SHG must account for the balances and movements from the latest available audited financial statements of its entities. Investments are measured on the basis of the latest available financial statements of each entity.

	31 March 2021 £000	Restated 31 March 2020 £000
Balance at 1 April as previously reported	**32,055**	**28,650**
Recognition of other controlled entities	0	2,057
Balance at 1 April - Restated	**32,055**	**30,707**
Share of Profit/(Loss) of Subsidiaries	(6)	823
Investments funded from the General Reserve	0	500
Dividend Received	0	25
Balance at 31 March	**32,049**	**32,055**

10.15.1.6 Aid Funded Infrastructure Reserve

This reserve was established to represent FCDO aid funded infrastructure assets acquired through non-exchange transactions, namely the Airport and Rupert's Wharf. These are shown within the Property, Plant & Equipment note. Following completion of the assets, an amount equivalent to depreciation will be charged to the reserve over the useful life of the assets.

	31 March 2021	31 March 2020
	£000	£000
Balance at 1 April	**192,444**	**196,789**
Depreciation charged on Non-Current Assets	(3,620)	(4,345)
Balance at 31 March	**188,824**	**192,444**

10.15.1.7 Donated Asset Reserve

This reserve was created to represent the assets donated to SHG. The fund balance is adjusted each year for new donated assets received and to reflect the change in value of those assets.

	31 March 2021	31 March 2020
	£000	£000
Balance at 1 April	**133**	**119**
Non-Exchange Donated Asset Funding	92	36
Depreciation charged on Non-Current Assets	(48)	(42)
Adjustment to the General Reserve	0	14
Disposal Adjustment	0	6
Balance at 31 March	**177**	**133**

10.15.1.8 Litigation Reserve

This reserve exists to hold the balance of the unresolved litigation claims currently under review by the Attorney General. This balance will change each year as cases are settled and payments are made, or provisions are released. New claims and the associated provision will be held in this reserve as necessary.

	31 March 2021	31 March 2020
	£000	£000
Balance at 1 April	**(3,274)**	**(2,995)**
New claims arising	(135)	(1,295)
Provisions released	361	1,016
Balance at 31 March	**(3,048)**	**(3,274)**

10.15.2 Special Funds

Special Funds are established by order and enable individual projects and trading activities to be accounted for separate to the Consolidated Fund.

10.15.2.1 Special Funds – Projects

	DfID Projects	EDF Projects	Locally Funded Projects	UNDP Projects	Environmental Management Projects Fund	Foreign & Commonwealth Office Funded Projects	Total
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2019	(746)	9,321	112	4	4	0	**8,695**
Funds Received	6,327	2,944	0	52	320	682	**10,325**
Funds Applied	(4,020)	(88)	0	(40)	(315)	(256)	**(4,719)**
Funds Applied to Finance Capital Expenditure	(2,329)	(121)	0	0	(5)	(426)	**(2,881)**
Recharges	0	0	0	0	0	0	**0**
Transfers between reserves	0	0	0	0	0	0	**0**
Other Movements	3	(4)	(1)	0	2	0	**0**
Balance at 31 March 2020	**(765)**	**12,052**	**111**	**16**	**6**	**0**	**11,420**
Funds Received	3,881	2,792	0	21	224	1,208	**8,126**
Funds Applied	(1,508)	(18)	0	(21)	(164)	(704)	**(2,415)**
Funds Applied to Finance Capital Expenditure	(2,351)	(4,568)	0	0	(6)	(488)	**(7,413)**
Recharges	(2)	(3)	0	0	0	(3)	**(8)**
Transfers between reserves	0	0	0	0	(44)	0	**(44)**
Balance at 31 March 2021	**(745)**	**10,255**	**111**	**16**	**16**	**13**	**9,666**

10.15.2.2 Special Funds - Trading Accounts

	IT Trading Account	Transport Trading Account	Audit St Helena Trading Account	Housing Service Trading Account	Bulk Fuel Installation Trading Account	Airport Trading Account	Internal Audit Trading Account	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2019 as previously reported	224	603	(237)	94	10	54	0	**748**
Income Adjustment	0	0	0	0	(547)	0	0	**(547)**
Audit Fee Adjustment	0	0	(37)	0	37	0	0	**0**
Transfer to General Reserve reinstated	0	0	0	0	(770)	0	0	**(770)**
Fuel Management Contract Adjustment	0	0	0	0	400	0	0	**400**
Balance at 1 April 2019 restated	**224**	**603**	**(274)**	**94**	**(870)**	**54**	**0**	**(169)**
Funds Received	283	32	(8)	232	4,496	805	2	**5,842**
Funds Applied	(122)	(2)	(118)	(173)	(5,557)	(3,523)	(36)	**(9,531)**
Funds Applied to Finance Capital Expenditure	(185)	(337)	0	(110)	0	0	0	**(632)**
Recharges	13	553	(4)	(6)	0	0	0	**556**
Transfers between reserves	236	0	(3)	(2)	334	3,020	36	**3,621**
Other Movements	1	1	2	(7)	2	0	0	**(1)**
Balance at 31 March 2020	**450**	**850**	**(405)**	**28**	**(1,595)**	**356**	**2**	**(314)**
Funds Received	3	78	136	231	3,090	29	64	**3,631**
Funds Applied	(193)	2	(271)	(160)	(4,311)	(2,962)	(67)	**(7,962)**
Funds Applied to Finance Capital Expenditure	(339)	(69)	0	(3)	0	0	0	**(411)**
Recharges	26	525	143	(52)	0	0	(7)	**635**
Transfers between reserves	467	(5)	641	(2)	1,216	2,938	40	**5,295**
Other Movements	0	0	0	0	18	0	0	**18**
Balance at 31 March 2021	**414**	**1,381**	**244**	**42**	**(1,582)**	**361**	**32**	**892**

10.15.2.3 Special Funds – Other Funds

	Government Landlord Housing Capital Fund	Improvements and New Construction Revolving Fund	Capital Receipts Fund	Animal Husbandry Fund	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2019	479	74	453	28	1,034
Funds Received	39	15	60	19	133
Funds Applied	0	0	(8)	(16)	(24)
Funds Applied to Finance Capital Expenditure	(58)	0	(120)	0	(178)
Transfers between reserves	0	0	0	0	0
Balance at 31 March 2020	460	89	385	31	965
Funds Received	8	14	44	6	72
Funds Applied	0	0	(21)	0	(21)
Funds Applied to Finance Capital Expenditure	0	0	(172)	0	(172)
Recharges	0	0	4	0	4
Balance at 31 March 2021	468	103	240	37	848

10.16 Nature and Extent of Risks arising from Financial Instruments

A financial instrument, as defined by IPSAS 28 *Financial Instruments: Presentation,* IPSAS 29 *Financial Instruments: Recognition & Measurement* and IPSAS 30 *Financial Instruments: Disclosures* are "any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another". Although this covers a wide range of items, for SHG, the financial assets and liabilities comprise Trade Receivables, Trade Payables, Housing and House Purchase Loans, Current Investments and Cash and Cash Equivalents held in respect of all public funds of SHG. In each case, one party's contractual right to receive (or obligation to pay) cash is matched by the other party's corresponding obligation to pay (or right to receive).

10.16.1 Fair values - the following table shows the carrying amounts and fair values of financial assets and financial liabilities.

	31 March 2021		31 March 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Financial assets:				
Available for Sale Financial Assets	16,592	16,592	15,644	15,644
Receivables from exchange transactions	1,764	1,764	2,723	2,723
Cash and cash equivalents	6,440	6,440	5,808	5,808
Other Financial Assets	494	494	487	487
	25,290	**25,290**	**24,662**	**24,662**
Financial liabilities:				
Payables from exchange transactions	4,152	4,152	5,989	5,989
	4,152	**4,152**	**5,989**	**5,989**

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties.

The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments
- Fair value of financial assets is derived from quoted market prices in active markets, if available
- Fair value of unquoted available-for-sale financial assets is estimated using appropriate valuation techniques

10.16.2 Fair value hierarchy

Deposits and investments held with banking institutions are designated to be available for sale financial assets and as such are measured at fair value. The fair value of bank deposits and other cash equivalents is the amount receivable on demand at the reporting date. Funds managed by Crown Agents Investment Management Ltd are measured at market value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as price) or indirectly (i.e., derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The unrealised movement in market value (the gain/loss) at the reporting date is recognised in surplus/deficit through the Statement of Financial Performance. Interest earned on these funds is recognised in the General Reserve of the Consolidated Fund through the Statement of Financial Performance.

SHG's financial assets are measured at fair value on a recurring basis, the carrying amount of these assets is equivalent to their fair value and are described in the following table, including the valuation techniques used to measure them.

	Input level in fair value hierarchy	Valuation technique used to measure fair value	31 March 2021 £000	31 March 2020 £000
Available for Sale Financial Assets	Level 1	Unadjusted quoted prices in active market for identical product	16,592	15,644
			16,592	**15,644**

10.16.3 Credit risk

Credit risk is the risk of financial loss to SHG if customers or counterparties to financial instruments fail to meet their contractual obligations, and it arises principally from investments, loans, receivables, and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 31 March was:

	31 March 2021 £000	31 March 2020 £000
Investments	16,592	15,644
Receivables from exchange transactions	1,764	2,723
Cash and cash equivalents	6,440	5,808
Other Financial Assets	494	487
	25,290	**24,662**

10.16.4 Credit quality

Credit quality is assessed risk of default attached to counterparties to which SHG extends credit and also those parties with whom we invest. As such, the credit quality assessed extends to all customers, investments and banks.

For financial statement purposes, the investments and balances with banks are limited to the investments, loans receivable and cash and cash equivalents line items in the Statement of Financial Position. SHG determines credit quality of the investments and banks using information obtained from external rating agencies.

In accordance with our financial risk management policy, deposits may only be placed:

- with credit institutions with a minimum short-term credit rating of A-2 as determined by Standard and Poor's or P-2 as determined by Moody's;
- with institutions authorised and regulated by the UK's Financial Conduct Authority or equivalent authority in the EEA or United States of America;
- in Treasury Bills, fixed rate, inflation index-linked and zero coupon bonds issued or guaranteed by the Government of the United Kingdom; and
- for a maximum maturity of 10 years.

As such the credit quality of investments of investments held at 31 March 2021 is A-2.

The carrying amount of financial assets represents the maximum credit exposure in relation to deposits in banks and financial institutions. There was no evidence at the reporting date that such entities would be unable to meet their commitments. The credit rating of cash at bank and deposits is BB which is the credit rating of SHG's main bankers – Crown Agents Bank Ltd.

The customer base of SHG is diverse and consists of individuals, companies, non-profit organisations and government entities. Credit ratings, from external rating agencies, are not readily available for all customers. Also, it is not financially viable to obtain external credit ratings for all customers due to the nature of the customer base. Furthermore, SHG as a government authority, is morally obliged to provide basic services to all its constituents irrespective of their financial standing.

For the purpose of determining the credit quality of customers, SHG applies its past experience with the customer to determine the risk of default posed. In line with the methodology applied, customers are classified into the following credit quality groups:

- High – if the debtor has not defaulted past invoices
- Low – if the debtor has defaulted in the past

SHG generally allows 30 days credit for its Trade Receivables. At the reporting date the carrying values of Trade and Other Receivables was £1,251m (31 March 2020 £995m).

10.16.5 Liquidity risk

Liquidity risk is the risk of SHG not being able to meet its obligations as they fall due. SHG's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to its reputation.

The Constitution requires SHG to provide a balanced budget, which ensures sufficient monies are raised to cover annual expenditure. Sufficient cash balances are also maintained throughout the year and SHG has no borrowings. There is therefore no significant risk that SHG will be unable to meet its commitments.

In order to help with the liquidity of money both on St Helena and overseas, SHG has a policy of paying all creditors as soon as the invoice is received. As a result, as at 31 March 2021 SHG had £0.474m of creditors due to be paid within 30 days. This included £0.403m of creditors paid by the BFI (31 March 2020 £0.727m of which BFI was £0.248m).

On 17 May 2016 SHG signed an agreement with the Bank of St Helena Ltd to act as guarantor for a loan issued to St Helena Hotel Development Ltd. The signing of the agreement with Bank of St Helena Ltd is an activity that has exposed SHG to potential liquidity risk if St Helena Hotel Development Ltd default on their contractual obligations of the £1,000,000 loan.

St Helena Hotel Development Ltd (SHHDL) is in negotiations with the Bank of St Helena for an extension of the loan term which currently expires on 1 November 2026. If the Bank of St Helena does not extend the loan term as anticipated SHHDL will be required to repay the loan over a shorter period of time which increases the required instalments. Should they fail to pay the instalments SHG may be required to assist. This could expose SHG to increased liquidity risk.

10.16.6 Currency risk

SHG is exposed to foreign-currency risk through the importation of goods and services, either directly or indirectly, through the award of contracts to local importers.

SHG purchases aviation fuel, obtains medical services and equipment, and procures other services such as legal advice and consultants internationally exposing it to currency risk arising from currency exposures, primarily with respect to the South African Rand and US Dollar.

The table below shows a sensitivity analysis of the difference to the surplus/deficit for the period if the pound had strengthened and weakened by 5% against the South African Rand and the US Dollar. These movements are attributable to translation of South African Rand and US Dollar denominated creditors.

	Increase (+) / decrease (-) in exchange rate	Effect on surplus/deficit £s
2020/21		
South African Rand	+5%	£3,529
	-5%	-£3,901
US Dollar	+5%	£105
	-5%	-£116
2019/20		
South African Rand	+5%	£1,994
	-5%	-£2,204
US Dollar	+5%	£111
	-5%	-£122

10.16.7 Interest rate risk – the risk that actual interest rates obtained on investments might be lower than expected.

Cash surpluses are deposited as a mix of fixed rate and floating rate investments. As at 31 March 2021, the value of investments held was £16.592m (31 March 2020 £15.644m). Total interest earned by SHG on cash surpluses during 2020/21 was £0.72m (2019/20 £0.180m). As this is not a significant element of total revenue, SHG is not deemed to be exposed to significant interest rate risk.

11.0 Written Notes to the Financial Statements

11.1 Basis of Preparation

These financial statements of SHG are prepared in accordance with the requirements of section 109(1)(a) of the Constitution for St Helena and section 10(1) of the Public Finance Ordinance 2010, applying the International Public Sector Accounting Standards (IPSAS) for the accrual basis of accounting. The financial statements have been prepared on the historical cost basis.

Under the powers of the Financial Secretary vested through the Public Finance Ordinance Section 10(2), SHG does not present IPSAS 35 *Consolidated Financial Statements*. The Public Finance Ordinance empowers the Financial Secretary to depart from any requirements of IPSAS that he deems inappropriate in the circumstances of St Helena. It was determined that the benefits that can be expected to be derived from consolidated financial statements are outweighed by the costs of preparation. The following factors were considered in arriving at this conclusion;

- The complexity associated with the varied nature of the financial reporting frameworks used by group entities and
- The different financial reporting deadlines of the group entities.

The financial statements are prepared in Saint Helena Pounds which equate to GBP and are rounded to the nearest thousand except where stated otherwise.

11.2 Going Concern

The financial statements have been prepared on the going concern basis, which assumes that SHG has adequate resources to continue in operational existence for the foreseeable future. Management concludes that preparation of the financial statements on a going concern basis is appropriate.

The UK Government has a responsibility to meet the reasonable assistance needs of St Helena and its residents. The current financial aid settlement covers the period to March 2023. The level of financial aid for 2023/24 is yet to be formally agreed therefore presenting uncertainty over SHG's ability to continue to operate without significant curtailment of services through to August 2023, one calendar year after the sign off of theses financial statements.

There is uncertainty as to whether adequate reserves exist for SHG to continue to operate without significant curtailment of services through to October 2023, should a new forward agreement for bi-lateral support be delayed. However, in the event that the SHG is presented with this position, the governing legislation for Saint Helena restricts spending to "expenditure necessary to carry on services or projects" for the first four months of the financial year i.e. April to July. Historically, financial aid packages have been approved prior to the end of July of each financial year.

11.3 Standards, amendments and interpretations in issue but not yet effective or adopted

IPSAS 3 Accounting Policies, Changes in Accounting Estimates and Errors requires disclosure in respect of new IPSASs, amendments and interpretations that are, or will be, applicable to SHG after the accounting period.

IPSAS 41 Financial Instruments which was approved in August 2018 will be effective for financial periods beginning on or after 1 January 2022; this replaces IPSAS 29. SHG has not early adopted the standard and plans to implement it for the year beginning 01 April 2022.

The main changes brought about by the standard are:

- New financial asset classification requirements, selection and measurement categories will now depend on the entity's management model and nature of contractual cashflows.
- A new impairment model for financial assets based on expected credit losses, which may result in earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

SHG does not expect significant changes when the standard is adopted for the classification of its two main financial assets namely receivables and current investments. Receivables are mostly short-term and will remain carried at cost. Investments are currently held as available for sale, this expected to change to Fair value through other comprehensive revenue or expenses in line with SHG's management model of holding investments to maturity.

When the new expected credit losses impairment model is applied there is an expectation that impairment losses will increase as allowance for losses will now have to include receivables other than those with observable evidence of impairment. The full impact of the change is currently unknown.

11.4 Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party, or exercise significant influence over the other party in making financial and operating decisions, or if the related party entity and another entity are subject to common control.

Related party relationships may arise when an individual is part of the key management personnel of a reporting entity. Related party relationships may also arise through external operating relationships between SHG and the related party. The definition of related party also includes entities owned by key management personnel or close family members of such individuals of SHG and where a reporting entity is economically dependent on another entity.

Disclosure of certain related party relationships and related party transactions and the relationship underlying those transactions is necessary for accountability purposes, and enables users to better understand the financial statements of the reporting entity because:

- related party relationships can influence the way in which an entity operates with other entities in achieving its individual objectives, and the way in which it co-operates with other entities in achieving common or collective objectives;
- related party relationships might expose an entity to risks, or provide opportunities that would not have existed in the absence of the relationship; and
- related parties may enter into transactions that unrelated parties would not enter into, or may agree to transactions on different terms and conditions than those that would normally be available to unrelated parties.

11.4.1 Central Government (UK)

Saint Helena is a British Overseas Territory and receives funding each year from the UK Government, through the Foreign, Commonwealth & Development Office (FCDO). FCDO Grant in Aid in 2020/21 totalled £26.990 million (2019/20 £27.393 million), which equated to 46.12% of SHG's total revenue (excluding FCDO and Other Development Aid, Movements in Non-current Investments, Non-exchange FCDO Infrastructure Aid Funding and Non-exchange Donated Asset Funding).

11.4.2 Controlled entities

SHG has a controlling interest in the following reporting entities as at 31 March 2021:

Bank of Saint Helena Ltd, St Helena Currency Fund, Enterprise St Helena (ESH), Solomon & Company (St Helena) PLC. Connect St Helena Ltd, St Helena Hotel Development Ltd, St Helena Line Ltd and St Helena Airport Ltd.

Note 12 Controlled Entities sets out the nature of SHG's controlling interest in each of the controlled entities.

11.4.3 Key Management Personnel

11.4.3.1 Remuneration

The key management personnel of SHG (as defined by IPSAS 20 *Related Party Disclosures* are the Elected Members of Legislative Council, who together constitute the governing body of SHG. The Ex-Officio Members (Attorney General, Chief Secretary and Financial Secretary) are also determined to be key management personnel of SHG as they also have responsibility for planning, directing and controlling the activities of SHG.

The aggregate remuneration of Elected Members of Legislative Council and the number of individuals determined on a full-time equivalent basis receiving remuneration from SHG are:

Aggregate remuneration	£216,200 (2019/20 £203,563)
Number of persons	12 persons (2019/20 12 persons)

From 1 November 2018, elected members were eligible to join the MiSaint pension scheme into which SHG makes monthly pension contributions. Aggregate remuneration for Elected Members above includes pension contributions of £28,200 (2019/20 £26,552).

The aggregate remuneration of Ex Officio Members and the number of individuals determined on a full-time equivalent basis receiving remuneration from SHG are:

Aggregate remuneration	£254,875 (2019/20 £252,307)
Number of persons	3 persons (2019/20 3 persons)

Aggregate remuneration for Ex-Officio Members above includes pension contributions of £16,875 (2019/20 £16,790). One Ex-Officio member is in the Defined Benefit Pension Scheme and so pension contributions are not paid by SHG on a monthly basis in to the scheme. The member receives their pension from SHG upon retirement.

Some Ex-Officio Members are also entitled to a number of allowances, however these are considered to be the reimbursement of expenses and not remuneration.

IPSAS 20 *Related Party Disclosures* also states that the remuneration of close family members should be disclosed in these financial statements. SHG used their judgement on who constitutes as a close family member and decided on it being those people who share a common household. The aggregate remuneration paid to close family members of key management personnel of SHG is:

Aggregate remuneration	£106,611 (2019/20 £91,965)
Aggregate pensions	£9,328 (2019/20 £6,921)
Number of persons	8 persons (2019/20 8 persons)

11.4.3.2 Declarations of Interests

SHG requires key management personnel to complete Declaration of Interest Forms at the beginning of each financial year or earlier if circumstances change. Circumstances, existing or prospective, which may throw into question their professional independence or present a possible conflict of interest are required to be declared.

In 2020/21, one Councillor declared an interest in a controlled entity organisation. This interest is not material to these financial statements.

11.5 Termination Benefits

IPSAS 39 *Termination benefits* are amounts payable as a result of a decision by SHG to terminate an officer's employment before the normal retirement date or an officer's decision to accept redundancy in exchange for those benefits. These are charged on an accruals basis to the appropriate Directorate in the Statement of Financial Performance, at the point when SHG can no longer withdraw the offer to those benefits.

There were no termination benefits paid out for the year ending 31 March 2021, (3 employees paid termination benefits in 2019/20 for £0.029m).

11.6 Capital Commitments

EDF – St Helena Cable Project

On 24 December 2019 SHG signed a contract with Google, to connect St Helena to Phase 1 of the Equiano Subsea Cable Project. This followed the signing of a Letter of Intent in July 2019. This contract is a key component in the development of fibre optic connectivity from St Helena to the outside world. This project is funded through the 11th European Development Fund funding of €17.0 million which has been allocated to St Helena for this project. Capital spend to March 2021 £4.568m (£0.121m 2019/2020). Based on the current plan of works the project will be completed by the end of 2022.

Economic Development Investment Programme

Her Majesty's Government (HMG) approved a £30 million Economic Development Investment Programme (EDIP) in April 2019, with the overall objective being to 'support economic development in St Helena through enhanced dialogue on policy reforms, infrastructure development and through harnessing private investment opportunities.

The £30m investment is split into 2 tranches. The first tranche of £15m was committed for the first 3 years (2019/20-2021/22) of the programme; however this was subsequently extended to 4 years (2019/20-2022/23), following agreement with HMG in August 2020.

Financial year 2020/21 saw the completion of the Rockfall Protection project and the Judicial Relocation Phase 1.

11.7 Contingent Assets and Liabilities

Contingent assets and liabilities are not included within the Statement of Financial Performance or the Statement of Financial Position, but are disclosed by way of a note to the accounts where a receipt or some other economic benefit is probable (contingent asset), or where there is a possible obligation that may require payment or other transfer of economic funds (contingent liability).

The Ground Based Augmentation System (GBAS) installed at the St Helena Airport in 2015 has not been commissioned for use due to certification difficulties. SHG now intends to sell the GBAS with a view to recovering some or all of its original investment. The intended sale suggests a possible inflow of economic benefits however this is not wholly within the control of SHG as this is subject to a buyer being found.

SHG is acting as Guarantor for St Helena Hotel Development Ltd (SHHDL) in that if SHHDL defaults on the £1m loan it has with the Bank of St Helena, then the Guarantee crystallises and SHG will have an immediate liability. The loan between St Helena Hotel Development Ltd and the Bank of St Helena for which SHG has provided a guarantee matures on the 1 November 2026.

As at 31 March 2021, there were 13 cases which were raised against the Attorney General for SHG which were considered as being contingent liabilities and therefore not provided for. These are potential liabilities which are yet to be pleaded and heard include 7 medical negligence cases, 2 child protection cases 1 contractual dispute, 1 constitutional case, an employment case and 1 other case.

11.8 Restatement of Prior Period Figures

The following material restatements of prior period figures in the main statements were required for the 2019/20 Financial Statements.

1. **Customs Duty**

   Accrued income in respect of Customs Duty revenue on fuel for March 2020 was incorrectly reversed. The restatement has the effect reinstating the income and receivables increasing Accrued Income and revenue by £395K.

2. **BFI Operating Revenue**

   SHG incorrectly accounted for operating revenue from BFI Trading activities for the financial year ending 2019/20. £5,607k was recognised instead of £5,357K.The effect of the restatement is to reduce revenue from Trading Activities by £249K.

3. **SHAP Fuel Transfer**

   During 2019/20 financial year SHG transferred 260,000 Litres of fuel worth £210K from the new BFI (SHAP) to the existing BFI to buffer stock of diesel. The transaction was previously not recognised in SHG accounting records. The effect of the restatement is to reduce operating cost for SHAP by £210k and increase receivables by the same amount. Also included in the restatement is £31K, being customs duty on fuel transferred to BFI, resulting in receivables increasing by £31K and Customs Duty revenue by 31K.

4. **Inventory**

   The £190K inventory adjustment relates to the initial recognition of spares and consumables accumulated by the Infrastructure and Transport Directorate over the years for use on routine maintenance of SHG buildings. It was impracticable to ascertain when exactly the items were purchased as a result a retrospective adjustment to recognise the stock was made at the earliest date presented, being the opening balance at 1 April 2019.

5. **BFI Inventory and Operating Expenses**

   The increase in expenditure on trading activities consists of the following;

   - £499K increase due to expensing of BFI inventory not recognised correctly in prior periods.
   - £14K BFI operating expenditure for 2019/20 incorrectly recorded as £5,107k instead of £5,121k.
   - SHG did not correctly account for the BFI inventory balance at 31 March 2020. Correction of the balance will result in the Inventory balance decreasing by £7K
   - £78k relates to a 2019/20 journal meant to reflect the results of the physical count of fuel which was posted twice in error. The effect of the correction is to increase the operating costs of BFI and reduce inventory valuation.

6. **Payables**

   SHG did not correctly account for the value of BFI payables for the financial year ending 2019/20, £556K was recognised instead of £704K.The effect of the restatement is to increase BFI payables by £148K.

The £547K adjustment is a correction to BFI payables dating back before 2019/20 financial year. The effect of the correction is to increase payables by the same amount. The adjustment ensures that the valuation of BFI payables at 31 March 2021 is in line with BFI Financial statements.

7. PPE

Prior to 2019/20 financial year SHG purchased and expensed the cost of two Bus Shelters. The bus shelters are currently kept in store pending installation in 2022. The effect of the restatement is to increase the valuation of assets under construction and the Capital Reserve by £11k.

8. Transfers Between Reserves

The restatement to transfer £770K from the BFI Trading Account brings into effect a warrant of transfer by the Governor in 2018 authorising the transfer of funds from the BFI Trading Account to the General Reserve. The transfers were erroneously reversed in prior years.

The transfer of £400K from the General Reserve to the BFI Trading Account corrects an error on nominal ledger coding on Access Dimensions for fuel management transfers that were incorrectly mapped to the General Reserve in 2016/17.

9. Equity interest in Controlled Entities

In prior years, whilst SHG had disclosed in Note 12.2 of the financial statements that it held an interest in Enterprise St. Helena and the St. Helena Currency Fund, these entities which are controlled by statute were not accounted for using the equity method in accordance with IPSAS 34. The Statement of Financial Position has now been updated to include SHG's equity interest in these entities at 31 March 2020, which is as follows:

Enterprise St. Helena	£1,057m
St. Helena Currency Fund	£1,123m

11.9 Events after the Reporting Date

The financial statements were authorised for issue on 11 October 2022 by the Financial Secretary, Dax Richards. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the financial statements have been adjusted in all material respects to reflect the impact of this information.

The following non-adjusting events took place after the 31 March 2021 reporting:

- Enterprise St Helena, a wholly owned entity, effectively ceased operating on 31st March 2021. The financial effect of this closure has not yet been estimated.

- On 9 April 2021 SHG signed a 10-year lease with Saints Tuna Corporation Limited (STC) for the Fish Processing Factory at Rupert's. Upon signing, SHG also committed to contribute £500,000 for the refurbishment of the factory in line with the lease agreement.

  STC took over the Fish Processing Factory from 1 June 2021 and commenced provision of fish processing services for the Island from this date. Before this SHG had been running the fish processing service from February 2020 following the closure of the St. Helena Fisheries Corporation in January 2020.

- The last of SHG's monthly chartered flights from the UK via Titan Airways Ltd flew on 7 March 2022. Commercial flights with Airlink resumed on 25 March 2022 on a fortnightly basis. The resumption is expected to result in the resumption of collection of Airport fees and Essential Infrastructure charges. St Helena Airport's revenue and operating profit are also expected to increase after taking a knock when commercial flights stopped at the beginning of the COVID-19 pandemic in March 2020. This will in turn positively impact SHG's investment in the entity.

- The Power Purchase Agreement signed between PASH and Connect Saint Helena Ltd on 29 May 2020 was commercially terminated on 15 November 2021 after PASH indicated that some of the terms of the contract signed in 2020 could not be fulfilled due to the effect of COVID-19 on the price of raw materials.

- In July 2021, SHG signed a funding agreement with the Royal Society for the Protection of Birds (RSPB) for £344k in 2021/22. The project objective is "Restoring St Helena's Internationally Important Cloud Forest for Wildlife, Water Security & People" and will establish the frameworks and mechanisms needed to scale up forest restoration across the Peaks National Park on St Helena through the implementation of the first year of the Peaks Management Plan.

- St Helena Line Limited (the company that ran the RMS St Helena) was dissolved on 1 May 2022. SHG received £115k on 15 October 2021 from the distribution of the assets held by the company.

- During the course of 2021/22 financial year SHG negotiated a settlement on a contractual dispute with Basil Read Limited the company that was contracted to construct St Helena Airport. On 17 April 2022 SHG signed an agreement to pay £0.5m to Basil Read, the amount was paid over on 4 May 2022. The dispute is disclosed as a contingent liability at 31 March 2021.

- A General Election was held on 13 October 2021, the first under a new ministerial form of government.

  Under the ministerial system, ministers will have direct political responsibility and political accountability for all policies and services delivered by their portfolio. They will also have to explain to Legislative Council the effective use of public funds spent in their portfolio.

12.0 Controlled Entities

Under the powers of the Financial Secretary vested through the Public Finance Ordinance Section 10 (2) SHG does not present IPSAS 35 Consolidated Financial Statements. The Public Finance Ordinance empowers the Financial Secretary to depart from any requirements of IPSAS that he deems inappropriate in the circumstances of St Helena. It was determined that the benefits that can be expected to be derived from consolidated financial statements are outweighed by the costs of preparation. The following factors were considered in arriving at this conclusion;

- The complexity associated with the varied nature of the financial reporting frameworks used by group entities and
- The different financial reporting deadlines of the group entities.

SHG has a controlling interest in the following reporting entities as at 31 March 2021:

Bank of Saint Helena Ltd, St Helena Currency Fund, Enterprise St Helena (ESH), Solomon & Company (St Helena) PLC, Connect St Helena Ltd, St Helena Hotel Development Ltd, St Helena Line Ltd and St Helena Airport Ltd.

St Helena Fisheries Corporation ceased trading on 31 January 2020. The Corporation is now under administration and is going through the process of being wound up. SHG's net investment in the assets of SHFC were accumulated losses of £17k at 31 March 2021 (£266k at 21 March 2020). SHG entered into a lease agreement with the Corporation in February 2020 for the hire of SHFC's building and associated infrastructure utilized to carry out fish processing to allow the fish processing to continue for the local market. Notional rent of £2k is payable per month. At 31 March 2021 the building and infrastructure valued at £126k was transferred to SHG as part of SHFC's liquidation proceedings.

The Enterprise St Helena's effectively ceased to operate on 31 March 2021 and is expected to be formally wound up in 2022.

The Controlled Entities note to these Financial Statements sets out the nature of SHG's controlling interest in each of the controlled entities.

Although SHG has transacted with the controlled entities in the financial year, in the main the transactions occurred within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect SHG would have adopted if dealing with the entities at arm's length in the same circumstances. Therefore, further information on these transactions has not been disclosed. The exceptions to this are that:

- SHG holds current accounts and cash deposits with the Bank of Saint Helena Ltd for which no interest is payable or receivable. The closing balance of these accounts at the year-end can be seen in the Cash and Cash Equivalents note. SHG received a dividend of £0.157m from the bank during 2020/21.
- SHG provided Enterprise St Helena (ESH) with a subsidy of £800k (2019/20 £930k) in order to assist with the daily operations of the entity.
- ESH holds a lease with SHG for the Jamestown Market, which expires on 1 October 2162. An annual rental fee of £51 is paid. ESH also leased land from SHG for £1200/annum.
- SHG provided Connect St Helena Ltd with a subsidy of £386k in 2020/21 (2019/20 £788k). This was to support their running operations. In addition, Connect St Helena Ltd

received an £737K rebate of customs duties paid on fuel (2019/20 £878k), of which £72K was still to be paid at 31 March 2021 (£77K as 31 March 20).

- St Helena Line Ltd went in to liquidation on 31 January 2019 and the full winding up is still to be finalised. As at 31 March 2020, the value of SHG's investment in St Helena Line was £514.

- St Helena Currency Fund is set up under Currency Ordinance CAP 124, and is administered by the Currency Commissioners and Currency Officers who are all employees of SHG. SHG provide a number of services to the St Helena Currency Fund at no cost. These services include staff salaries for the keeping of accounting records, the preparation of financial statements and the issuing and ordering of notes and coins. In addition to these services, SHG Treasury also provide a cash holding facility for the Currency Fund.

- SHG provided St Helena Hotel Development Ltd (SHHDL) with a subsidy of £400k in 2020/21 (2019/20 £400k).

- SHG are also acting as Guarantor for SHHDL in that if SHHDL fails to meet any of its monthly repayments on the £1m loan it has with the Bank of St Helena Ltd, then SHG will cover these payments.

- SHG is the grantor of an agreement for SHAL to be the operator of St Helena Airport. SHG provided SHAL with an annual subsidy of £2.9m in 2020/21 to provide services. The subsidy was not a fixed amount, but was given to SHAL based on expenditure and claims provided to SHG. During the year SHAL settled an initial working capital loan of £250,000.

- SHG controls, from an accounting perspective, a number of private and public sector entities. These controlled entities have not been consolidated in accordance with IPSAS 34 *Separate Financial Statements* or IPSAS 35 *Consolidated Financial Statements*. No adjustments have been made for transactions between entities. The table below shows the figures that have been obtained from the latest audited financial statements of these entities.

- IPSAS 34 *Separate Financial Statements* and IPSAS 35 *Consolidated Financial Statements* states that SHG must account for the balances and movements from the latest available audited financial statements of its entities. These investments are measured on the basis of the latest available financial statements of each entity.

- SHG through Great Peter Nominees Limited, holds 124,100 shares, being 62.947% of paid up share capital in Solomon & Company (St Helena) PLC. SHG owns 94.1% of shares in St Helena Hotel Development Ltd with Enterprise St Helena owning the remaining 5.87%. During 2020/21 SHG received £13K in dividends from Solomon & Company.

12.1 Entities in which SHG holds an ownership interest

Entity	Controlling Interest	Financial Reporting Framework	Net Assets 31 March 2021 £000	Net Assets 31 March 2020 Restated £000	Net Profit/(Loss) 31 March 2021 £000	Net Profit/(Loss) 31 March 2020 £000
Bank of St Helena Ltd	Wholly owned. Board of Directors appointed by the Governor.	Financial Reporting Standard 102	6,907	6,876	189	629
Connect St Helena Ltd	Wholly owned. Non-executive membership of the Board.	Financial Reporting Standard 102	15,684	15,821	(137)	(211)
Solomon & Company (St Helena) Plc	Majority shareholder (62.9%)	Financial Reporting Standard 102	9,038	8,840	217	(35)
St Helena Hotel Development Ltd	Majority shareholder (94.9%)	Financial Reporting Standard 102	1,496	1,439	57	(321)
St Helena Airport Limited	Company limited by Guarantee. SHG is the sole member.	Financial Reporting Standard 102	300	250	50	152
St Helena Currency Fund	Commissioners appointed by the Governor.	International Public Sector Accounting Standards	1,234	1,124	110	115
St Helena Fisheries Corporation (Ceased trading 31st January 2020)	Board Members appointed by the Governor.	Financial Reporting Standards for Smaller Entities - accruals basis	(17)	(266)	378	172
Enterprise St Helena	Board Members appointed by the Governor.	Financial Reporting Standards for Smaller Entities - accruals basis	827	1,057	121	(100)
			35,469	**35,141**	**985**	**401**

13.0 Statement of Trust Fund Movements for the year ended 31 March 2021

Disclosure of the operations of the Trust Funds within these financial statements is made in accordance with the Public Finance Ordinance 10(1)(c). These funds are not owned by SHG and therefore do not form part of the Consolidated Fund. Fund balances are held with Bank of Saint Helena Ltd.

SHG through the trust deeds of each Trust Fund is designated as the trustees of these Funds. Funds are managed in accordance with the details outlined in the trust deeds and can only be used for the intended purposes stated in the trust deed

	Balance at 1 April 2019 £	Receipts in year £	Payments in year £	Balance at 31 March 2020 £	Receipts in year £	Payments in year £	Balance at 31 March 2021 £
Alexander Bequest Fund	1,464	1	(108)	1,357	40	(11)	1,386
Arnold Memorial Christmas Gift Fund	527	1	(7)	521	0	(0)	521
Arnold Memorial Hospital Trust Fund	7,026	7	(25)	7,008	138	(8)	7,138
Bain Gray Prize Trust Fund	1,395	1	(0)	1,396	1	(0)	1,397
Bovell Trust Fund	1,336	1	(153)	1,184	1	36	1,221
Eliza Mary Lloyd Trust Fund	5,155	621	(1)	5,775	623	(170)	6,228
Leslie & Ted Moss Trust Fund	2,597	2	(0)	2,599	2	(20)	2,581
Solomon's Trust Fund	15,251	16	(2,419)	12,848	798	(149)	13,497
Total	34,751	650	(2,713)	32,688	1,603	(322)	33,969

14.0 Glossary of Terms and Abbreviations

Accounting Policies
The rules and practices adopted by SHG that determine how the transactions and events are reflected in the accounts.

Accounting Period
The period of time covered by the accounts, normally a period of 12 months commencing on 1st April. The end of the accounting period is the Balance Sheet date.

Accruals
Amounts included in the accounts for income or expenditure in relation to the financial year but not received or paid as at 31 March.

Actuarial Gains and Losses
These arise where actual events have not coincided with the actuarial assumptions made for the last valuations (known as experience gains and losses) or the actuarial assumptions have been changed.

Amortisation
A measure of the cost of economic benefits derived from intangible fixed assets that are consumed during the period.

Assets under Construction
It is not always that fixed assets are acquired in their complete form, sometimes they are built progressively over a period of time. When Fixed Assets are being built over time, they are treated as assets under construction, and then they are capitalised or settled to a fixed asset (s) or other settlement objects, upon completion.

Balances (or Reserves)
These represent accumulated funds available to SHG. Some balances (reserves) may be earmarked for specific purposes for funding future defined initiatives or meeting identified risks or liabilities. There are a number of unusable reserves, which are set out for technical purposes. It is not possible to utilise these to provide services.

Capital Expenditure
Payments for the acquisition, construction, enhancement or replacement of assets such as land, buildings, roads, and computer equipment.

Capital Receipts
Income received from the sale of land, buildings or equipment.

Capital Reserve
A reserve set aside from revenue resources or capital receipts to fund capital expenditure and certain other capital financing transactions.

Consolidated Fund
The Consolidated Fund is SHG's main account which contains all of its recurrent income and expenditure.

Contingent Asset
An asset arising from past events, whereby its existence can only be confirmed by one or more uncertain future events not wholly within the control of SHG.

Contingent Liability
A contingent liability is either:

- a possible obligation arising from a past event whose existence will be confirmed by the occurrence of one or more uncertain future events not wholly within the control of SHG; or
- a present obligation arising from past events where it is not probable that there will be an associated cost or the amount of the obligation cannot be accurately measured.

Current Service Cost
An estimate of the true economic cost of employing people in a financial year. It measures the full liability estimated to have been generated in the year.

Defined Benefit Scheme
A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.

Defined Contribution Scheme
A pension or other retirement benefit scheme into which an employee pays regular fixed contributions as an amount or as a percentage of pay, and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to the employee service in the current and prior periods.

Depreciation
A measure of the cost of the economic benefits of the tangible fixed asset consumed during the period.

Foreign, Commonwealth & Development Office (FCDO)
The Foreign, Commonwealth & Development Office is a United Kingdom government department responsible for administering overseas aid.

Discontinued Operations
When parts, or all, of a company's core business have been divested or shut down.

Economic Development Investment Programme (EDIP)
The agreement of a multi-year EDIP project between SHG and the UK Government aims to grow the Island's future economic prosperity through funding of local crucial projects.

European Development Fund (EDF)
The main instrument for European Union (EU) aid for development cooperation in Africa, the Caribbean, and Pacific countries and the Overseas Countries and Territories (OCT). Funding is provided by voluntary donations by EU member states.

Events after the Reporting Date
These events, both favourable and unfavourable, occur between the Statement of Financial Position date (31 March) and the date on which the statement of accounts are signed.

Exceptional Items
Material items which derive from events or transactions that fall within the ordinary activities of SHG, which need to be disclosed separately by virtue of their size or incidence to give a fair representation in the accounts.

Expected Return on Assets
For a defined benefit scheme, this is a measure of the return on the investment assets held by the plan for the year. It is not intended to reflect the actual realised return by the plan, but a longer-term measure based on the value of assets at the start of the year taking into account movements in assets during

Fixed Assets
Assets that yield benefit to SHG and the services it provides for a period of more than one year.

Impairment
A reduction in the carrying value of a fixed asset below its carrying value (due to obsolescence, damage or an adverse change in the statutory environment).

Interest Cost
For a defined benefit pension scheme, is the amount needed to unwind the discount applied in calculating the defined benefit obligations (liability). As members of the plan are one year closer to receiving their pension, the provisions made at present value in previous years for their retirement costs need to be uplifted by a year's discount to keep pace with current values.

Infrastructure Assets
A class of assets whose life is of indefinite length and which are not usually capable of being sold, such as roads and footpaths.

Intangible Fixed Assets
'Non-financial' fixed assets that do not have physical substance but are identifiable and are controlled by SHG through custody or legal rights. Purchased intangibles, such as software licences, are capitalised at cost whilst internally developed intangibles are only capitalised where there is a readily ascertainable market value for them.

International Financial Reporting Standards (IFRS)
International Financial Reporting Standards (IFRS) are a set of accounting standards developed by an independent, not-for-profit organisation called the International Accounting Standards Board (IASB)

International Public Sector Accounting Standards (IPSAS)
International Public Sector Accounting Standards (IPSAS) are a set of accounting standards issued by the IPSAS Board for use by public sector entities around the world in the preparation of financial statements.

Investments
Deposits for less than one year with approved institutions.

Inventory
Inventory or stock refers to the goods and materials that SHG holds for the ultimate purpose of use, resale of repair.

Liability
A liability is the measure of future payments or other economic settlement that SHG is obliged to make to other entities as a result of past transactions or other past events.

Past Service Cost
A cost arising from decisions taken in the current year but whose financial effect is derived from years of service earned in earlier years.

Payables
Amounts owed by SHG for goods and services received but not paid for as at 31 March. These may be classified as short-term (due within 1 year) or long-term (due in more than 1 year).

Prior Year Adjustment
A material adjustment applicable to prior years arising from changes in accounting policies or correction of fundamental errors.

Provisions
A liability that is of uncertain timing or amount which is to be settled by transfer of economic benefits.

Receivables

Amounts owed to SHG for goods and services provided but where the associated income was not received as at 31 March. These may be classified as short-term (due within 1 year) or long-term (due in more than 1 year).

Related Parties
Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party; or
- the parties are subject to common control from the same source; or
- one party has influence over the financial and operational policies of the other party, to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- the parties, in entering a transaction, are subject to influence from the same source, to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Related Party Transaction
A related party transaction is the transfer of assets or liabilities or the performance of services by, to, or for a related party, irrespective of whether a charge is made. Examples of related party transactions include:

- the purchase, sale, lease, rental or hire of assets between related parties;
- the provision by a pension fund to a related party of assets of loans, irrespective of any direct economic benefit to the pension fund;
- the provision of services to a related party, including the provision of pension fund administration services; and

Reserves
An amount set aside for a specific purpose in one year and carried forward to meet future obligations.

Revenue Expenditure
Day to day payments on the running of Council services including salaries, wages, contract payments, supplies, services and capital financing costs.

Statement of Financial Performance
A statement which details the total income received and expenditure incurred by SHG during a year in line with IFRS reporting as required by the Code.

Statement of Financial Position
The statement of financial position, often called the balance sheet, is the financial statement that reports the assets, liabilities, and reserves of SHG on a given date (31 March).