



**St Helena
Government**

ENTERPRISE ST HELENA

**ANNUAL REPORT
AND FINANCIAL STATEMENTS
2018 - 2019**



Enterprise St Helena

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FINANCIAL STATEMENTS
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**“A VIBRANT AND
SUSTAINABLE ECONOMY”**

ANNUAL REPORT AND FINANCIAL STATEMENTS 2018-2019

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EXECUTIVE SUMMARY

Established as a statutory body at arm's length from the St Helena Government (SHG), Enterprise St Helena (ESH) is responsible for the economic development of St Helena Island, and is the lead body responsible for promoting and enabling private sector development. During the year (September 2018) new Chief Executive Dr Dawn Cranswick came into post, succeeding Dr Niall O'Keeffe, who had moved on from St. Helena.

Early in 2019 the ESH team reviewed the existing strategy (2017-2025), especially in light of the updated Sustainable Economic Development Plan (SEDP). Whilst the overall strategy provided a strong foundation, the approach to delivering the outcomes was reviewed and refreshed, resulting in some re-alignment of staffing and projects to focus more specifically on the SEDP, and achievement of ESH target indicators. Within the context of a slow economy on the island, the refreshed focus on Stronger Local Businesses, More Investment and More Tourists, coupled with aligning staff teams to focus on these areas, was a positive move to more closely address the island's specific current challenges.

Progress made in 2018/19 includes providing support to strengthen local businesses with the appointment of an experienced international Business Advisor, who started work with several businesses, providing regular advice and guidance sessions; the business advisor has also taken a lead on several specific sectors by working with the sectoral representatives and ensuring their needs were reflected in ESH planning. However, the economy has undoubtedly been impacted by the reduction in construction activity and related numbers of workers needed, following the successful completion of the major infrastructure project to develop St Helena Airport.

In the area of tourism, ESH continued to support the development of the island's tourism offer, and to promote the destination off-island, primarily in Europe and South Africa. Early visitor numbers are in line with organic growth projections for the second year of air access, and the visitor economy is estimated to have generated £5.5M income to the island in 2018/19. However, the profile of visitors has included a higher than anticipated proportion of people 'visiting friends and relatives' and staying in self-catering accommodation, therefore the demand for serviced accommodations, including hotels, has been lower than would have been anticipated in the planning stages; the hospitality sector has continued to struggle.

Investment from both local and international investors has become a significantly increased focus for ESH. The establishment by St Helena Government (SHG) of the multi-stakeholder Investment Enabling Group, which comprises members from SHG, ESH and Bank of St Helena, has been a pivotal enabler for investment. This was complemented during the ESH Strategy Refresh process by the introduction of the Investment Team, whose sole focus is on encouraging investment in line with SEDP target sectors. There is much work to do, both in ensuring that local and international investors are aware of the opportunities that exist on the island, but also to finesse the processes so that businesses can achieve their investment ambitions in a timely way. The ESH team are committed to working in partnership with all stakeholders to ensure the island achieves maximum potential benefits from investment.

Department for International Development (DfID) are one of ESH's two major funders (the other being SHG). For the 2018/19 year, DfID Annual Review rated ESH performance against targets as A, and noted their confidence in both the staff team and ESH Board. Whilst the economy remains challenging, a strong staff cadre and a supportive and insightful Board will ensure that the organisation is doing the right things to bring about relevant positive change.

CHAIRMAN'S LETTER



Hon. Lawson Henry
Board Chairman

During the year under review we have seen a small increase in tourist numbers, some of which could be attributed to the introduction of a second weekly flight from Johannesburg over the peak visitor period (December 18 to March 19).

Whilst tourist numbers are slowly growing, the challenge for the sector is that with just one flight a week for 9 months of the year, Tourism is not making the impact that was intended with regard to economic development. A review of the air service is to be undertaken during the forthcoming year and it is hoped that this will help to unlock the full potential of the airport and address some of the challenges that I outlined in the ESH report for 2017/18.

The Sustainable Economic Development Plan (SEDP) 2018-2028 was approved by SHG in May 2018 and at the same time, the Investor Policy was refreshed. The SEDP vision is to "achieve development which is economically, environmentally and socially Sustainable"; ESH has an important role to play in achieving this vision. One of the initiatives supported by ESH during this review period was an initiative working towards increased production of local honey. The Board approved funding for work with research centers to understand the DNA of Bees; this is being taken forward by SHG's Agriculture and Natural Resources Division and it is anticipated that the results will be known during 2020. Funding was also provided for production of a leaflet setting out information about trees and plants which are beneficial for bees which was made available to bee keepers.

In November 2018, I supported the Tourism Team and some local tourism businesses exhibiting at the World Travel Market in London. This gave me the opportunity to experience the travel trade promoting their destinations to tour operators, media and consumers and to assess how St Helena fitted in with the competition. There was a great deal of interest in St Helena, and our stand received over 280 visitors, including people who are interested in St Helena, had been to St Helena, selling their media products, as well as tour operators who are working with St Helena or interested in working with St Helena.

The Second International Conference was held in March 2019, the theme was "Nature's Benefits, natural capital in the South Atlantic". The conference featured speakers from the OTs and others from across the world. Topics ranged from endemic plant care to the importance of the marine environment. Speakers also included St Helenian Professor Dan Yon. The conference was attended by participants from St Helena, the Falkland Islands, Ascension, South Georgia and Tristan da Cunha. ESH played a key role in supporting this very important event.

The development of the Investment Prospectus in consultation with SHG for launching during 2019/20 was progressed, with the aim of consolidating and promoting opportunities identified by the Sustainable Economic Development Plan, together with incentives, process and enablers.

With a view to improving prospects for investment, an Investment Team was created during the year to promote and enable investments. The Team acts as a Single-Point-of-Contact for all investment enquirers for the Island.

Under the banner of Tourism Enhancement Projects, one project worthy of note was the creation of a safe viewing platform at Button-Up Corner. This location offers a spectacular vista of the Briars, Jamestown, High Knoll Fort, and the Heart Shaped Waterfall.

It was also pleasing to note that the DFID annual review of ESH resulted in an 'A' rating, demonstrating that the outputs of the organisation were in line with expectations of the Programme; this is a credit to all involved with the organisation in what was again a challenging year.

Importantly, during the year DFID extended the duration of the Programme to 31st March 2021, to enable further work towards maximising the economic opportunities offered by increased Tourism through increased and enhanced marketing of the Island as a Tourist destination, which I hope will be sustainable for many years to come.

ENTERPRISE ST HELENA AT A GLANCE

OVERVIEW

Enterprise St Helena (ESH) was established in 2012 by Ordinance (CAP 166) to deliver St Helena Government's (SHG) economic policy as set out in the Sustainable Economic Development Plan (SEDP) 2012. In line with the SEDP, the overarching aim of ESH is to "help St Helena become financially independent and improve standards of living". As set out in the plan, tourism offers the most likely route to economic self-sufficiency. The SEDP has since been revised for 2018-2028 and reinforces the primary role tourism has in future economic development, as well as other sectors.

ESH's vision is to support the development of a sustainable and vibrant economy for the benefit of the island, whilst creating opportunities for all. ESH does this by expanding the private sector activities in St Helena through providing access to finance, business advice, training and support.

ESH has made good progress in supporting tourism and businesses in what is a very challenging environment. The St Helena Airport only opened for first commercial flights from October 2017 which was later than expected. This has delayed the predicted benefits from tourism and it has also led to current financial challenges for some businesses that had invested in the expectation of increasing visitor numbers. Despite this, ESH continues to support businesses and investors making use of the full range of tools available to an enterprise development agency.

Board of Directors

The ESH Board of Directors is established in accordance with the Enterprise St Helena Ordinance (CAP 166). The ESH Board of Directors is responsible for setting the strategic direction of the organisation, and also monitoring of ESH's operations including financial performance.

Sub-Committees

There are three Sub-Committees to the Enterprise St Helena Board of Directors;

- Tourism
- Business Development
- Finance, Governance and Audit

Asset & Credit Committee

The Asset & Credit Committee is a combined Board and Senior Management sub-group that convenes when necessary to consider larger Business Cases presented to the organisation.

Organisational overview

The key areas of focus that derives from the 2018-2028 SEDP are:

1. Increase exports
2. Substitute imports
3. Attract visitors and increase tourism
4. Mitigate impacts of inflation on the lowest income groups
5. Improve land productivity
6. Sustain and improve our natural capital
7. Improve infrastructure
8. Develop, maintain and attract a skilled workforce
9. Develop the digital economy
10. Reduce leakage of income

Operational Framework

Our Corporate Governance Guidance sets out how our business is done across ESH. It is based on principles of good governance, and details the organisation's policies, procedures and processes. The Finance, Governance and Audit sub-committee ensures that the appropriate corporate governance framework including internal control systems for financial reporting and risk management are in place and compliant with the Enterprise St Helena Ordinance (CAP 166) and all legal and regulatory requirements.

Providing services to the business community

Financial

Grants

Micro Small Medium Enterprise
Social Enterprise
Capital Investment
Skills Development

Loans

Youth loans
Business Development
Skills Development

Equity Finance

Risk capital

Non - Financial

Promotion

Of local produce & businesses/investment opportunities including organising activities and events

Commercial Property Portfolio

A number of commercial units for both industrial and non-industrial businesses

Specialist Advice and Guidance

Business and hospitality

Training programmes

Both accredited and non-accredited, local and offshore

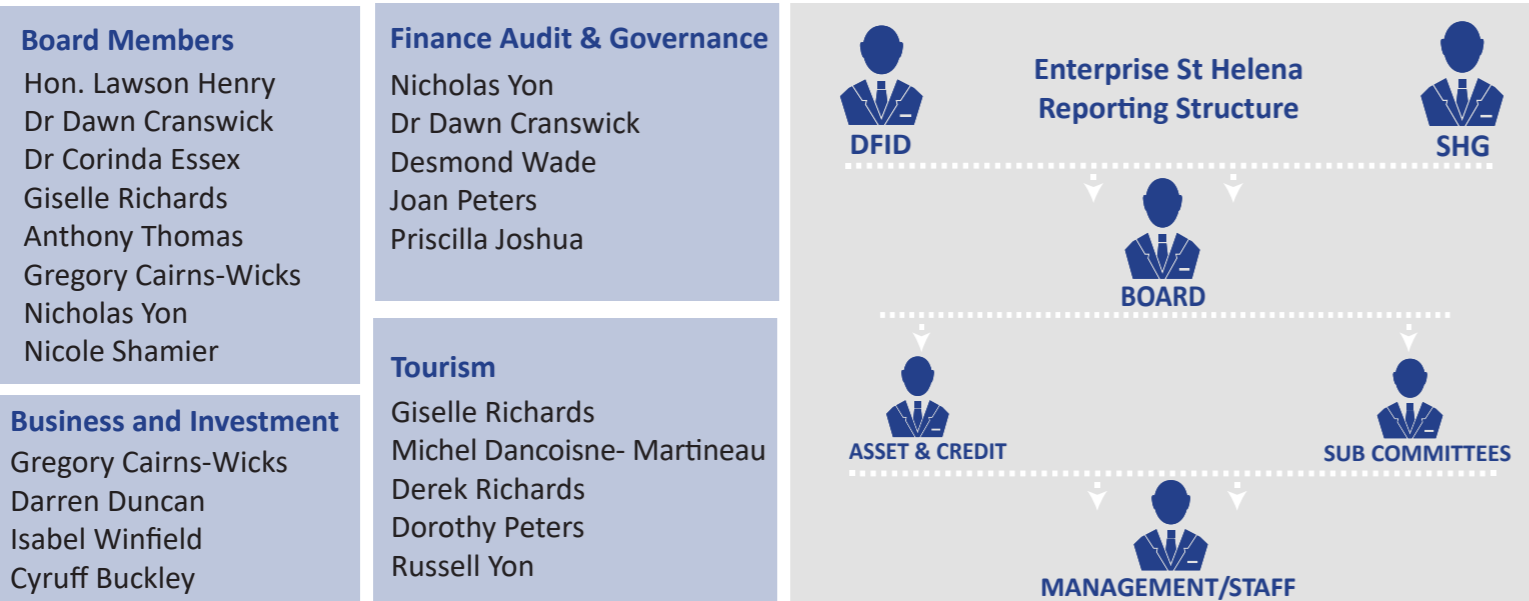
Information Centre

Including meeting room facilities

Investing in our people

We continue to encourage members of staff to be trained and developed through a number of channels. These range from professional qualifications to non-regulated and/or in-house courses.

As of 31st March 2019, staff headcount at Enterprise St Helena was 29, which consist of 25 permanent locally appointed staff, 2 fixed term contractor and 2 TC employees.



CEED REVIEW



*Dr Dawn Cranswick
Chief Executive For
Economic Development*

Working collaboratively and in partnership with key funders St Helena Government (SHG), and the Department for International Development (DFID), ESH works to support the development of stronger local businesses, more local and international investment on the island, and increased income from tourism.

As my first year in post (in fact, seven months) 2018/19 has been interesting from a range of perspectives. I was very encouraged to arrive and find that the ESH staff team is both skilled, and ambitious for the island; we are supported by a strong and committed Board, who give their time with enthusiasm. The role of the Board is to guide on strategy, to support on governance, and to act as a critical friend - challenging and asking 'the big picture' questions to ensure our activities result in delivery of the strategy, so the intended benefits can accrue to the island.

An efficient and focused organisation will always be more effective in achieving its goals, so ensuring that ESH staff are trained, fully resourced and clear about their objectives means that ESH management and staff can focus on making a positive impact towards the island's future.

The year has not been without its challenges, but we are confident that the strategy refresh we undertook towards the end of the 2018/19 year, and the realignment of staff, coupled with a review of key projects that were essential to deliver, will be instrumental in ensuring that a strong foundation for the future has been established.

The re-alignment of staff around the refreshed objectives in support of the SEDP, and the development of a range of metrics that more closely measure our performance is useful for us an organisation, but also helps clarify to teams and individuals exactly what is expected of them, and when.

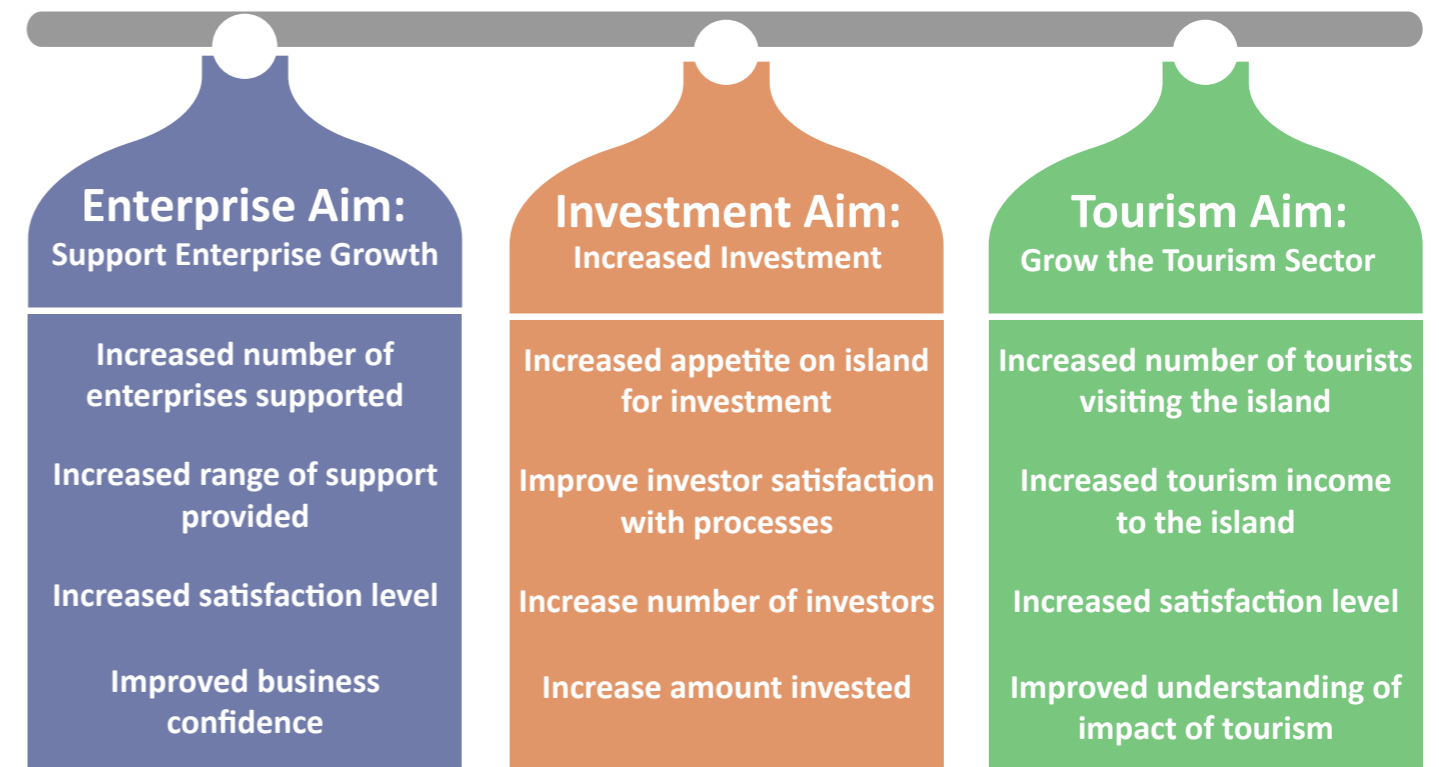
The local businesses I have met since joining ESH are some of the most resilient I have met anywhere - running a business when you're based on a remote island, with only a very small local market, is extremely challenging. Diversification is key, along with the ability to be multi-skilled.

Air access has given the island additional options, but it is clear that expectations were extremely high, and whilst visitor numbers are in line with organic projections for the second year of access, the island's economy has not yet fully benefited from air access – although it is clear that many community members have been able to enjoy travel that may have previously been impossible, as well as being able to welcome friends and family from overseas.

There remain difficulties for businesses and investors around securing access to land and skilled employees, as well as the relatively high costs (in comparison with average incomes) for utilities, Internet access and importing goods. We are hopeful that positive progress in 2019/20 will ease some of these challenges.

ESH continues to play an important, facilitating role working in partnership with SHG, Elected Members, Chamber of Commerce and the Bank of St Helena to address these challenges.

OUR AIM'S



PERFORMANCE, OUTCOMES & IMPACT

RESULTS OF THE KPI'S

Impact : Increase in the sustainable economic development of St Helena

Outcome: Growth in tourism-led business activity on St Helena

Objective: Protect St Helena's future whilst acknowledging the important aspects of its past, through inclusive and sustainable ethical economic development.

Key Performance Indicator	Target	Actual YTD
Total annual SHG revenue collected from private sector sources (£).	£12.5m	£13.7m
Average (median) employee income from employment (£):	£8,988	£8,410
Number of tourists arriving at St Helena by (i) International Airport (units) and (ii) by sea;	2,300/6,934	2389/3826
Increase in number of ESH-supported businesses newly registered with SHG Tax Office	6	6
Room nights sold on island to visitors (compared with number of beds available, including self catering)	30%	19%

Objective: Encourage private sector, social enterprise and community development and growth, including through innovation and the sustainable economic use and re-use of island resources.

Key Performance Indicator	Target	Actual YTD
Increase in number of new Tourism businesses on island, specifying those supported by ESH; (29 baseline).	4	3
Number of the 29 tourism businesses supported by ESH before 2016/17 which are still operating	29	27
Number of tour operators actively marketing and selling St Helena as a destination.	20	57
Improved quality of hire transport	5	0
Improved collaboration across the sector	1	4
Developing business advisory sector (number of operations)	1	3
Improvements to range, quality and quantity of agricultural production	1	1
Tourism product initiatives supported	2	2
No. of businesses with standards improved as registered with the Tourist Office	10	11
Increase in the number of Tourism Businesses marketing themselves or accepting bookings online through their own website or other digital platforms.	20	18
Increase in individuals trained effectively across all sectors.	50	17 Accredited 129 Non-Accredited

PERFORMANCE, OUTCOMES & IMPACT

RESULTS OF THE KPI'S

FINANCIAL SUPPORT PROVIDED

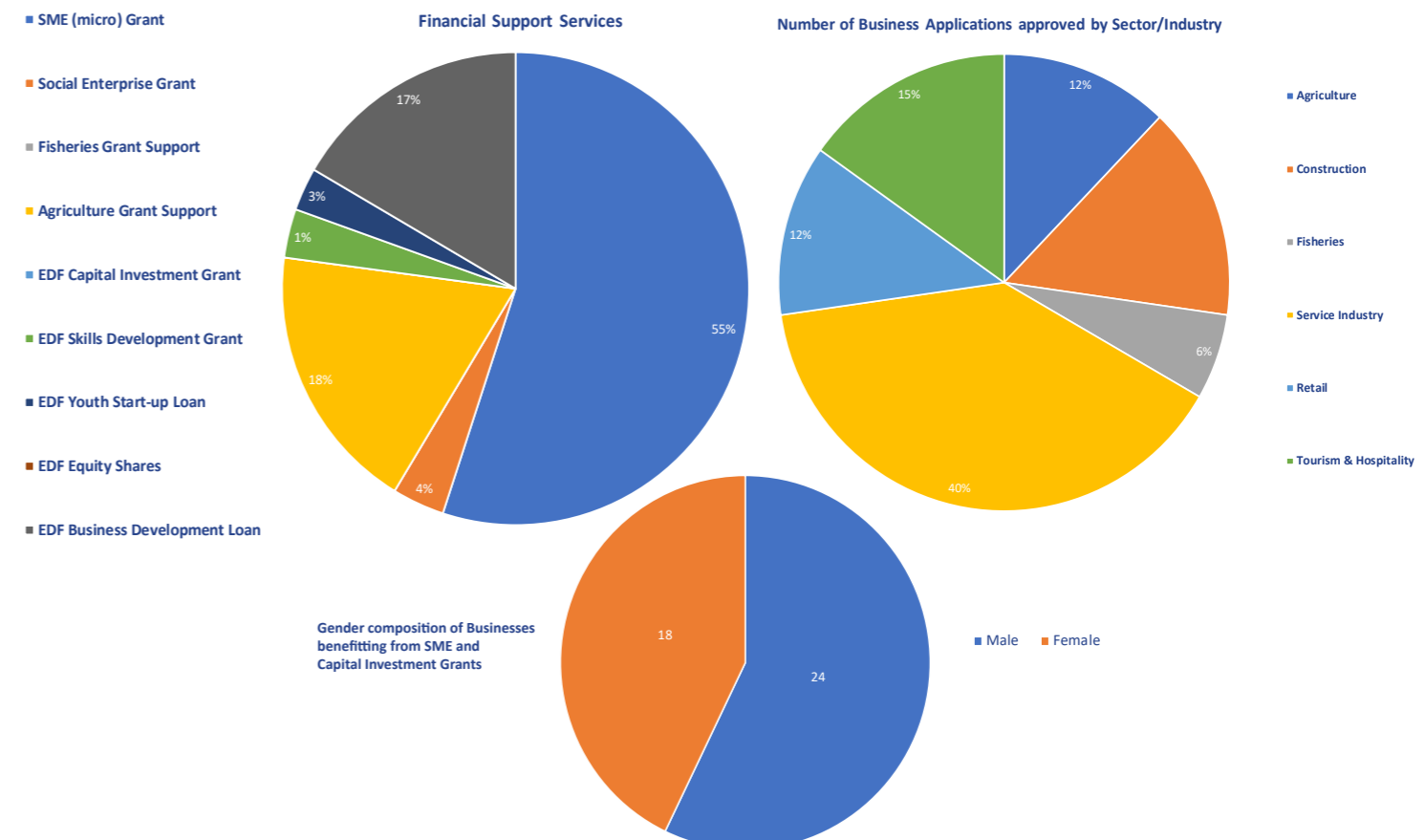
Objective: Promote investment opportunities and support on-island and inward investors

Key Performance Indicator	Target	Actual YTD
Increase in number of ESH-supported businesses in all sectors receiving micro-grants and capital investment grants.	30	36
Increase in skilled individuals.	5	5
Number of public policy reforms enabling environment/investment climate for private sector development facilitated by ESH .	3	3
Number of ESH internal policy reforms/changes in favor of private sector development.	3	2
Number of information events on business opportunities and challenges, including recording feedback and actions for ESH, facilitated and organised by ESH.	5	6

Objective: Make and market St Helena as a desirable, value-driven destination, through targeting niche visitors, tour operators and new markets

Key Performance Indicator	Target	Actual YTD
Increase in number of local, diaspora and foreign private sector investors in all sectors organised and secured by ESH. [Note: investments over £50,000]	2	5
Increase in total local, diaspora and foreign private sector investment in all sectors organised and secured by ESH (£).[Note: investments over £50,000, excludes public funds]	£400,000	£1,058,000
Increase in number of SHG land and property transactions facilitated by ESH for private sector use (units).	2	1

Financial Support Services	2017/18	2018/19
SME (Micro) Grant	£96,244.28	£74,594.84
Social Enterprise	£9,828.11	£4,916.06
Fisheries Grant Support	£50,000.00	-
Agriculture Grant Support	£30,756.19	£24,992.72
EDF Capital Investment Grant	£29,318.49	-
EDF Skills Development Grant	£3,330.49	£4,522.39
EDF Youth Start-up Loan	-	£4,000.00
EDF Equity Shares	£184,000.00	-
EDF Business Development Loan	£229,342.38	£22,500.00
Total provision of Financial Support	£632,819.94	£135,526.01



TOUR OPERATORS

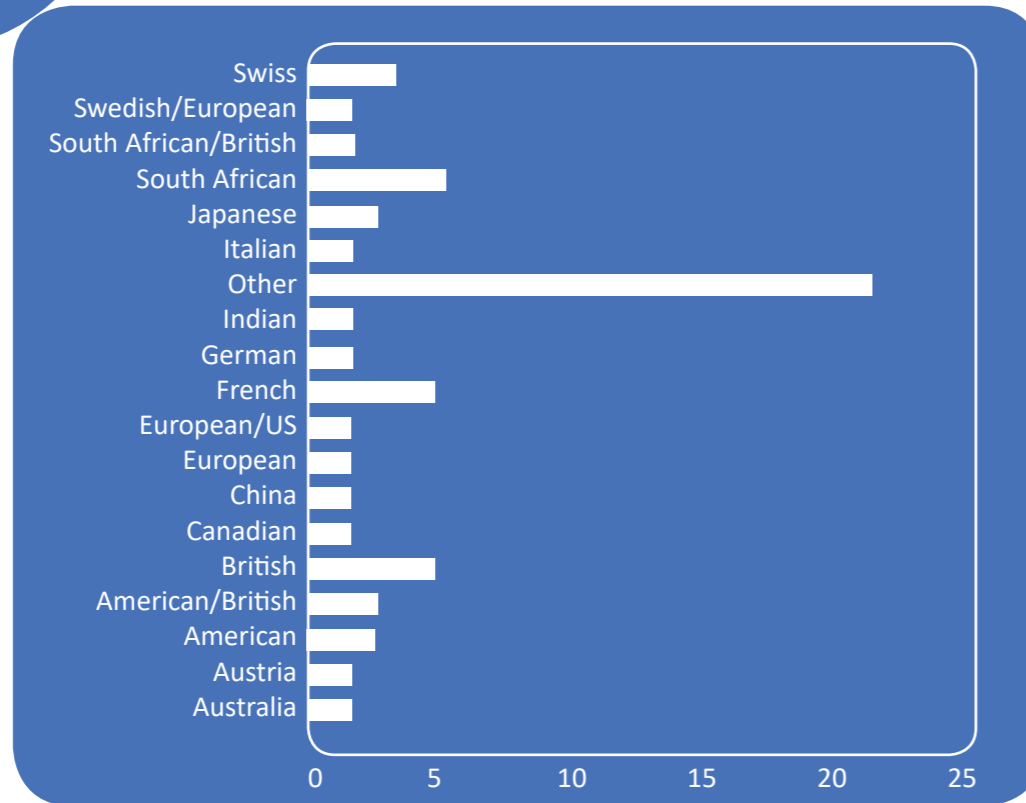
TRAVEL SHOWS

57 TOUR OPERATORS
NOW SELLING
ST HELENA

AS AT 31 MARCH 2019, THERE ARE 57 TOUR OPERATORS SELLING ST HELENA, AN INCREASE OF 25 FROM 2017/18.

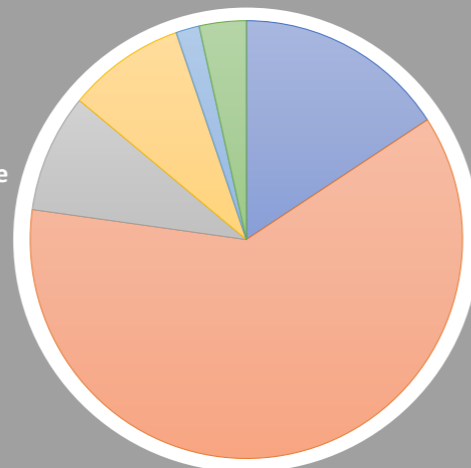


GEOGRAPHICAL
LOCATIONS WHERE
ST HELENA IS SOLD
BY TOUR OPERATORS
2018/19



TOUR OPERATORS
SELLING ST HELENA
PRODUCT OFFERING
2018/19

61% General Activities (Mixed Range)
16% Active/Outdoors/Adventure/Wildlife
9% Diving/Wildlife
9% Custom made/Luxury
3% History / Culture
2% Flights/Travel



ST HELENA TOURISM ATTENDED THE FOLLOWING TRAVEL TRADE SHOWS

Travel Show	Type of Show		Number of Tour Operators Met	Number of Tour Operators already liaising with/or selling St Helena	Total Visitors to St Helena Stand (includes media and advertising agencies)
	Business to Business	Consumer			
Country Show held					
We Are Africa, South Africa	✓		47	11	62
Experience Latin America, UK	✓		17	9	33
Experience Africa, UK	✓		23	4	34
Pure, Morocco	✓		35	7	43
Top Resa, France	✓	✓	13	3	134
Dive Show, UK		✓	11	2	1,000
World Travel Market, UK	✓		20	15	287
Destinations, UK		✓	3	0	354
ITB Berlin, Germany	✓	✓	33	0	801
TOTAL			202	51	2,748

The most frequently asked questions at Travel Shows were:

- Where is St Helena?
- How do we get there?
- Is the Airport working?
- Can you fly from Namibia?
- Is the Royal Mail Ship still running?
- When is the best time to visit? / What is the climate like on St Helena?
- What is the population of the island?
- What is there to do on the island?
- What nationality is St Helena?
- How many flights are there in a week?
- Is there going to be other places where we can fly from instead of Johannesburg?
- Why is it so expensive to get there?
- What's the accommodation like on the island?
- How do you get to Ascension Island? / Can you do both St Helena and Ascension Island?
- How long do you need to be able to see everything on St Helena?/What is the recommended duration of stay on St Helena?
- What are the visa requirements for entering St Helena?

ST HELENA TOURISM

EVENTS



Festival of Running

The Festival of Running hosted by the National Amateur Sports Association, New Horizons and St Helena Tourism took place from 04 – 10 November 2018. Collectively 131 participants took part which is broken down as the following:

- 50 participants took part in the 3km (New Record number of participants)
- 20 participants took part in the 10km
- 10 participants took part in the half marathon (21km) (1 international runner)
- 7 participants took part in then marathon (42km) (3 international runners)
- 20 participants took part in the Jacobs Ladder Challenge (3 international runners)
- 3 individuals and 2 teams participated in the Triathlon
- 21 participants took part in the Trail Run (3 international runners)

New records were achieved during the Festival, they were:

- 3km Fun Run – Aiden Yon-Steven (16:07)
- Triathlon (Team) – Nicole Shamier, Jack McShane & Joachim Naulaerts (00:54:36)

Yachting Season

Yachting season was very busy for St Helena with the arrival of:

- World Arc Rally 2019 with 18 yachts and a total crew of 47
- Oyster Rally 2019 with 15 yachts and 42 crew
- The Cape to St Helena race with 6 yachts and 27 crew.

25 December 2018

St Helena marked the 200th anniversary of children born to free slaves after 25 December 1818 and the abolishment of slavery on island, with the opening of an exhibition at the St Helena Museum. The exhibition showcased slavery on St Helena during the period of 1799 to 1842.

SHIC Conference

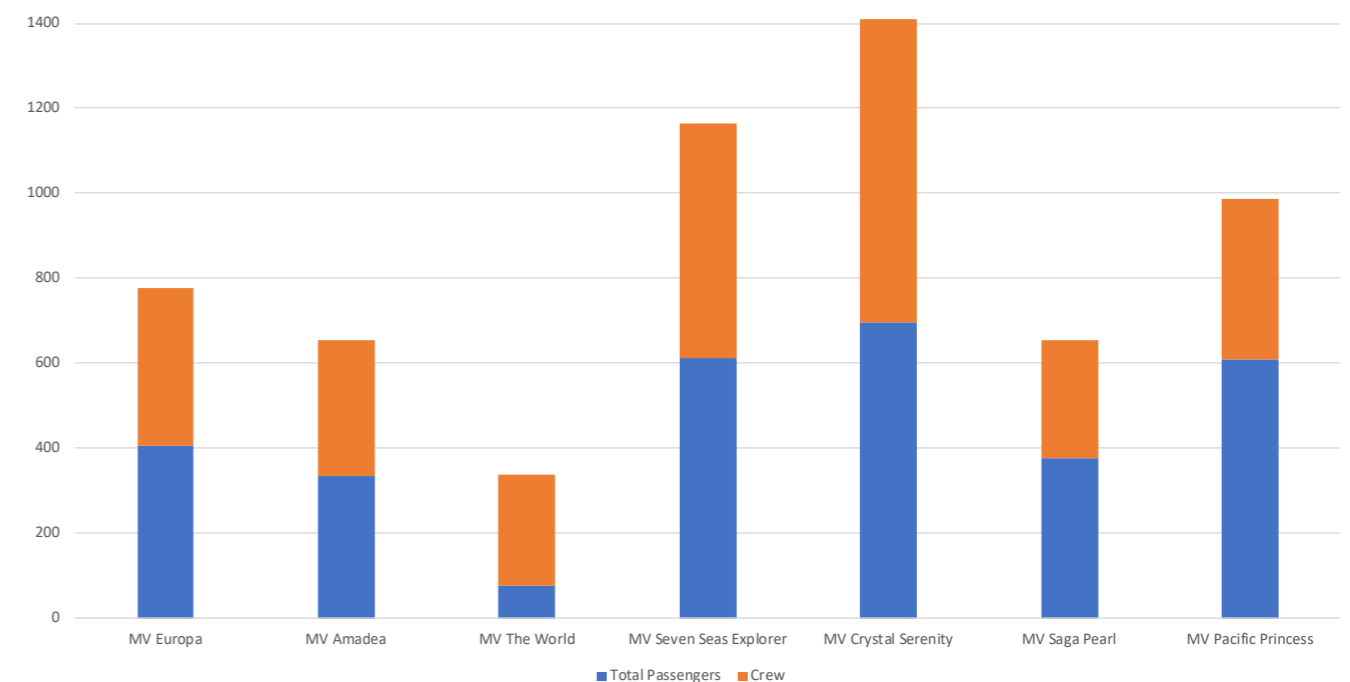
St Helena’s second International Conference was held from Monday 11th to Friday 15th of March. The theme was “Nature’s Benefits, natural capital in the South Atlantic”.

The conference was attended by participants from St Helena, the Falkland Islands, Ascension, South Georgia and Tristan da Cunha, including political representatives from each island. Talks covered a range of topics about nature’s benefits from cloud forest to the value of the deep sea. There was a number of speakers from the UK and other international organisations and universities who have been connected to the project. The conference was a platform for our local researchers and students to share the outcomes of related research that they are doing on island.

The conference was funded by the UK Government and is organised by SAERI (South Atlantic Environmental Research Institute) in partnership with the St. Helena Government, St. Helena Tourism and the JNCC (Joint Nature Conservation Committee). The event was hosted at Anne’s Place and, other than field-trips, attendance was free. Members of the public was encouraged to register in advance through the Tourist Office but it’s was also possible to turn up on the day. The conference proved to be another great success with a total attendance of 347.

Cruise Ships

St Helena received 7 cruise ships for the 2018/2019 season. The ships and their capacity are as follows:



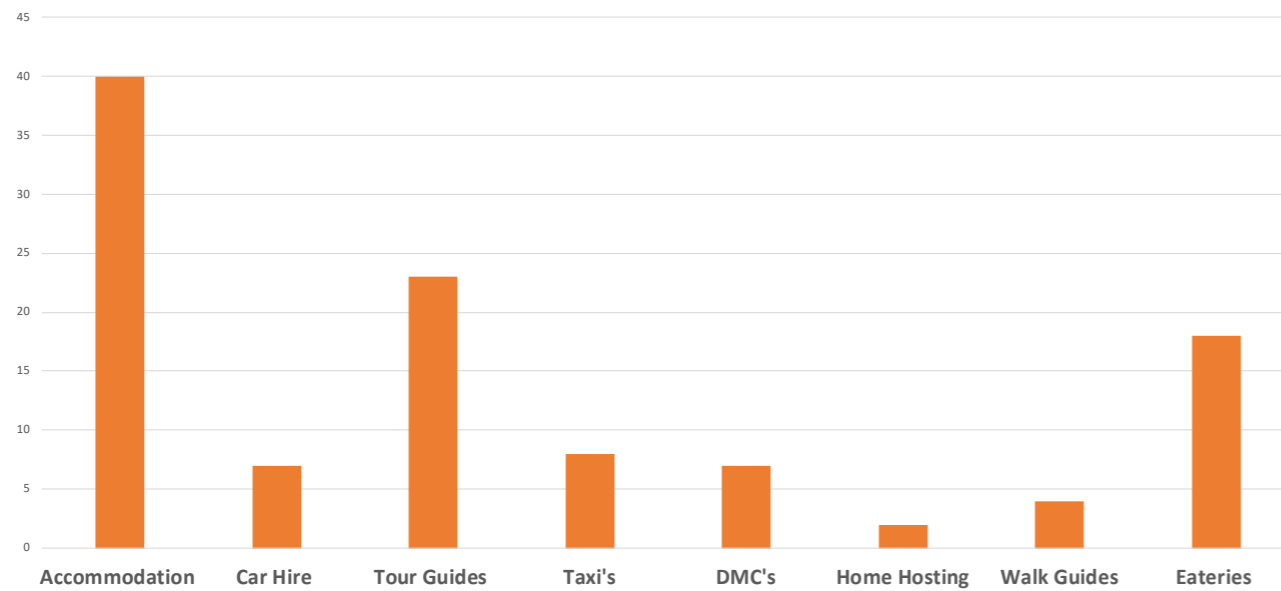
ST HELENA TOURISM

INFORMATION UPDATE

St Helena Tourism Registered Businesses

109 businesses was registered at 31 March 2019. There were 30 new registrations during the year, which included 3 new categories of Destination Management Companies (DMCs), Walking Guides and Home Hosting.

Number of Registered Businesses



Accommodation Available

Accommodation by category available at the end of 2018/2019 are as follows

	Actual	
	Rooms	Beds
Hotels/Guest Houses:	77	120
With ensuite	69	-
Room only	8	-
Bed and Breakfast:	4	4
With ensuite	3	-
Room only	1	-
Self Catering:	57	73
With ensuite	7	-
Room only	50	-
Total	138	197

SECTOR SUPPORT

Destination Management Companies

Destination Management Companies (DMC) was a new initiative which St Helena Tourism launched during the year. In December 2018 a DMC Symposium was held to provide visiting tour operators a familiarisation experience of St Helena's amenities and products and to engage with the prospective local DMCs; giving them an insight into expectations of international tour operators. As a result, 7 DMCs were registered with St Helena Tourism.

St Helena Tourism also changed its booking system and no longer provides a booking service to new visitors. Visitors are now encouraged to use the DMCs.

Digital Enhancement

In July 2017 it was recognised that the international travel trade is well established on digital platforms and most engagements are carried out digitally. To assist the local industry in moving to digital marketing St Helena Tourism provided a financial incentive of £250 for all businesses registered with St Helena Tourism (terms and conditions applied). 19 businesses took advantage of this financial incentive and produced websites, digital brochures and registered on different booking systems.

Dark Sky Training and Application

St Helena Tourism procured the services of an Amateur Astronomer to host education and awareness workshops on stargazing for the community. Over 653 were engaged including the schools. During the course of training, St Helena also formed its first local Amateur Astronomy Club.

St Helena Tourism and St Helena Government hosted a Dark Sky Lighting Consultant to assist the Island in preparing its application for Dark Sky Accreditation. A Lighting Master Plan was produced and consulted with the community. The application is due for submission late 2019.



Dark History Tours

In October 2018, Dark History Tours were developed in conjunction with local tour guides. This product was formed to showcase St Helena's dark history and to keep 'alive' St Helenian folk tales. It also provided a different flavor for St Helena's winter months.

ENTERPRISE ST HELENA

INVESTMENT

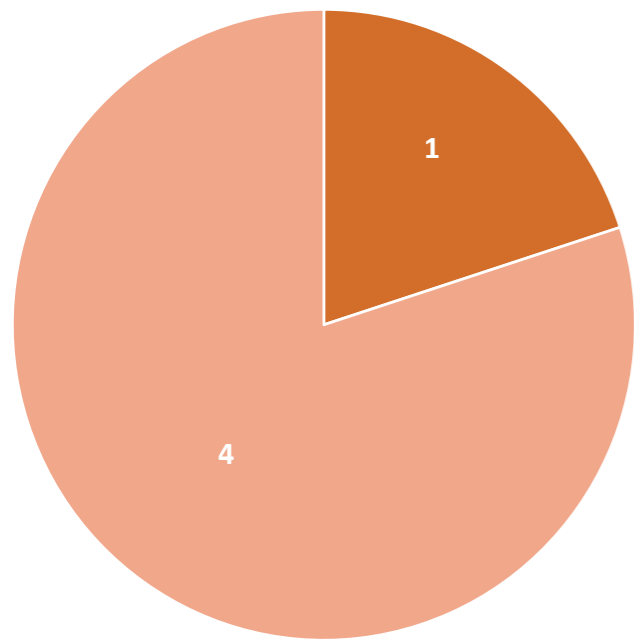
DEVELOPING AN INVESTMENT PRODUCT AND ENABLING ENVIRONMENT

The refreshed ESH Strategy saw the implementation of the ESH Investment Team providing appropriate internal resources to promote and enable investments.

Significant milestones seen during the period included the endorsement of the Island's Investment Policy, development of the Investment Strategy, and the formation of the SHG Investment Enabling Group (IEG); an entity tasked with ensuring a systematic and timely process for progressing investments. Encompassing the island's Sustainable Economic Development Plan (SEDP), the IEG facilitates an enabling environment inclusive of ESH as the Single-Point-of-Contact (SPOC) for all investment enquirers.

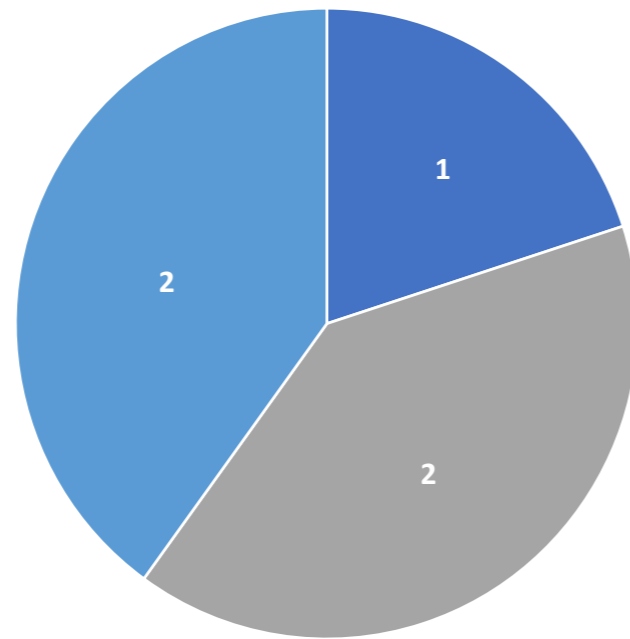
Various economic reforms coupled with the investment opportunities and incentives available created an enabling environment and a prime opportunity to promote an equitable, responsible and sustainable future. ESH embarked on the development of the Investment Prospectus for launching during 2019/20; locally and internationally. The Prospectus aim to consolidate and promote opportunities identified by the SEDP, together with incentives, process and enablers. It is envisaged to be a digital live living document which will allow for greater reach, efficiencies and the ability to capture live data via the development of a 'back-end' analytical tool to support forward planning and informed decision-making.

Investors in all sectors organised and secured by ESH



Local Foreign

Investors in all sectors organised and secured by ESH



Agriculture E - Commerce/Digital Hospitality and Leisure

VALUE OF INVESTMENT ORGANISED AND SECURED BY ESH

£1,058,000

SHG LAND & PROPERTY TRANSACTIONS FACILITATED BY ESH

1

CHALLENGES TO ECONOMIC DEVELOPMENT

The financial year 2018/19 was not without its challenges which continue to impact on sustainable economic growth. Further challenges in relation to achieving business development, attracting investment both local and international are outlined below:

Easing access to land and buildings

SHG, ESH & DfID initiated explorations of a Digital Land Registry for the island to enable access and identification of land available for development.

Costly internet and telecommunications

SHG commenced the facilitation of means necessary for a subsea fibre-optic cable

Creating a business enabling environment

Economic reforms and the initial stages of developing the Investment Prospectus will ensure an enabling environment with key messages, opportunities, incentives and processes necessary.

Making St Helena a good place to invest

The above enabling environment aspects embarked, together with the review of the ESH Grants Policy reflective of the SEDP core areas of opportunity was initiated.

Labour supply

A Labour Strategy exercise is planned for consultation during 2019/20 to ascertain gaps and saturation.

ENTERPRISE ST HELENA

MARKETING



International Media

St Helena has been promoted in 27 travel related publications, promotion via these publications includes digital (website, newsletter or Social Media) and print advertising. The target geographical markets for this period were: UK, South Africa, USA, Europe and Canada.

The organisation hosted 7 Journalists during this period, including major USA travel journalist and his crew Peter Greenburg. The journalists visiting the island wrote articles for publications in the UK, China, Belgium and South African Markets, for publications such as Tank Magazine, Lonely Planet, National Geographic China, UK Guardian. St Helena has appeared in the international media over 142 times for this period. There has been much positive news about the island that helped to generate the desired interest.

PR agency and working partners

St Helena had the support of the Brighter Group a Public Relations Agency in the UK. During this period they issued 10 St Helena press releases and 27 pitches to the UK media, covering subjects such as additional flights, Festival of Running and Whale Shark season and would have contributed to the generation of the international media stories mentioned above. They also secured Co-op marketing campaigns with 4 tour operators to promote the island further.

Digital Marketing

St Helena's digital presence has steadily increased with locally generated content to ensure it is current and relevant to what happening on St Helena. The diagram reflects the interest in our digital platforms which include social media and the St Helena Tourism website. All of the Tourism social media platform have seen steady increase in followers during the year.



FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS OF 31ST MARCH 2019

	2018/2019	2017/2018
	£	£
NON-CURRENT ASSETS		
Property, Plant and Equipment	3 1,445,417	1,530,613
Intangible assets	1,152	1,965
Loans (Amounts falling due after more than one year)	4 57,092	69,175
Equity investment	5 91,796	0
Investments in associate	6 0	0
Investment in wholly-owned subsidiary	7 0	0
TOTAL NON-CURRENT ASSETS	1,595,457	1,601,753
CURRENT ASSETS		
Loans (Amounts falling due within one year)	4 28,852	212,361
Debtors	8 301,552	460,238
Prepayments and accrued income	73,392	62,733
Cash and cash equivalents	9 493,513	479,051
TOTAL CURRENT ASSETS	897,309	1,214,383
CURRENT LIABILITIES		
Creditors	10 67,142	137,853
Accruals	65,479	61,438
Deferred grant (Amount falling due within one year)	11 91,291	98,362
TOTAL CURRENT LIABILITIES	223,912	297,653
NET CURRENT ASSETS	673,397	916,730
NON-CURRENT LIABILITIES		
Deferred grant (Amounts falling due after more than one year)	11 1,236,188	1,282,480
NET ASSETS	1,032,666	1,236,003
RESERVES		
Loan funds	12 404,386	493,145
Special Development Fund	12 122,651	122,529
Retained Surplus	505,629	620,329
TOTAL RESERVES	1,032,666	1,236,003

INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

	2018/2019	2017/2018
NOTES	£	£
REVENUE	53,165	42,514
COST OF SALES	13 (115,379)	(112,222)
GROSS LOSS	(62,214)	(69,708)
ADMINISTRATIVE EXPENSES	14 (2,136,494)	(2,093,838)
OTHER OPERATING INCOME	15 1,980,203	2,169,413
OPERATING (DEFICIT) SURPLUS	(218,505)	5,867
Finance income	15,168	23,531
(DEFICIT) SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION	(203,337)	29,398
Taxation on profit on ordinary activities	19 -	-
(DEFICIT) SURPLUS FOR THE FINANCIAL PERIOD	(203,337)	29,398
RETAINED SURPLUS AT 1 APRIL	620,329	490,826
Net (deficit) surplus for the year	(203,337)	29,398
Transfer to Special Development Fund	(123)	(122)
Transfer to Loan Funds	(33,680)	(24,163)
Transfer from Loan Funds	122,440	124,390
RETAINED SURPLUS AT 31 MARCH	505,629	620,329

FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

NOTE 1

GENERAL INFORMATION

Enterprise St Helena is a body corporate that was formed by a legal ordinance. The address of the registered office is Enterprise St Helena Business Park, Ladder Hill, St Helena Island.

NOTE 2

ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on the historical cost basis. These statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A small entities and are the financial statements of the parent entity, not group consolidated statements.

The financial statements are presented in St Helena Pound (£) which equate to GBP and are rounded to the nearest £1.

Significant Judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include Investments in Participating Interests and Loans. Both are stated after impairments in respect of possible losses. Management uses its experience and judgement of past events and the current economic situation in St Helena to assess case by case the difference between amounts invested or lent to each counterparty and amounts estimated to be recoverable after taking account of collateral if any. Amounts recoverable are estimated based on possible future market values, discounted cash flows or simply probability weighted estimates of possible future outcomes. For investments the most commonly used estimate is that of the Company's share in the net assets of the investee, which may or may not have provided audited financial statements. There is no certainty that realisable values in the future will match to management's current estimates.

Changes to accounting policies

No policy was changed during the course of the financial year except those listed under their respective headings.

Going Concern accounting policy

After reviewing the company's forecast and projections, the Board of Directors have a reasonable expectation that the organisation has adequate resources to continue in operational existence for the foreseeable future. The organisation therefore continues to adopt the going concern basis in preparing the financial statements.

Financial reporting standard 102 (FRS 102) – reduced disclosure exemptions

The organisation has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by Section 1A of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" for qualifying entities:

- **Section 7 Statement of Cash Flows – option taken to not prepare a statement of cash flows**

Investment in associate

Investment in associate are recognised initially in the statement of financial position at the transaction price and subsequently adjusted to reflect the group's share of total comprehensive income and equity of the associate, less any impairment.

Investment in subsidiary

Investment in subsidiary are recognised initially in the statement of financial position at the transaction price and subsequently at cost, less any impairment. The investment is not consolidated within these accounts however is reflected at net book value of the investment.

Equity Investment

Equity Investment are recognised initially in the statement of financial position at the transaction price and subsequently adjusted to reflect the group's share of total comprehensive income and equity of the investment, less any impairment.

Valuation of Investments

The valuation of the investments can be based on unaudited financial statements should the signed financial statement of the investments not be finalised at time of the audit of the organisation.

Fixed Assets and Depreciation

Tangible and Intangible fixed assets including those acquired under development aid are stated at cost. Depreciation is provided on fixed assets at rates calculated to write off the asset over their expected useful life as follows:

Buildings	20 years
Office Equipment	3 to 10 years
Computer software	3 years
Furniture & Fittings	5 to 10 years
Motor Vehicles	5 years
Land	0 years
Leasehold Improvements	20 years

Fixed Assets costing less than £1,000 are charged directly to the Statement of Income.

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Statement of Income.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of income.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

FINANCIAL STATEMENTS

Impairments

Impairments represent the recognition of a potential decline in the value of an asset. Movements on impairments are effected through the Statement of Income. An increase in a provision will be charged to expenditure and a decrease taken as income. Impairments are made when specific debts are not being serviced in accordance with pre-agreed terms and the likelihood of full recovery is doubtful.

Deferred Income

Government grants for capital expenditure are credited to a deferral account and are transferred from deferral account to grant income over the expected useful life of the relevant asset by applying the same depreciation policy rules as stated above.

Revenue grants

Government grants for items that are written off in the year of purchase are credited to revenue in the same year.

Revolving loan funds

The assets of the respective funds are represented by the loans outstanding and the cash available for lending. These are included in the Balance Sheet under Loans falling due after more than one year, Loans falling due within one year and Cash and cash equivalents. A charge is made for the management of the Loan Funds, and is shown as a transfer to retained surplus.

Accounts are maintained to record the funds within the loan fund. Income into the fund includes accrued interest on the funds loaned out, which is credited to the Statement of Income and then transferred to the Loan Fund. Bank interest earned, is credited to the ESH's Statement of Income.

Private Sector Loan Fund

The loan funds for the development of the private sector were consolidated on 1 April 1998 and include loans initially approved by the St Helena Development Agency, Fishermen's Association and Agricultural & Natural Resources Department.

Economic Development Fund

Initial funding was received from the Foreign & Commonwealth Office for financing business developments on St Helena. Of the overall total amount, a maximum of 5% of the fund per year will be made available for Skills Development Grants.

Staff Loan Fund

The loan fund for staff is operated on the same principles as that of the other Loan Funds.

Youth Loan Fund

The Youth Loan Fund was set as a source of funding provided under the DFID project to support youth start-up businesses on St Helena. The programme targeted young people between the ages of 16 and 26 with an interest rate of 1% and no collateral required except in special circumstance. The fund was intended to be as flexible as possible in meeting the needs of the youth, encouraging them to start-up in business.

Special development fund

Income for this scheme is by way of allocation of funds from the Economic Development Fund. These funds will be used to support ESH's property portfolio/construction of new work spaces to meet future demands for commercial premises. Bank interest earned on unspent funds of the Special Development Fund is credited to ESH's Statement of Income each year.

Turnover

Turnover represents the value of services provided to customers during the year.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions during the year are valued at the rate prevailing on the day of the transaction. All exchange differences are taken to the Statement of Income. The functional currency is the St Helena Pound (£) which is the same as the presentation currency for these financial statements.

NOTE 3

PROPERTY, PLANT & EQUIPMENT

	Land & Buildings	Improvements to Leasehold	Furniture & Fittings	Office Equipment	Motor Vehicles	Totals
COST						
At 1 April 2018	833,714	971,677	25,825	121,285	47,027	1,999,528
Disposals	0	0	0	0	0	0
Additions	24,644	1,725	4,076	3,380	0	33,825
At 31 March 2019	858,358	973,402	29,901	124,665	47,027	2,033,353
DEPRECIATION						
At 1 April 2018	272,729	82,219	18,200	59,583	36,184	468,915
Disposals	0	0	0	0	0	0
Charge for the year	41,846	48,629	2,222	20,017	6,307	119,021
At 31 March 2019	314,575	130,848	20,422	79,600	42,491	587,936
NET BOOK VALUE						
At 31 March 2019	543,783	842,554	9,479	45,065	4,536	1,445,417
At 31 March 2018	560,985	889,458	7,625	61,702	10,843	1,530,613

In addition to these assets, ESH holds a lease with SHG for the Jamestown Market expires on 1 October 2162, a lease for the Canister which expires on 30 November 2038 and a lease for Bertrands Cottage which expires on 30 November 2038. A nominal rental fee is paid. Land on which ESH Office Building is situated is leased from SHG and a rental fee is paid.

Included within Land & Buildings above are leasehold properties with a net book value of £377,847. These leasehold properties are rented out to commercial tenants and not held for investment purposes but for development purposes for the island.

FINANCIAL STATEMENTS

NOTE 4

LOANS

Amounts outstanding	283,214	471,775
Less Provision for doubtful debts	(197,270)	(190,239)
Total	85,944	281,536
Amounts falling due after more than one year	57,092	69,175
Amounts falling due within one year	28,852	212,361
	85,944	281,536

The offering of loans to private sector exposes the organisation to credit risk. Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments, resulting in losses for the organisation. To manage and mitigate its exposure to risk the organisation periodically reviews its policies which ensures that due diligence is carried out for every application to ensure responsible lending.

Loans are closely monitored and where it is identified that a customer is, or will be in default, from an agreed loan payment plan, the loan is assessed as to its recoverability. Where it is deemed prudent to do so, a provision will be made against the outstanding balance.

NOTE 5

EQUITY INVESTMENT

Shares at cost	184,000	0
Write down of investment	(92,204)	0
Balance at 31 March	91,796	0

NOTE 6

INVESTMENT IN ASSOCIATE

Shares at cost	83,300	83,300
Write down of investment	(83,300)	(83,300)
Balance at 31 March	0	0

NOTE 7

INVESTMENT IN WHOLLY-OWNED SUBSIDIARY

Bertrands Cottage Ltd		
Investment at cost	7,757	7,757
Write down of investment	(7,757)	(7,757)
Balance at 31 March	0	0
Incorporation of Company - 100 shares	100	100
Equipment transferred	7,657	7,657
Investment at cost	7,757	7,757

Bertrands Cottage Ltd was incorporated on 13th April 2016 by Enterprise St Helena as the 100% Shareholder of the company. Assets were transferred at Net Book Value to the company. The current trading loss for the year was £37,697 (2018: £37,434) and the company also has net liabilities of £87,088 (2018: £49,391). The investment was adjusted to reflect the current book value of the investment.

NOTE 8

DEBTORS

Trade Debtors	2,300	850
St Helena Government	287,597	446,780
Other Debtors	11,655	12,624
	301,552	460,254
Less Bad Debt Provision	0	(16)
Total	301,552	460,238

NOTE 9

CASH AND CASH EQUIVALENTS

Operating bank accounts	133,154	132,882
Loan funding bank accounts	237,668	223,528
Property fund bank account	122,552	122,441
Petty cash and cash on hand	139	200
Total	493,513	479,051

FINANCIAL STATEMENTS

NOTE 10 CREDITORS

Creditors

Trade Creditors	6,814	10,137
Other Creditors	47,145	101,728
St Helena Government	13,183	25,988
Total	67,142	137,853

NOTE 11 DEFERRED GRANT

Balance brought forward at start of year	1,380,842	1,362,898
Capital grant for assets acquired	33,824	112,059
Transfer to income depreciation on assets acquired under grant funding	(87,187)	(94,115)
Closing Balance	1,327,479	1,380,842
Amounts falling due after more than one year	1,236,188	1,282,480
Amounts falling due within one year	91,291	98,362
	1,327,479	1,380,842

NOTE 12 RESERVES

Loan Funds

Balance brought forward at start of year	493,145	593,372
Transfer from Retained Surplus	33,680	24,163
Transfer to Retained Surplus	(122,439)	(124,390)
Closing Balance	404,386	493,145

Special Development Fund

Balance brought forward at start of year	122,529	122,406
Transfer from Retained Surplus	122	123
Closing Balance	122,651	122,529

NOTE 13 COST OF SALES

Advertising		140	0
Cleaning		17,712	14,792
Depreciation on leased premises		31,402	31,403
Depreciation on leasehold improvements		48,629	48,629
Electricity and water		2,399	1,837
Insurance		9,544	10,709
Maintenance		4,148	3,482
Rent paid		1,405	1,370
Total		115,379	112,222

NOTE 14 ADMINISTRATIVE EXPENSES

	DIFD	SHG	Total 2019	Total 2018
Audit expenses	0	16,450	16,450	22,790
Board Directors remuneration	0	14,007	14,007	15,946
Computer maintenance and support	0	8,932	8,932	20,794
Depreciation	0	39,801	39,801	24,115
Development projects	6,085	12,284	18,369	88,719
Electricity and water	0	14,522	14,522	14,629
Impairment of Investments	0	92,204	92,204	7,757
Insurance	0	28,869	28,869	29,880
Internal audit	0	18,271	18,271	0
Loans granted	0	32,037	32,037	0
Loss on disposal of assets	0	0	0	414
Office administration cost and expenses	0	37,810	37,810	44,464
Offshore representation	0	11,494	11,494	41,983
Private sector development	105,257	0	105,257	192,714
Professional fees	0	5,310	5,310	5,171
Marketing and promotional activities	404,243	3,292	407,535	371,315
Provision for bad debts – loans and debtors	0	7,015	7,015	7,925
Employee costs	275,674	530,002	805,676	854,394
Support to sectors	170,445	0	170,445	74,040
Training and upskilling	71,140	927	72,067	61,737
Telephone and internet	0	70,742	70,742	73,854
Tour guides & tours	0	21,605	21,605	10,563
Tourism community and event activities	0	15,181	15,181	32,379
Tourism Public Relation costs	0	51,489	51,489	36,270
Tourism press trips	0	33,399	33,399	26,687
Visitor attractions maintenance and development	0	38,007	38,007	35,298
	1,032,844	1,103,650	2,136,494	2,093,838

FINANCIAL STATEMENTS

NOTE 15

OPERATING INCOME

St Helena Government subsidy	866,176	1,027,524
DFID Enterprise St Helena Project funding	1,007,950	1,042,125
Amortisation capital grants	87,188	91,506
Tour income	13,116	2,372
Reduction in leave accrual	4,311	2,560
Sundry income	1,462	3,326
	<u>1,980,203</u>	<u>2,169,413</u>

The Enterprise rented the following land from St Helena Government for yearly rent of £1,827:

Bertrands Cottage

Jamestown Canister

Jamestown Market

Ladder Hill Business Park

New Ground Workshops

ESH's office building is situated in the Ladder Hill Business Park.

NOTE 16

OPERATING LEASES

At 31 March 2019, the organisation had future minimum lease payments under non-cancellable leases as follows:

Not later than 1 year	1,721	1,670
Later than 1 year and not later than 5 years	6,884	6,680
More than 5 years	232,048	232,965
	<u>240,653</u>	<u>241,315</u>

NOTE 17

BOARD MEMBERS

Board members received remuneration from the Enterprise. Board Members who were not employed by Government receive the following allowances per quarter:

Board Member	£300
Chairman of Sub-Committee	£300
Sub-committee members	£150
Internet allowance	£58

The total allowances paid during the financial year were £13,764.

NOTE 18

STAFF EMOLUMENTS

During the financial year, the following were paid as staff emoluments and benefits to:

Permanent Staff	480,684
Contract Staff	3,282
Defined contribution Pension Plan	46,036
	<u>530,002</u>
TC Officers	275,674
	<u>805,676</u>

The average number of employees was 29 (2018: 29) during the course of the year.

NOTE 19

TAXATION

Enterprise St Helena is exempt from the provisions of the Income Tax Ordinance.

NOTE 20

RELATED PARTY TRANSACTIONS

Expenditure was incurred during the current financial year that has resulted in the increase in the value of assets which have not been capitalised as the assets are owned by St Helena Government. These included:

Post Box Walks	£26,720
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During the current financial year, the SHG/Private Agricultural Partnership Policy continued to accelerate agriculture improvements. ESH and ANRD partnered to fund this initiative to support various partnership projects in agriculture.

During the current financial year, the following was also paid to related parties of Board members, Staff and Councillors:

Grants	£22,294
---------------	---------

During the current financial year, the organisation advanced an amount of £26,095 to its subsidiary, Bertrands Cottage Ltd, to assist with the running costs of the training facility. This amount is shown in Note 4 under Loans. As part of the DfID Project - Hospitality training a further £20,000 was paid as a grant to assist with costs of delivering training.

Bertrands Cottage Ltd has a further loan liability to ESH in the amount of £60,780 (2018: £66,395) which is part of Note 4 Loans.

Key Management Personnel Compensation

The key management personnel of ESH (as defined under FRS 102) are the Board Members and the Senior Management Team consisting of Chief Executive of Economic Development, Director of Tourism, Director of Commercial Development and Enterprise, Director of Policy Development and Social Enterprise and the Director of Resources. The aggregate remuneration paid to these key management personnel totalled £315,259 (2018: £334,550).

NOTE 21 CONTINGENT LIABILITIES

There were no contingent liabilities for the period.

NOTE 22 POST BALANCE EVENT

The Enterprise St Helena Board of Directors took a decision on the 3 October 2019 to cease trading at Bertrands Cottage effective on the 31 January 2020. It was thus prudent to make a provision of £81,150 for the balance of the loans and working capital advances in these financial statements as an adjusting post-balance sheet event.

TOTAL VALUE FINANCIAL SUPPORT APPROVED
£135,526.01

33 SMALL MEDIUM ENTERPRISE GRANTS APPROVED

TOTAL VALUE APPROVED SME GRANTS
£74,594.84

TOTAL VALUE APPROVED VIA ECONOMIC DEVELOPMENT FUND
£31,022.39

BUSINESS START-UPS EXPANSIONS
23

TOURIST VISITOR ARRIVALS
6,324

MONTHLY AVERAGE VISITOR ENQUIRERS 1,545

ACCOMMODATION ASSESSMENTS 22

288

BUSINESS ENGAGEMENTS

BUSINESSES REGISTERED WITH THE TOURIST OFFICE

EATERIES = 5

ACCOMMODATION = 5

CAR HIRE = 1

TAXIS = 6

TOURS = 2

DMCS = 3

(DESTINATION MANAGEMENT COMPANIES)