St Helena Government

Financial Statements

2014/2015

These are the Separate 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 Cuhna.

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Financial Secretary's Report

Introduction

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 Separate Financial Statements and provide information useful to users for accountability and decision making purposes.

Overview

SHG is the governing body of the Island of St Helena and is led by the Legislative Council of Elected Members and *Ex Officio* Members as defined in the Constitution. 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 Services, Education, Environmental and Natural Resources Management, Policing and Access.

SHG receives a significant proportion of its funding each year from the UK Government, through the Department for International Development (DfID). The Development Aid Planning Mission (DAPM), which is made up of delegates from DfID, visited in January 2014 and following a series of discussions with the Governor, Elected Members, senior SHG officials, the private sector and civil society organisations an aid settlement for 2014/15 was agreed. This was documented in the Aide Memoire 2014.

Strategic Priorities

The Sustainable Development Plan (SDP) is SHG's highest level planning document. It sets out the strategic vision for St Helena.

Our priorities are focussed on the challenge of making St Helena ready to maximise the benefits arising from air access and to deliver key services for the community. The diagram below shows the national framework:

<table>
<tr><th colspan="3">THE VISION</th></tr>
<tr><td colspan="3">STRENGTHENED COMMUNITY AND FAMILY LIFE THROUGH VIBRANT ECONOMIC GROWTH, WITH OPPORTUNITIES FOR ALL TO PARTICIPATE, WITHIN A FRAMEWORK OF EFFECTIVE GOVERNMENT AND LAW</td></tr>
<tr><th>NATIONAL GOAL 1</th><th>NATIONAL GOAL 2</th><th>NATIONAL GOAL 3</th></tr>
<tr><td>A VIBRANT ECONOMY PROVIDING OPPORTUNITIES FOR ALL TO PARTICIPATE</td><td>STRONG COMMUNITY AND FAMILY LIFE</td><td>EFFECTIVE MANAGEMENT OF THE ENVIRONMENT</td></tr>
<tr><th colspan="3">SUPPORTING FRAMEWORK</th></tr>
<tr><td colspan="3">EFFICIENT, EFFECTIVE AND OPEN GOVERNMENT</td></tr>
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SHG's annual budget is approved in March each year by Legislative Council and is developed through the Medium Term Expenditure Framework (MTEF) process. Supporting strategic priorities whilst remaining within the funding limits has involved SHG making difficult decisions to reduce or cease activity in other areas.

Appropriation Ordinance 2014, enacted by the Governor of St Helena on the advice and consent of Legislative Council set out the approved budget for Directorates in the financial year commencing 1 April 2014.

Financial performance against the approved budget is reported to Legislative Council monthly in the form of Management Accounts, which are in accordance with the Directorate structure under which SHG operates.

Financial Statements

These Separate 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.
- Statement of Financial Position.
- Statement of Changes in Net Assets/Reserves.
- Statement of Cash Flows.
- Statement of Comparison of Budget and Actual Amounts.

These Separate Financial Statements of St Helena Government (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.

These Separate Financial Statements comply with International Public Sector Accounting Standards (IPSAS) for the accrual basis of accounting issued by the International Federation of Accountants.

IPSAS 6 *Consolidated and Separate Financial Statements* requires SHG to prepare consolidated financial statements, which would incorporate the financial statements of other entities over which SHG has control. SHG does not comply with this requirement of the reporting framework as it is not currently considered practical to produce consolidated financial statements in view of the issues involved, which include the contrast in the sectors in which the subsidiaries are operating and the differing financial reporting frameworks adopted. The controlled entities of SHG are listed in Note 25. The Core Financial Statements are shown on pages 13-18, 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 Separate 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 7 to the Financial Statements sets out a reconciliation between the financial performance reported in the March 2015 Management Accounts and the Statement of Financial Performance.

<u>Airport Infrastructure Project and the Wharf Project</u>

These two large infrastructure projects that will result in Saint Helena's first airport and a new wharf at Ruperts Bay were ongoing during 2014/15.

Due to the large contract values and how they are accounted for, the Airport Infrastructure and Wharf Projects have a significant impact on the Financial Statements and without explanation could lead to a misunderstanding of the financial performance and financial position of SHG.

The Airport Infrastructure Project and a share of the Wharf Project are funded by the UK Government. This funding is reported as revenue within the Statement of Financial Performance and totals £36,726k in 2014/15 (£62,947k in 2013/14). This means that 46% of the reported total revenue in 2014/15 (55% in 2013/14) is in relation to earmarked funding for the two projects that is not available to fund other SHG services.

The project funding is credited to the Airport Infrastructure Reserve and the Wharf Reserve, which increases the reported value of SHG's Funds and Reserves in the Statement of Financial Position. The cumulative total of funding credited to both Reserves at 31 March 2015 is £212,220k (£175,496k at 31 March 2014). SHG's total Funds and Reserves at 31 March 2015 including both Reserves is £210,228k (£185,291k at 31 March 2014).

Assets Under Construction includes the fair value of works completed on the Airport Infrastructure Project, which was £156,256k at 31 March 2015 (£105,649k at 31 March 2014). It also includes the carrying value of the Wharf Project, which was £10,513k at 31 March 2015 (nil at 31 March 2014). This makes up over 90% of SHG's reported Property, Plant and Equipment total.

The payments made in advance to the contractor on each project, which represents forward funding in the contracts is recognised as a Prepayment at the reporting date within the Statement of Financial Position. £48,289k of the reported Prepayments total of £49,740k at 31 March 2015 was in relation to the two projects (£69,846k of the reported Prepayments total of £71,773k at 31 March 2014).

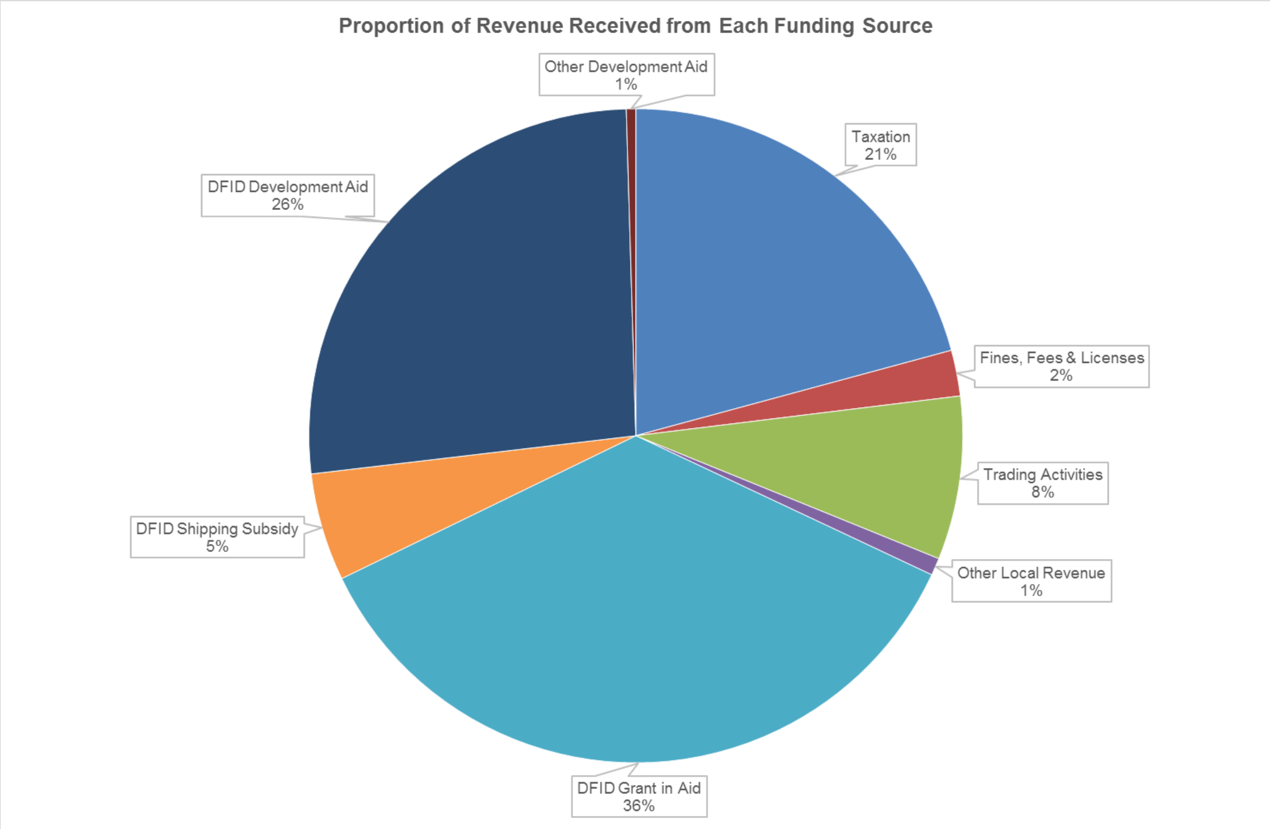
Statement of Financial Performance

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 4 and 5 to the Financial Statements show a breakdown of revenue and expenditure by category.

Revenue

The Statement of Financial Performance shows that total revenue in 2014/15 was £80,290k (£113,443k in 2013/14), a reduction of £33,153k from 2013/14. The statement contains a number of non-cash items in order to comply with proper accounting practice, these include the Airport Infrastructure and Wharf Project funding, as well as movements in non-current investments and non-exchange donated asset funding. After excluding non-cash items, total revenue in 2014/15 was £42,688k (£42,752k in 2013/14). There has been a continued increase in Taxation revenues but reductions in Bulk Fuel Installation Turnover (reported within Trading Activities), DfID Shipping Subsidy and Other Development Aid has resulted in the overall decrease in revenues.

The following chart shows the proportion of revenue received from each funding source during the year (excluding the non-cash items listed above):



We have assessed the total revenue collected during the financial year (excluding non-cash items, internal sales, DfID 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. Actual revenue collected was £432k higher than the original budget for this financial year (£1,133k in 2013/14).

Revenues continued to grow during the financial year both on Taxation and Customs Duties. 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 chart below shows the growth in revenue from Taxation and Customs Duties over the past five years, which is due to growth in the economy and changes in tax policies during that period.

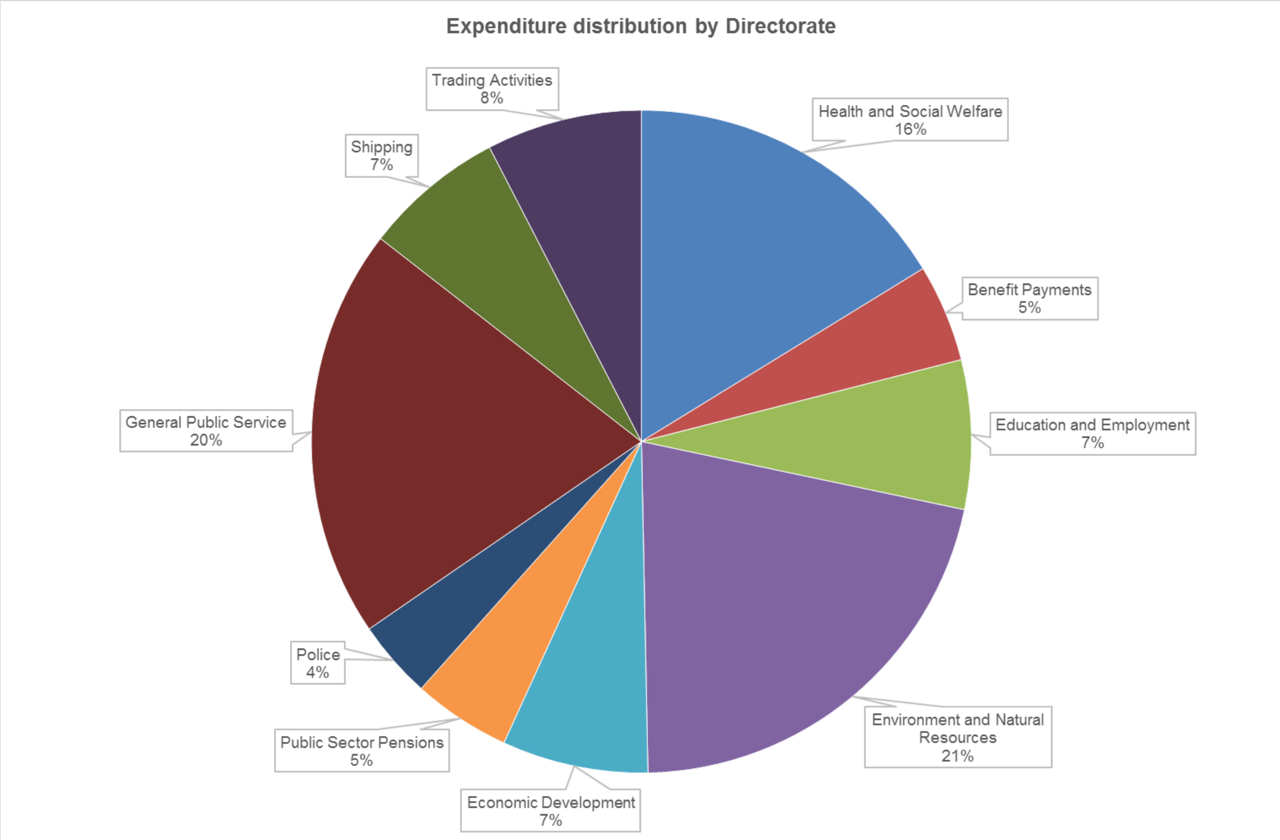
Work continues on developing changes to import duties. During this financial year we continued with the policy to equalise Customs Duty rates on Petrol and Diesel. This policy will equalise the rates of duty on Petrol and Diesel at the beginning of 2015/16.

The rates on specific duties were also increased in line with inflation as in previous years and imports by Government departments were subject to import duty. This policy change is intended to provide a 'level playing field' for local suppliers to Government who have had to pay customs duties on their imported supplies.

<u>Expenditure</u>

The Statement of Financial Performance shows that total expenditure in 2014/15 was £42,247k (£41,640k in 2013/14), an increase of £607k from 2013/14. This is mainly as a result of increased spend on Health, Education and General Public Services net of other expenditure decreases across Directorates.

The following chart shows how total expenditure in 2014/15 was distributed across Directorates:



The Statement of Financial Performance shows that the overall surplus (total revenue less total expenditure) reported at the bottom of the Statement of Financial Performance in 2014/15 was £38,043k (£71,803k in 2013/14). After removing non-cash items (listed above) the overall surplus was £441k in 2014/15 (£1,112k in 2013/14).

The overall surplus is analysed and allocated between the Consolidated Fund and Special Funds in a statement on page 59, which shows each head of expenditure paid out of and each category of revenue accruing to the Consolidated Fund and Special Funds for the year ended 31 March 2015.

Statement of Financial Position

The Statement of Financial Position summarises the financial position of SHG at 31 March 2015 and shows the net worth of SHG's assets and liabilities of £210,228k. It includes Funds and Reserves, and all Assets and Liabilities employed in SHG's operations. It shows that SHG has Non-current Assets (mainly Property, Plant and Equipment and Investments) with carrying values in the accounts of £202,395k, an increase of £64,052k from 31 March 2014. This increase is mainly as a result of an increase in the fair value of works completed on the DfID funded Airport Infrastructure Project and payments on the Wharf Project (see Note 1(b), Note 2 and Note 15 to the Financial Statements for further details), as well as the recognition of SHG's ownership interest in subsidiary undertakings (see Note 10).

Current Assets have decreased in year by £21,593k. This is due largely to a net decrease in Prepayments in relation to the Airport Infrastructure and Wharf Projects (£21,557k) and an increase in Cash and Cash Equivalents held by SHG (£1,287k), net of a decrease in Recoverables from Non-Exchange Transactions (£1,611k) now that previously accrued grant funding from the European Development Fund has been received.

Current Liabilities have increased by £3,697k, mainly due to an increase in Accruals (£1,534k) and Income Received in Advance (£1,748k).

Non-current Liabilities have increased by £13,825k due to the increase in Pension Liabilities (see Note 19 for further details).

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
- Special Funds

Consolidated Fund

The Consolidated Fund is analysed into seven reserves and an explanation of each of the reserves along with a detailed analysis of the movements on each reserve is shown in Note 22 to the Financial Statements.

At the 31 March 2015 the Statement of Changes in Net Assets/Reserves shows that the balance on the Consolidated Fund was £203,633k (£176,610k at 31 March 2014). The increase of £27,023k is mainly as a result of recognising UK Government funding for the Airport Infrastructure Project (£36,722k) net of an actuarial loss of £13,143k on the Defined Pension Pension Scheme. A further £4,162k has also been transferred from Special Funds to the Consolidated Fund in relation to the financing of capital expenditure.

Special Funds

Special Funds are established by order and enable individual projects and trading activities to be accounted for separate 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 22 to the Financial Statements.

At the 31 March 2015 the Statement of Changes in Net Assets/Reserves shows that the balance of Special Funds was £6,595k (£8,681k at 31 March 2014). The decrease of £2,086k is mainly as a result of the total of funds applied to finance recurrent and capital expenditure being in excess of Development Aid funding received in year.

Statement of Cash Flows

This statement summarises the total movement on Cash and Cash Equivalents during the year for revenue and capital purposes. It shows that the total of SHG's Cash and Cash Equivalents increased by £1,287k in year, which is mainly as a result of receiving previously accrued funding from the European Development Fund, net of Special Funds in year expenditure being in excess of funding received in year.

Statement of Comparison of Budget and Actual Amounts

This statement shows the original budget, final budget, expenditure and revenues of SHG services, reported in SHG's March 2015 Management Accounts. Note 6 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 2015 Management Accounts. Also, as the budget and accounting basis differ, a reconciliation between the surplus position reported in the Management Accounts and the amounts recognised in the Statement of Cash Flows is also reported.

Capital Expenditure

During the financial year SHG received financial support from external bodies, including DfID, for particular capital projects. In addition to this as part of a previous DAPM visit SHG made a commitment to draw down on Reserves to further support the capital programme.

Additions of Property, Plant and Equipment in 2014/15 totalled £3,506k (excluding Airport Infrastructure additions included within Assets Under Construction). The most significant acquisition categories were Assets Under Construction (£2,193k) and Plant, Machinery, Equipment and Motor Vehicles (£872k). The following represent significant expenditures within Assets under Construction in 2014/15:

- Hospital Refurbishment (£825k).
- New Challenging Behavioural Unit (£351k).
- Renovation of Sheltered Accommodation and Clinics (£435k).

In closing I would like to give special thanks to the hard work of the finance team in pulling together these Financial Statements.

Dax Richards
Financial Secretary

14 September 2016

SAINT HELENA AUDIT SERVICE
External Auditors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST HELENA GOVERNMENT

I have audited the financial statements of St Helena Government for the year ended 31 March 2015 under the Public Finance Ordinance 2010. The St Helena Government financial statements comprise the Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Net Assets, Statement of Cash Flows, Statement of Comparison of Budget and Actual Amounts, Statement of Revenue and Expenditure upon the Consolidated Fund and Special Funds, Statement of Trust Fund Movements, and the related notes.

Respective responsibilities of the Financial Secretary and the Chief Auditor

The Financial Secretary is responsible for preparing the financial statements in accordance with International Public Sector Accounting Standards (IPSAS) and being satisfied that they present fairly the financial position, financial performance, and cash flows of St Helena Government. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board (APB) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the government's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Financial Secretary; and the overall presentation of the financial statements.

I also assess whether the accounts and financial statements have been prepared in accordance with all relevant laws and policies; and whether in all material respects the expenditure and income have been applied to the purposes intended and conform to the authorities which govern them.

I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

1. Classification of reserves

The Bulk Fuel Installation (BFI) is an activity of Government undertaken without a Special Fund established for that purpose. The BFI reserve is incorrectly classified within Special Funds in the Statement of Financial Position and Note 22 rather than within the Consolidated Fund. The impact on the financial statements is overstatement of Special Funds in the amount of £3.340m at 31 March 2015 (£3.610m at 31 March 2014) and an understatement of the Consolidated Fund to the same extent.

2. Infrastructure valuation

Aid funded infrastructure amounting to £165.9m at 31 March 2015 (£105.7m at 31 March 2014) reported within Property Plant and Equipment in the Statement of Financial Position, and forming part of assets under construction in Note 15, is measured on an earned value basis. IPSAS 17, *Property Plant and Equipment* and IPSAS 23, *Non-Exchange Transactions* require that such aid funded assets are measured at replacement cost. Note 2 explains there is a high degree of estimation uncertainty associated with the valuation of the airport and wharf infrastructure.

I was unable to obtain sufficient appropriate audit evidence regarding the asset valuation by the reporting date, either from management or by using alternative audit procedures. In these circumstances, I am unable to determine whether the use of an estimate based on earned value would give rise to a material misstatement, and whether any adjustment was necessary to the reported value of Property Plant and Equipment and associated reserves.

3. Accuracy of social benefit payments

Government is responsible for the payment of a social benefit in the form of Basic Island Pension. The expenditure on this social benefit, forming part of Benefit Payments in the Statement of Financial Performance, was £1.564m in 2014/15 (£1.458m in 2013/14). I was unable to obtain sufficient appropriate audit evidence about the accuracy of these pension payments because no evidence of eligibility is obtained or retained by Government. I was therefore unable to determine whether any adjustment to the reported expenditure was necessary.

Qualified opinion on the financial statements

Except for:

- the understatement of the Consolidated Fund and the overstatement of Special Funds, as detailed in paragraphs 1 of the Basis for Qualified Opinion section above; and
- the possible effects of the matters described in paragraphs 2 and 3 of the Basis for Qualified Opinion section above;

in my opinion, the financial statements present fairly the financial position of St Helena Government as at 31 March 2015, and its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Basis for qualified regularity opinion

Included within expenditure reported as Trading Activities in the Statement of Financial Performance is £2.906m (£3.589m for 2013/14) in respect of the Bulk Fuel Installation. This expenditure was incurred without specific statutory authority, estimate provision or legal authority under an Appropriate Ordinance.

For 2014/15 Legislative Council authorized total budgeted expenditure from Head 11: Governor of £164,000, Head 14: Attorney General of £53,000, Head 18: ENRD – Programme Management Unit of £31,000 and Head 22: Education and Employment of £2.739m. As disclosed in Note 6 to the financial statements the actual expenditures on these heads were £169,224, £61,761, £31,288 and £2.798m respectively, resulting in expenditure in excess of authority amounting to £5,224, £8,761, £288 and £58,783 respectively.

Qualified opinion on regularity

Except for the incurrence of expenditure without authority, as described in the basis for qualified regularity opinion paragraph, in my opinion in all material respects the expenditure and income has been applied to the purposes intended and conform to the authorities which govern them.

Opinion on other matter required by statute

Section 29(1) (b) of the Public Finance Ordinance requires me to report on whether the financial statements have been prepared in accordance with all relevant laws or policies.

Section 10(1) of the Public Finance Ordinance requires the financial statements to be prepared in a manner consistent with the International Public Sector Accounting Standards (IPSAS). IPSAS require an explicit and unreserved statement of compliance to be made. As disclosed in note 1(a), and contrary to the requirements of IPSAS 6, *Consolidated and Separate Financial Statements*, Government has not prepared consolidated financial statements for the economic entity that incorporate the results of the entire group.

In consequence, in my opinion, the financial statements have not been prepared in accordance with all relevant laws or policies.

Phil Sharman CPFA CA
Chief Auditor for St Helena

14 September 2016

St Helena Audit Service, Jamestown, St Helena

Financial Secretary's Statement of Responsibilities

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

In preparing these accounts, 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 the International Public Sector Accounting Standards;

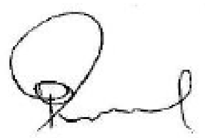
- make judgements and estimates on a reasonable basis;

- ensure that proper and adequate systems exist for bringing to account all transactions of St Helena Government, 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 St Helena Government;

- 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 St Helena Government as required by the Public Finance Ordinance; and

- prepare the accounts on a going concern basis.



Dax Richards
Financial Secretary

14 September 2016

Statement of Financial Performance for the year ended 31 March 2015

	Note	2014/15 £000	2013/14 (restated) £000
REVENUE	4		
Taxation		8,876	7,801
Fines, Fees & Licenses		966	893
Earnings Government Departments		70	60
Income Received		38	48
Treasury Receipts		178	459
Profit on Disposal of Non-current Assets		80	34
Movements in Non-current Investments		876	7,703
Trading Activities		3,449	3,920
DfID Grant in Aid		15,288	14,638
DfID Shipping Subsidy		2,275	3,730
DfID Development Aid		11,269	9,836
Other Development Aid		199	1,333
Non-exchange Donated Asset Funding		0	41
DfID Airport Infrastructure Funding		36,722	53,495
DfID Wharf Funding		4	9,452
Total Revenue		80,290	113,443
EXPENDITURE	5		
Health and Social Welfare		6,870	6,095
Education and Employment		3,072	2,824
Environment and Natural Resources		9,035	10,238
Economic Development		3,024	2,334
Public Sector Pensions		2,020	1,987
Benefit Payments		2,013	1,934
Police		1,610	1,529
General Public Service		8,475	6,974
Shipping		2,912	3,768
Trading Activities		3,216	3,957
Total Expenditure		42,247	41,640
SURPLUS FOR THE PERIOD		**38,043**	**71,803**

Statement of Financial Position as at 31 March 2015

	Note	31 March 2015 £000	31 March 2014 (restated) £000
ASSETS			
Current Assets			
Cash and Cash Equivalents	9	3,749	2,462
Investments	10	6,934	7,103
Recoverables from Non-exchange Transactions	11	505	2,116
Receivables	12	1,897	1,436
Inventories	13	2,017	1,545
Prepayments	14	49,740	71,773
		64,842	86,435
Non-current Assets			
Investments	10	24,863	23,882
Receivables	12	167	240
Property, Plant and Equipment	15	177,365	114,221
		202,395	138,343
Total Assets		**267,237**	**224,778**
LIABILITIES			
Current Liabilities			
Payables	17	8,534	4,645
Provisions	18	0	192
		8,534	4,837
Non-current Liabilities			
Pension Liabilities	19	48,475	34,650
		48,475	34,650
Total Liabilities		**57,009**	**39,487**
NET ASSETS		**210,228**	**185,291**
FUNDS AND RESERVES			
Consolidated Fund	22	203,633	176,610
Special Funds	22	6,595	8,681
		210,228	**185,291**

Dax Richards
Financial Secretary
14 September 2016

Statement of Changes in Net Assets/Reserves for the year ended 31 March 2015

	Consolidated Fund £000	Special Funds £000	Total Reserves £000
Balance at 1 April 2013 as previously reported	97,087	8,286	105,373
Prior Period Adjustments	3,982	0	3,982
Balance at 1 April 2013 restated	101,069	8,286	109,355
Changes in Net Assets/Reserves:			
Surplus/(Deficit) for the Period	63,728	1	63,729
Funds Received	0	11,122	11,122
Funds Applied	0	(8,302)	(8,302)
Use of Funds to Finance Capital Expenditure	2,649	(2,649)	0
Actuarial Gains/(Losses)	4,280	0	4,280
Transfers	(297)	297	0
Unrealised Loss on Current Investments	(147)	0	(147)
Balance at 31 March 2014 as previously reported	171,282	8,755	180,037
Prior Period Adjustments	5,328	(74)	5,254
Balance at 31 March 2014 restated	176,610	8,681	185,291
Changes in Net Assets/Reserves:			
Surplus/(Deficit) for the Period	36,528	401	36,929
Funds Received	0	11,279	11,279
Funds Applied	0	(10,165)	(10,165)
Use of Funds to Finance Capital Expenditure	4,162	(4,162)	0
Actuarial Gains/(Losses)	(13,143)	0	(13,143)
Transfers	(558)	558	0
Unrealised Gain on Current Investments	33	0	33
Other	1	3	4
Balance at 31 March 2015	203,633	6,595	210,228

Statement of Cash Flows for the year ended 31 March 2015

	Note	2014/15 £000	2013/14 (restated) £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the Period		38,043	71,803
Interest Received		(116)	(247)
Non Cash Movements			
Recognition of DfID Infrastructure Funding	4	(36,726)	(62,947)
Depreciation	5	1,485	1,220
Impairment of Non-current Assets	5	0	59
(Gain)/Loss on Disposal/Derecognition of Non-current Assets	5	(80)	304
Gain on Investments	4	0	(2,202)
Share of Profit of Subsidiaries	4	(876)	(5,501)
Difference in pensions earned and benefits paid relating to the Defined Benefit Pension Scheme	19	661	621
Increase/(Decrease) in Defined Contribution Pension Liability	19	21	(30)
Movements in Working Capital	23	3,064	(2,683)
Net Cash Flows from Operating Activities		**5,476**	**397**
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend Received		25	13
Interest Received		118	243
Capital Expenditure		(4,484)	(2,893)
Proceeds from the Sale of Non-current Assets		80	82
(Increase)/Decrease in Investments		72	(1,350)
Net Cash Flows from Investing Activities		**(4,189)**	**(3,905)**
NET CASH FLOW FOR THE FINANCIAL YEAR		**1,287**	**(3,508)**
Cash & Cash Equivalents at 1 April		2,462	5,970
Net Cash Flows		1,287	(3,508)
Cash & Cash Equivalents at 31 March		**3,749**	**2,462**

There was no interest paid in the current or comparative year.

Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2015

The budget and the accounting basis is different. 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 2015 Management Accounts, which is on a comparable basis to the budget, are shown below.

	Expenditure			Revenue		
	Original Budget £000	**Final Budget £000**	**Actual £000**	**Original Budget £000**	**Final Budget £000**	**Actual £000**
Governor	158	164	169	1	1	0
Corporate Support, Policy and Planning	882	975	957	244	244	261
Human Resources	5,312	5,750	5,514	0	0	0
Attorney General	52	53	62	0	0	0
Police	873	951	947	240	240	277
Corporate Finance	3,502	3,729	3,572	22,871	22,871	23,265
ENRD - Programme Management Unit	28	31	31	2	2	0
Economic Development	1,275	1,211	1,211	0	0	0
Pensions and Benefits *	3,278	3,278	3,065	0	0	0
Shipping	4,013	2,952	2,274	4,013	4,013	4,013
Education and Employment	2,647	2,739	2,798	388	388	382
Health and Social Services	4,595	5,151	5,141	699	699	723
Internal Audit	52	52	41	0	0	0
Agriculture and Natural Resources	841	844	784	148	148	76
Infrastructure and Property	1,505	1,566	1,545	672	672	457
Environmental Management	265	291	275	0	0	23
	29,278	**29,737**	**28,386**	**29,278**	**29,278**	**29,477**
					Surplus	**1,091**

* The budgets 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 2014 to 31 March 2015.

Appropriation Ordinance, 2014, 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 and was enacted on 1 April 2014. 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 differ. 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 Statement of Comparison of Budget and Actual Amounts and the actual amounts in the Statement of Cash Flows for the year ended 31 March 2015 is presented below.

	Operating £000	**Investing £000**	**Net Cash Flow £000**
Surplus in Comparable Basis as Presented in the Budget and Actual Comparative Statement	1,026	65	1,091
Basis Differences	0	(3,434)	(3,434)
Timing Differences	0	0	0
Entity Differences	4,450	(820)	3,630
Actual Amount in the Statement of Cash Flows	5,476	(4,189)	1,287

The Financial Statements and budget are prepared for the same period and so there are no timing differences. There is an entity difference: 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 and the results of the Bulk Fuel Installation, 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.

Note 6 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.

Note 1 - Accounting Policies

a) Basis of Preparation

These Separate Financial Statements of St Helena Government (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.

These Separate Financial Statements comply with International Public Sector Accounting Standards (IPSAS) for the accrual basis of accounting issued by the International Federation of Accountants.

IPSAS 6 *Consolidated and Separate Financial Statements* requires SHG to prepare consolidated financial statements, which would incorporate the financial statements of other entities over which SHG has control. SHG does not comply with this requirement of the reporting framework as it is not currently considered practical to produce consolidated financial statements in view of the issues involved, which include the contrast in the sectors in which the subsidiaries are operating and the differing financial reporting frameworks adopted. The controlled entities of SHG are listed in Note 25.

These Separate Financial Statements report the fourth year of adoption of the accruals basis of accounting. SHG has used transitional provisions available within IPSAS for organisations that have recently adopted this financial reporting framework. The standards containing transitional provisions are IPSAS 13 *Leases*, IPSAS 17 *Property, Plant and Equipment* and IPSAS 23 *Revenue from Non-Exchange Transactions*. The specific effect that the transitional provisions will have on the disclosures and presentation of the accounts is detailed within the individual accounting policies.

The measurement basis applied is historical cost with the exception of those specific assets and liabilities described below.

The Financial Statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

b) 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.

In accordance with the transitional provisions of IPSAS 17 *Property, Plant and Equipment*, SHG is not required to recognise the initial value of Property, Plant, and Equipment for reporting periods up to five years following the date of first adoption of accrual accounting (1 April 2011). SHG has opted not to recognise expenditure incurred before 1 April 2011 on the following classes of assets in the Financial Statements:

- Land and Buildings;
- Infrastructure - Roads; and
- RMS St Helena.

The decision has been made by SHG due to the inability to establish reliable fair values.

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, it is the value of each individual item that is assessed against the £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 current 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.

Gains or losses arising from the disposal of an item of Property, Plant and Equipment is 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.

Measurement

Save for the application of transitional provisions of IPSAS 17 *Property, Plant and Equipment* in relation to asset classes not currently recognised, 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.

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.

The following table shows the range of estimated economic useful lives of each class of asset disclosed in these Financial Statements:

Class of Asset	**Estimated Useful Economic Life (Years)**
Land and Buildings (Land element not subject to Depreciation)	20-30
Infrastructure	25
Infrastructure - Roads	25
Plant & Machinery, Equipment, Motor Vehicles and Furniture & Fittings	5-10
Computer Hardware and Computer Software	5-10

Capital expenditure on the RMS St Helena incurred after 1 April 2011 is subject to depreciation over the ship's remaining life (due to be decommissioned by the end of the 2016/17 financial year).

Revaluations

Revaluation applies to the following classes of asset, which are held at fair value after the asset has been brought into use:

- Land and Buildings
- Infrastructure

The frequency of revaluations depends upon the changes in the fair values of the items of Property, Plant and Equipment being revalued but will not usually exceed 5 years.

Revaluation increases are credited directly to the revaluation reserve. However, any increase is first recognised in surplus/deficit to the extent that it reverses a revaluation decrease of the same class of assets previously recognised in surplus/deficit. Revaluation decreases are first charged to the revaluation reserve to the extent that any previous revaluation surpluses for that class of assets remain and thereafter to surplus/deficit.

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.

Assets are reviewed annually for any impairment loss and where an impairment loss occurs this is recognised immediately in surplus/deficit in the period.

Cash Generating Assets

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.

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.

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.

c) Inventories

Inventories are assets in the form of materials or supplies that will be consumed in producing goods or providing services or will be 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.

Cost is measured on a weighted average basis.

d) 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 St Helena, Crown Agents Bank, Crown Agents Investment Management Ltd and Barclays Bank.

e) 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.

f) Non-current Investments

Non-current Investments represent SHG's ownership interests in subsidiary undertakings. In these Separate Financial Statements, 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 Note 25. 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 last available financial statements of the subsidiary.

g) Financial Instruments

A Financial Instrument, as defined by IPSAS 28 *Financial Instruments: Presentation*, is "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).

Recognition and basis of measurement

Loans and Receivables

Trade and other receivables (excluding those arising under legislation) and housing and house purchase loans are deemed to be loans and receivables. As such they are initially recognised and subsequently measured at amortised cost.

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.

Available for Sale Financial Assets

Deposits and investments held with Bank of St Helena, Barclays Bank, Crown Agents Bank and Crown Agents Investment Management Ltd are deemed 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.

		Fair value measurement at the end of the reporting period using:		
	31 March	**Level 1**	**Level 2**	**Level 3**
	£000	**£000**	**£000**	**£000**
Available for Sale Financial Assets				
2014/15	6,934	6,934	0	0
2013/14	7,103	7,103	0	0

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 recognised directly in Net Assets/Reserves through the Statement of Changes in Net Assets/Reserves, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in Net Assets/Reserves shall be recognised in surplus/deficit through the Statement of Financial Performance. Interest earned on these funds is recognised in the Consolidated Fund through the Statement of Financial Performance.

Financial Liabilities

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.

SHG has no borrowings or other financial liabilities.

The carrying value of financial assets and liabilities held at amortised cost is considered to be a reasonable approximation of their fair value.

h) Staff Benefits

Staff Benefits comprise deferred leave accumulated by employees over a number of years. Staff are allowed to accumulate up to a maximum of 90 days.

An accrual is made for the leave liability. The value of the accrual is based on the number of days of deferred leave accrued by each employee, across the public service, multiplied by the rate of pay for a working day. In addition an adjustment is made to account any difference in leave taken and leave accrued in the current holiday year as at 31 March.

The deferred leave 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.

i) Pension and Retirement Benefits

SHG manages and operates two pension schemes for employees, the Defined Benefit Pension Scheme and the Defined Contribution Pension Scheme.

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 eventually paid as pensions.

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 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. Details of assumptions applied can be found in Note 2 Key Estimation Assumptions.

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.

Defined Contribution Pension Scheme (DCPS)

Employees commencing employment on or after 1 April 2010 who are eligible for adoption into the scheme, have been adopted into the DCPS in accordance with the Trust Deed 2010 under which the scheme has been created. Pension contributions are paid into the scheme by SHG and charged to the Consolidated Fund. Individual pension accounts under the MiSaint Pension Scheme offered by Solomon & Company are established for each member of the scheme and contributions are transferred from the DCPS to that scheme. As such, the balance on the DCPS represent contributions held on behalf of scheme members not yet transferred to the MiSaint scheme. No pension benefits are payable directly from the DCPS.

Interest earned from the invested funds held are credited directly to the individual fund of each employee on the scheme and is not credited to the revenues of SHG. The Trust Fund was established by SHG and is therefore recorded on the Statement of Financial Position. The Trust Funds held with Bank of St Helena are recognised as an asset within Cash and Cash Equivalents and the amounts earned by employees as a Pensions Liability.

j) 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 seven reserves (see Note 22 for further information). 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.

k) Revenue and Expenditure Recognition

Revenue and expenditure is accounted for on an accruals basis meaning that the revenue is recognised when goods and services are supplied or rendered by SHG. Expenditure is recognised when it is incurred, upon delivery of goods or when services are employed.

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 relates to the next financial year have been recognised as Income Received in Advance.

The transitional provision of IPSAS 23 *Revenue from Non Exchange Transactions* has been adopted in relation to income tax (comprising Pay As You Earn, Self-employed and Corporation taxes) and service tax revenues. These revenue streams are recognised in the period in which the related return is submitted to SHG and not accrued into the financial year to which is relates. The transitional period is up to five years from the initial adoption of IPSAS. All revenues are then required to be recognised in the period in which they are generated.

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. Therefore, an amount equal to the estimated replacement cost of the airport and the cost of the Wharf Project funded by the UK Government reported within Assets Under Construction and the payments made in advance by DfID to Basil Read for forward funding reported within Prepayments has been recognised as revenue within the Statement of Financial Performance. The revenue is credited to the Airport Infrastructure Reserve and Wharf Reserve and following completion will be written off over the useful economic life of each asset.

The fair value of Non-current Assets donated to SHG are recognised as revenue in the Statement of Financial Performance.

Goods and services paid for during the financial year but not yet received at the year-end have been accounted as prepayments. Goods and services received during the year that have not been paid by the financial year end have been accounted for as accrued expenses.

l) Internal Recharges

During the normal course of business, Government directorates provide services to each other for example: transport services. Internal sales during the year are eliminated in the Financial Statements. 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.

m) Translation of Foreign Currencies

These Financial Statements are reported in St. Helena Pounds (SHP) which is at par with the Pound Sterling. Revenue and Expenditure earned or incurred are translated into SHP at the rate of exchange prevailing on the date the transaction occurred.

Gains or losses on the rate of exchange occurring as a result of difference between the date transactions occurred and the date of the actual cash receipt or payment is recognised and the net effect of all gains and losses is taken to the Statement of Financial Performance at the year end.

Financial Assets and Liabilities denominated in foreign currencies at the year-end are translated into SHP at the rate of exchange prevailing at the year-end date.

n) 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 after the accounting period. There are a number of IPSASs and amendments issued by the ISPAS Board that are effective after this accounting period. The following standards and amendments have not been adopted early in these accounts and SHG has no plan to early adopt any of these standards.

Standard, amendment or interpretation	**Period effective**
Annual Improvements 2014	2015/16
IPSAS 33, First Time Adoption of Accruals Basis IPSASs	2017/18
IPSAS 34, Separate Financial Statements	2017/18
IPSAS 35, Consolidated Financial Statements	2017/18
IPSAS 36, Investments in Associates and Joint Ventures	2017/18
IPSAS 37, Joint Arrangements	2017/18
IPSAS 38, Disclosure of Interests in Other Entities	2017/18
IPSAS 39, Employee Benefits	2018/19

As noted within the accounting basis, SHG do not currently prepare consolidated financial statements in line with IPSAS 6 *Consolidated and Separate Financial Statements* in respect of the consolidation of entities under SHG control. As a result of this, it is anticipated that the application of new group accounting standards IPSAS 34, 35, and 38 may have a material impact on these accounts, but the effect cannot currently be estimated. None of the remaining new or amended standards are currently anticipated to have future material impact on the Financial Statements of SHG.

Note 2 - Key Estimation Assumptions

Key assumptions about the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Defined Benefit Pension Liability

The estimation of the pension liability depends on a number of complex judgements relating to the discounts used, the rate at which salaries are projected to increase, changes in retirement ages and mortality rates. The UK Government Actuary's Department was engaged to provide SHG with expert advice about the assumptions to be applied and to calculate an estimate of the pension liability as at 31 March. A full actuarial valuation of the scheme liabilities was performed as at 31 March 2012 with a roll-forward calculation being provided for subsequent periods. This estimation technique is less accurate than carrying out a full valuation using complete membership data as at the reporting date.

The following assumptions have been used in the roll-forward calculation:

Assumption	31 March 2015 % a year	31 March 2014 % a year
Rate of return (discount rate)	2.2	3.4
Rate of pension increases	2.5	2.0
Rate of pay inflation	2.5	2.5
Rate of return in excess of:		
Pension increases	-0.3	1.4
General pay increases	-0.3	0.9

The discount rate used in calculating the Pension Liability is the rate on the FTSE Actuaries UK Gilts Index (20 year duration). The discount rate is the annualised yield on this index as at 31 March 2015 (2.2% pa).

Life expectancy at age 60	As at 31 March 2015		As at 31 March 2014	
	Men (years)	Women (years)	Men (years)	Women (years)
Current pensioners	25.9	30.1	25.8	30.0
Future pensioners*	27.6	31.8	27.5	31.7

*The life expectancy from age 60 of active and deferred members will depend on their current age. The table shows the life expectancy at age 60 for active members currently aged 45.

The carrying value of the defined benefit pension liability as at 31 March 2015 is £48,424k (31 march 2014: £34,620). Full details of movements in the liability can be found in Note 19. It is anticipated that the next full valuation will be obtained as at 31 March 2016.

Provision for Bad and 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. Details of the provision held for doubtful debts can be found in Note 12.

Provision for Inventory Obsolescence

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, rusty 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. The provision for inventory obsolescence can be found in Note 13.

Airport Infrastructure Project

Construction of an international airport on St Helena commenced in late 2011 and is not expected to be completed until the 2016/17 financial year. The project is a tri-partite arrangement funded by the UK Government but with the resulting asset vesting with SHG. Management have determined that the airport has been acquired through a non-exchange transaction and has therefore initially measured it at fair value.

Recognising the airport on this basis leads to an estimation uncertainty due to the difficulty in assessing the fair value of the asset acquired through a non-exchange transaction.

In the absence of a professional valuation or recently observable market prices, its fair value is measured using the depreciated replacement cost method, which, with the asset not yet brought into use, is replacement cost.

In determining the appropriateness of using the current contract price as an estimate for replacement cost, management has applied judgement in assessing subjective estimates around the potential impact of inflation and movements in exchange rates on a hypothetical tender price.

To do this a number of general assumptions have been made, including:

- The specification of a replacement airport would not differ from the current airport.
- The location of a replacement airport would not differ from the current airport, as supported by feasibility studies performed during the design of the current airport.
- The hypothetical contractor of the replacement airport would be based in South Africa (for exchange rate estimation purposes as the current contractor is based in South Africa).
- No allowance for a lower replacement cost due to the potential for a lower risk allowance in the hypothetical contract.

Although they have been considered, it is management's judgement that it is impracticable to fully estimate the extent of the possible effect of movements in exchange rates and inflation. Management has therefore judged the existing airport contract price to be the most reliable proxy for fair value.

A further management judgement is required to determine how much of the contract price should be recognised at each reporting date during the period of construction.

Works undertaken by the contractor are certified as complete and compliant by the project management unit run by Halcrow (an independent engineering consultancy company). As at each reporting date, a model maintained by Halcrow is used to determine an 'earned value' of the works completed or part completed under the contract. Management deems this to be the best available information to determine the certified value of contracted works complete at the reporting date.

The estimated carrying value of the airport as at the reporting date, reported within Assets Under Construction, is £156.3m (31 March 2014: £105.7m).

A professional valuation will be obtained once the asset is fully operational. The valuation will be on a depreciated replacement cost basis. It is reasonably possible based on existing knowledge that upon obtaining a professional valuation of the airport, differences in the assumptions applied may result in a material adjustment to the carrying amount of the airport in a future period. As the airport is not expected to be completed until the 2016/17 financial year, management does not anticipate that any such material adjustment would be recognised until at least 2016/17.

Wharf Project

Work commenced on Ruperts Permanent Wharf in 2014/15. The project is jointly funded by the UK Government by way of funding channelled through DfID and by SHG through the use of European Development Funds (EDF). Payments funded by the UK Government are made directly by DfID to the contractor. Payments funded by EDF are made by SHG to the contractor.

Management have determined that the Wharf Project includes two distinct transactions. A transaction between DfID and the contractor and a transaction between SHG and the contractor.

The UK Government funded element of the project meets the criteria for a non-exchange transaction, as defined under IPSAS 23 *Revenue from Non-Exchange Transactions* and has therefore been initially measured at fair value.

The payments made by SHG to the contractor, which are funded through the use of EDF is deemed to be an exchange transaction and this element has initially been valued at cost.

Recognising the wharf on this basis leads to an estimation uncertainty due to the difficulty in assessing the fair value of the asset acquired through a non-exchange transaction i.e. the element of the wharf funded by DfID. In the absence of a professional valuation, the percentage completion of the project reported by the contractor is used as a basis of cost and as a proxy for fair value.

The percentage completion of the project reported by the contractor has been used to determine that £1,860k of the total cumulative payments made to the contractor (£12,373k) is a prepayment as at the reporting date that represents forward funding in the contract.

The estimated carrying value of the wharf as at the reporting date, reported within Assets Under Construction, is £10,513k (31 March 2014: nil).

A professional valuation will be obtained once the asset is fully operational. The wharf as whole, including the exchange and non-exchange components, will be revalued. The valuation will be on a depreciated replacement cost basis. This may result in a material adjustment to the carrying value of the wharf in a future reporting period.

Note 3 - Restatement of Prior Period Figures

The comparative figures for the prior period within the Financial Statements have been revised to correct prior period errors.

Recognising Investments in Subsidiaries

Previously only SHG’s investment in Connect St Helena Ltd was recognised, however the opening Statement of Financial Position and comparative period have been restated to also recognise investments in Bank of St Helena Ltd, Solomon & Company PLC and St Helena Line Ltd.

The impact on the Statement of Financial Performance in 2013/14 is an increase in revenue recognised from SHG's share of profits of subsidiaries by £5,270k and a reduction in revenue from dividends received of £13k.

The Statement of Financial Position at 1 April 2013 has been restated to recognise additional investments in Solomon & Company PLC and St Helena Line Ltd of £3,902k.
The Statement of Financial Position at 31 March 2014 also shows an increase in investments of £9,160k representing ownership interests in Solomon & Company PLC, St Helena Line Ltd and Bank of St Helena Ltd.

In addition, the General Reserve has been restated to remove the value of funds held as Investments in Subsidiaries. As these funds do not represent usable reserves they are now separately disclosed within the "Investments in Subsidiaries Reserve" which remains an element of the Consolidated Fund. The General Reserve as at 31 March 2014 has reduced by £14,723k following the removal of funds represented by the investment in Connect St Helena Ltd.

Reclassification of Revenue and Expenditure

Expenditure on the Air Access Project has been reclassified from Environment and Natural Resources to General Public Service in the Statement of Financial Performance (£148k) to more appropriately reflect the nature of the project.

The financial performance of the Bulk Fuel Installation is now reported within Trading Activities in the Statement of Financial Performance and Note 4 (£2,989k Expenditure and £3,008k Revenue).

The classification of expenditure incurred in the engagement of specialist staff under the Technical Cooperation (TC) protocol funded by DfID was revised in 2014/15 to more appropriately reflect the nature of each expense. For comparability, 2013/14 expenditure within note 5 has been restated in accordance with the revised classification of costs. There was no impact on the Statement of Financial Performance. £156k of TC costs were also incorrectly allocated to General Public Service and have now been reallocated to Police (£94k) and Environment and Natural Resources (£62k) in the Statement of Financial Performance.

Shipping subsidy income received from DfID in 2013/14 in excess of actual spend and retained under the provisions of the budgetary aid agreement has been reclassified as Grant in Aid for comparability with the current year (£1,242k). Further detail as to the nature of the underspend can be found in note 4.

Property, Plant & Equipment and Capital Reserve balances as at 1 April 2013 have been restated by £80k to reflect the capitalisation of expenditure in relation to the construction of 3 x Steel Frame Government Landlord Houses. £180k has also been transferred from Assets Under Construction to Buildings in 2013/14 to reflect that construction of the houses was completed in 2013/14. Depreciation of £3k has also been reflected in 2013/14 in relation to the houses.

Other Presentational Amendments

A restatement of reserves was required to reflect that the purchase of items of computer hardware were funded from the DfID Infrastructure Reserve rather than the General Reserve (£74k).

No restatements have been made for changes in accounting policies. Where immaterial prior period errors were identified in the preparation of these Financial Statements, these corrections have been recorded within 2014/15.

Note 4 - Revenue by Category

	2014/15	2013/14 (restated)
	£000	£000
Taxation		
Income Tax (PAYE)	2,484	2,135
Self Employed	251	285
Corporation Tax	598	461
Service Tax	364	333
Withholding Tax	65	89
Customs Duty - Alcohol	1,196	1,210
Customs Duty - Tobacco	1,128	754
Customs Duty - Petrol	334	325
Customs Duty - Diesel	338	215
Other Customs Duties	2,118	1,994
	8,876	7,801
Fines, Fees & Licenses		
Stamp Duty	43	36
Immigration Fees	68	61
Planning Fees	12	18
Other Fines, Fees & Licences	843	778
	966	893
Earnings Government Departments	70	60
Income Received		
Other Income Received	38	48
	38	48
Treasury Receipts		
Interest Received	94	220
Currency Fund	0	200
Other Treasury Receipts	84	39
	178	459
Profit on Disposal of Non-current Assets	80	34
Movements in Non-current Investments		
Gain on Investments	0	2,202
Share of Profit of Subsidiaries	876	5,501
	876	7,703
Trading Activities		
Operating Revenue	3,427	3,851
Interest Received	22	27
Profit on Disposal of Non-current Assets	0	42
	3,449	3,920
Total Local Revenue	**14,533**	**20,918**

Note 4 - Revenue by Category (continued)

	2014/15	2013/14 (restated)
	£000	£000
DfID Grant in Aid	15,288	14,638
DfID Shipping Subsidy	2,275	3,730
DfID Development Aid	11,269	9,836
Other Development Aid	199	1,333
Non-Exchange Donated Asset Funding	0	41
DfID Airport Infrastructure Funding	36,722	53,495
DfID Wharf Funding	4	9,452
	65,757	92,525
Total Revenue	**80,290**	**113,443**

Shipping subsidy initially committed by DfID in 2014/15 was £4,013k (2013/14: £4,972k). Following increased passenger numbers and improved cost efficiencies, the actual subsidy required was £2,275k (2013/14: £3,730k). The excess funding has been transferred to grant in aid to support other priority areas of recurrent spend under the provisions of the budgetary aid agreement.

Note 5 - Expenditure by Category

	2014/15	2013/14
	£000	£000
Employee Costs	14,114	13,192
Property Costs	743	842
Transport & Plant Costs	131	138
Supplies & Services Costs	7,112	7,431
Administration Costs	1,015	985
Payments to Other Agencies, Bodies or Persons	12,417	13,948
Other Expenditure	1,790	1,511
Payment to Contractors	3,347	1,628
Finance and Other	60	42
Depreciation	1,485	1,220
Impairment of Non-current Assets	0	59
Loss on Disposal of Non-current Assets	0	381
Provisions Recognised	0	192
Provision for Doubtful Debts	33	71
Total Expenditure	**42,247**	**41,640**

The fee for the audit of the 2014/15 Financial Statements is expected to be £59,500. St Helena Audit Service is a trading activity of SHG, the revenues and expenditures of which being included within these accounts. As such, no accrual for the audit fee is included in these accounts 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.

Note 6 - 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:

	Original Budget £000	Supple-mentary Approp-riations £000	With-drawal War-rants £000	Special War-rants £000	Final Budget £000
Governor	158	6	0	0	164
Corporate Support, Policy and Planning	882	93	0	0	975
Human Resources	5,312	438	0	0	5,750
Attorney General	52	1	0	0	53
Police	873	78	0	0	951
Corporate Finance	3,502	0	(353)	580	3,729
ENRD - Programme Management Unit	28	3	0	0	31
Economic Development	1,275	0	(64)	0	1,211
Shipping	4,013	0	(1,061)	0	2,952
Education and Employment	2,647	92	0	0	2,739
Health and Social Services	4,595	506	0	50	5,151
Internal Audit	52	0	0	0	52
Agriculture and Natural Resources	841	3	0	0	844
Infrastructure and Property	1,505	61	0	0	1,566
Environmental Management	265	26	0	0	291
	26,000	**1,307**	**(1,478)**	**630**	**26,459**

The Supplementary Appropriations increase the 2014/15 budgets approved by Legislative Council in March 2014 for the respective directorate based on the latest available forecast.

The Withdrawal Warrants used to finance the above Supplementary Appropriations were in relation to funding held centrally for market forces supplements, in year salary revisions, new posts and performance increments (£353k), an under spend in shipping subsidy payments (£1,061k) and an under spend on Enterprise St Helena subsidy payments (£64k).

Where there is an urgent and unforeseen call on the Consolidated Fund and there is no budget for it, a Special Warrant is requested as the most appropriate means of authorising the expenditure. Special Warrants were in relation to additional funding required for payments in connection with the instruction of Barristers required for the Supreme Court sitting in November 2014 (£210k), payments in connection with the settlement of medical negligence claims (£200k), payments in connection with legal cost prosecutions (£170k), the cost of specialist medical assessments and subsequent bespoke equipment and professional services (£50k).

The following table provides an analysis and explanation of the material differences between the final budget and actual expenditure and revenues reported in SHG’s March 2015 Management Accounts:

Note 6 - Comparison of Budget and Actual Amounts (continued)

	Expenditure			Revenue		
	Final Budget £000	**Actual £000**	**Variation £000**	**Final Budget £000**	**Actual £000**	**Variation £000**
Governor	164	169	(5)	1	0	(1)
Corporate Support, Policy and Planning	975	957	18	244	261	17
Human Resources	5,750	5,514	236	0	0	0
Attorney General	53	62	(9)	0	0	0
Police	951	947	4	240	277	37
Corporate Finance	3,729	3,572	157	22,871	23,265	394
ENRD - Programme Management Unit	31	31	0	2	0	(2)
Economic Development	1,211	1,211	0	0	0	0
Pensions and Benefits	3,278	3,065	213	0	0	0
Shipping	2,952	2,274	678	4,013	4,013	0
Education and Employment	2,739	2,798	(59)	388	382	(6)
Health and Social Services	5,151	5,141	10	699	723	24
Internal Audit	52	41	11	0	0	0
Agriculture and Natural Resources	844	784	60	148	76	(72)
Infrastructure and Property	1,566	1,545	21	672	457	(215)
Environmental Management	291	275	16	0	23	23
	29,737	**28,386**	**1,351**	**29,278**	**29,477**	**199**

The reasons for the material differences between the final budget and actual figures are as follows:

<u>Expenditure</u>

There was an under spend in shipping subsidy payments during the year as a result of favourable variances on revenue and running costs. This amounted to an overall saving of £1,799k over the whole year against the original budget.

<u>Revenue</u>

There was a significant over collection of customs duties of £676k. This is primarily due to over collection in specific duties for alcohol, tobacco and diesel.

Note 7 - 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.

Other Services includes the Police and Economic Development directorates.

2014/15

	Education and Employment	Health and Social Welfare	Environment and Natural Resources	Shipping	Corporate Services	Other Services	**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**
SEGMENT REVENUE											
Revenue from External Sources	20	341	260	4,013	23,220	277	**28,131**	52,159	0		**80,290**
Inter-segment Transfers	362	382	296	0	306	0	**1,346**	0	(1,346)		**0**
Total Segment Revenue	382	723	556	4,013	23,526	277	**29,477**	52,159	(1,346)		**80,290**
Total Segment Expenditure	2,798	5,141	2,604	2,274	13,412	2,157	**28,386**	15,207	(1,346)		**42,247**
Surplus/(Deficit) for the Period	(2,416)	(4,418)	(2,048)	1,739	10,114	(1,880)	**1,091**	36,952	0		**38,043**
OTHER INFORMATION											
Segment Assets	0	1,486	4,390	1,023	550	129				259,659	**267,237**
Segment Liabilities	0	0	0	0	0	0				57,009	**57,009**
Costs to acquire Segment Assets	0	205	561	0	365	0				63,495	**64,626**

Note 7 - Segment Reporting (continued)

2013/14 (restated)

	Education and Employment	Health and Social Welfare	Environment and Natural Resources	Shipping	Corporate Services	Other Services	**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**
SEGMENT REVENUE											
Revenue from External Sources	270	302	280	4,972	21,531	262	**27,617**	85,826	0		**113,443**
Inter-segment Transfers	359	403	408	0	293	0	**1,463**	0	(1,463)		**0**
Total Segment Revenue	629	705	688	4,972	21,824	262	**29,080**	85,826	(1,463)		**113,443**
Total Segment Expenditure	2,613	4,545	2,586	3,200	13,027	2,186	**28,157**	14,946	(1,463)		**41,640**
Surplus/(Deficit) for the Period	(1,984)	(3,840)	(1,898)	1,772	8,797	(1,924)	**923**	70,880	0		**71,803**
OTHER INFORMATION											
Segment Assets	69	457	2,260	1,660	1,542	150				218,640	**224,778**
Segment Liabilities	0	0	0	0	0	0				39,487	**39,487**
Costs to acquire Segment Assets	0	171	626	526	154	0				50,038	**51,515**

Note 8 - Termination Benefits

Redundancy payments were paid to two employees in 2014/15 totalling £18k (three employees totalling £31k in 2013/14).

Note 9 - Cash & Cash Equivalents

	2014/15 £000	2013/14 £000
Bank Deposits	1,807	1,221
Overseas Call/Current Accounts	2,673	1,297
Overdraft - Bank of St Helena	(1,711)	(856)
Cash	980	800
	3,749	**2,462**

Cash and cash equivalents includes £524k (31 March 2014: £223k) held on behalf of the St Helena Currency Fund and £51k (31 March 2014: £30k) of pension contributions under the Defined Contribution Pension Scheme held on behalf of employees prior to transfer to the MiSaint Pension Scheme. These funds are not available for use by SHG.

SHG also administers a number of trust funds. However these assets are not disclosed within SHG's Statement of Financial Position. Details of balance and movements on trust funds are provided separately at the end of these Financial Statements.

Note 10 - Investments

Current Investments

	2014/15 £000	2013/14 £000
Certificates of Deposits	6,934	7,103
	6,934	**7,103**

Non-current Investments

Non-current investments represent SHG's ownership interest in subsidiary undertakings. Investments in subsidiaries are measured on a direct equity basis.

	2014/15 £000	2013/14 (restated) £000
Balance at 1 April	23,882	3,902
Acquisitions in year	130	15,157
Share of Profit/Loss of Subsidiaries:		
In-year Profit/Loss	876	868
Cumulative Profits Prior to Incorporation	0	4,633
Share of exceptional loss from asset write-off	0	(665)
Disbursements Received	(25)	(13)
Balance at 31 March	**24,863**	**23,882**

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

	31 March 2015 £000	31 March 2014 (restated) £000
Bank of St Helena Ltd	5,225	4,959
Connect St Helena Ltd	15,207	14,723
Solomon & Company Plc	4,430	4,199
St Helena Hotel Development Ltd	0	0
St Helena Line Ltd	1	1
	24,863	**23,882**

Bank of St Helena Ltd was incorporated on 1 April 2013 and 3,219,285 shares were issued to SHG with no par value. The shares were fully paid up using reserves transferred from the Government Savings Bank in April 2004. The cumulative profits of the Bank of St Helena prior to incorporation totalling £4,633k were recognised within SHG's statement of Financial Position in 2013/14 when the ownership interest was acquired.

During 2013/14, funds previously held in the New Generator Replacement Fund were partially transferred to Connect St Helena Ltd prior to the Special Fund being wound up. The remaining balance at that time was £130,000 and was transferred to the Consolidated Fund. In 2014/15 these remaining funds were transferred to Connect St Helena Ltd in exchange for 130,000 £1 ordinary shares.

The exceptional loss recognised in 2013/14 relates to Connect St Helena's write off of an asset under construction transferred which was subsequently deemed to have no potential to generate future economic benefits.

In 2014/15 St Helena Hotel Development Ltd was established to develop and operate a hotel in Jamestown. SHG acquired the single £1 ordinary share in the company. As at 31 March 2015, the company has made a loss of £5,392. SHG has recognised a loss only to the extent of the value of the investment. Further losses of £5,391 are not recognised within these Financial Statements in accordance with IPSAS 7.

Further details of SHG's investments in subsidiaries and other controlled entities are provided in Note 25.

Note 11 - Recoverables from Non-exchange Transactions

	2014/15 £000	2013/14 £000
Income Tax Debtors	10	30
Other Taxes and Duties	235	372
Grant Funding	260	1,714
	505	**2,116**

Grant funding above as at 31 March 2014 included £1,238k of funding accrued from the European Development Fund. All conditions of the funding were met and the application made during 2013/14 however the funds were not received until August 2014.

Note 12 - Receivables

Amounts falling due within one year

	2014/15 £000	2013/14 £000
Receivables:		
Trade and Other Receivables	1,365	883
Government Landlord Housing	46	40
BFI Fuel	339	375
	1,750	1,298
Accrued Income:		
Interest	19	21
Other	58	26
	77	47
Loans:		
Housing Loans	131	128
House Purchase	2	3
Staff Advances	165	180
Other Advances	43	35
	341	346
	2,168	1,691
Less: Provision for Doubtful Debts:		
Receivables	(125)	(99)
Loans	(146)	(156)
	(271)	(255)
	1,897	**1,436**

During 2014/15 the Financial Secretary approved the write off of £26,220 of unrecoverable staff advances. These were previously provided in full and the write off therefore has no impact on the financial performance reported for 2014/15. A further £4,557 was written off in respect of an unrecoverable housing loan.

Amounts falling due after one year

	2014/15 £000	2013/14 £000
Loans:		
Housing Loans	194	279
House Purchase	3	4
	197	283
Less: Provision for Doubtful Debts	(30)	(43)
	167	**240**

Note 13 - Inventories

	2014/15	**2013/14**
	£000	**£000**
Consolidated Fund:		
Pharmacy	223	238
Stamps	42	35
Other	128	114
	393	387
Special Funds:		
Information Technology	68	77
Transport	452	420
Bulk Fuel Installation	1,363	932
	1,883	1,429
	2,276	1,816
Less Provision for Slow Moving and Obsolete Inventories:		
Consolidated Fund	(50)	(52)
Special Funds	(209)	(219)
	(259)	(271)
	2,017	**1,545**

Inventories recognised in expenditure:

	2014/15	**2013/14**
	£000	**£000**
Pharmacy	396	531
Stamps	19	9
Other	38	148
Information Technology	42	50
Unallocated Stores	0	41
Transport	89	217
	584	**996**

Note 14 - Prepayments

	2014/15	**2013/14**
	£000	**£000**
Other Prepayments	1,451	1,927
DfID Funded Airport Project	46,429	60,315
Wharf Project	1,860	9,531
	49,740	**71,773**

Note 15 - Property, Plant and Equipment

2014/15

	Land and Buildings £000	Infra-structure £000	Infra-structure - Roads £000	RMS St Helena £000	Plant & Machinery, Equipment, Motor Vehicles and Furniture & Fittings £000	Computer Hardware and Computer Software £000	Assets Under Const-ruction £000	Totals £000
Cost								
Balance at 1 April 2014	180	1,470	406	2,565	9,158	204	107,985	**121,968**
Transferred to completed assets	1,979	0	0	0	0	0	(1,979)	**0**
Additions	0	0	56	0	872	385	63,313	**64,626**
Disposals	0	0	0	0	(35)	0	0	**(35)**
Other	0	0	0	1	3	0	0	**4**
Balance at 31 March 2015	2,159	1,470	462	2,566	9,998	589	169,319	**186,563**
Accumulated Depreciation & Impairment								
Balance at 1 April 2014	3	1,069	60	905	5,662	48	0	**7,747**
Charge for year	24	134	15	637	610	65	0	**1,485**
Disposals	0	0	0	0	(35)	0	0	**(35)**
Other	0	0	0	1	0	0	0	**1**
Balance at 31 March 2015	27	1,203	75	1,543	6,237	113	0	**9,198**
Net Book Value at 31 March 2015	**2,132**	**267**	**387**	**1,023**	**3,761**	**476**	**169,319**	**177,365**

- Depreciable assets with a historic cost of £274k were fully depreciated in the comparative year.
- The depreciation charge on these assets amounted to £10k for the financial year.
- Depreciable assets with a historic cost of £3,272k were fully depreciated in prior financial years.

Note 15 - Property, Plant and Equipment (continued)

2013/14 (restated)

	Land and Buildings £000	Infra-structure £000	Infra-structure - Roads £000	RMS St Helena £000	Plant & Machinery, Equipment, Motor Vehicles and Furniture & Fittings £000	Computer Hardware and Computer Software £000	Assets Under Const-ruction £000	Totals £000
Cost								
Balance at 1 April 2013	0	24,773	141	2,039	9,886	350	60,897	**98,086**
Transferred to completed assets	180	0	0	0	0	0	(180)	**0**
Additions	0	44	265	526	826	74	49,780	**51,515**
Disposals/Derecognitions	0	(23,347)	0	0	(1,554)	(220)	(2,512)	**(27,633)**
Balance at 31 March 2014	180	1,470	406	2,565	9,158	204	107,985	**121,968**
Accumulated Depreciation & Impairment								
Balance at 1 April 2013	0	15,938	60	343	6,216	156	0	**22,713**
Charge for year	3	48	0	562	574	33	0	**1,220**
Impairment	0	0	0	0	59	0	0	**59**
Disposals/Derecognitions	0	(14,917)	0	0	(1,187)	(141)	0	**(16,245)**
Balance at 31 March 2014	3	1,069	60	905	5,662	48	0	**7,747**
Net Book Value at 31 March 2014	**177**	**401**	**346**	**1,660**	**3,496**	**156**	**107,985**	**114,221**

Note 16 - Impairments

There were no impairments to the carrying values of Property, Plant and Equipment during 2014/15.

Following a full impairment testing exercise carried out on all assets during 2013/14, three assets were impaired and the carrying values of these assets were reduced by a total of £59k. The impairments were due to three items of Plant, Machinery, Equipment & Motor Vehicles no longer being in working order.

Note 17 - Payables

	2014/15	**2013/14**
	£000	**£000**
Payables:		
Trade Payables	582	259
Other Payables	9	21
	591	280
Deposits:		
Currency Fund	525	205
Other	75	99
	600	304
Accruals:		
Staff Benefits	948	837
Other	2,464	1,041
	3,412	1,878
Income Received in Advance:		
Income Tax	711	450
Grant Funding	3,213	1,720
Other	7	13
	3,931	2,183
	8,534	**4,645**

Note 18 - Provisions

	£000
Balance at 1 April 2014	192
Provisions recognised	0
Provision released	(192)
Balance at 31 March 2015	**0**

Note 19 - Pension Liabilities

SHG operates both a wholly unfunded defined benefit pension scheme and a defined contribution pension scheme for its employees.

Defined Benefit Pension Scheme

	2014/15 £000	2013/14 £000
Defined Benefits Pension Scheme:		
Balance at 1 April	34,620	38,279
Movement in the year due to:		
Current Service Cost	660	818
Past Service Cost (Curtailment Gain)	0	(57)
Interest Cost	1,169	1,065
Expense for year	1,829	1,826
Pension Benefits Paid	(1,168)	(1,205)
Actuarial (Gains)/ Losses	13,143	(4,280)
Balance at 31 March	**48,424**	**34,620**

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.

A total expense of £1,829k has been recorded within Public Sector Pensions in the Statement of Financial Performance. This consists of:

	2014/15 £000	2013/14 £000
Current Service Cost	660	818
Past Service Cost (Curtailment Gain)	0	(57)
Interest on Scheme Liability	1,169	1,065
Total charge to Statement of Financial Performance	1,829	1,826

On 1 April 2013, following the establishment of Connect St Helena Ltd, 33 members of the defined benefit pension scheme transferred out of the scheme. The accrued pension benefits of these employees as at the date they left the scheme was been preserved in the pension liability and a curtailment gain of £57k was recognised as a negative past service cost in 2013/14.

The Government Actuary's Department was contracted by SHG to perform an assessment of the Pension Liability of the defined benefit section of the SHG Pension Scheme for this set of Financial Statements.

The actuarial pension liability as at 31 March 2015 has been estimated by rolling forward the results of the previous year's assessment. A full actuarial review of the scheme was last performed as at 31 March 2012. A summary of financial assumptions used in roll-forward calculation as at 31 March 2015 are detailed in Note 2.

Amounts recognised for the current and previous periods in relation to this scheme are as follows. The defined benefit pension liability was first valued as at 31 March 2012 and information prior to this date is not available.

Year Ended:	**31 March 2015 £000**	**31 March 2014 £000**	**31 March 2013 £000**	**31 March 2012 £000**
Statement of Financial Position:				
Defined benefit obligation	48,424	34,620	38,278	35,166
Statement of Changes in Net Assets:				
Experience (gains)/losses arising on scheme liabilities	(161)	141	1	n/a
Changes in actuarial assumptions	13,304	(4,421)	2,287	n/a
Net actuarial (gain) / loss on scheme liabilities	13,143	(4,280)	2,288	n/a

Defined Contribution Pension Scheme (DCPS)

The following movements have occurred on the DCPS account representing funds held on trust by SHG prior to transfer to individual MiSaint pension accounts:

	2014/15 £000	**2013/14 £000**
Defined Contribution Liability:		
Balance at 1 April	30	60
Contributions Received	190	142
Interest Received	0	1
Payments	(169)	(173)
Balance at 31 March	51	30

The movement on the DCPS is shown on the Trust Funds Statement that accompanies these Financial Statements. Members of the scheme are required to establish individual accounts with the MiSaint Pension Scheme offered by Solomon & Company. Contributions are transferred to that scheme.

The amount of employer contributions recognised as an expense and charged to the Consolidated Fund in 2014/15 was £190k (2013/14: £142k).

Note 20 - Leases

No Property, Plant and Equipment disclosed within Non-current Assets in the Financial Statements are held on a lease basis.

SHG is the lessor of a number of Land and Building assets. SHG has not made any disclosures on these leased assets on the basis that transitional provisions of IPSAS 13 *Leases* and IPSAS 17 *Property, Plant and Equipment* have been adopted.

Note 21 - Nature and extent of risks arising from financial instruments

SHG's activities expose it to certain financial risks, the main relevant risks are:

Credit risk – the possibility that other parties might fail to pay amounts due.

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to SHG's customers. This risk is minimised by ensuring that deposits are not made with financial institutions unless they meet minimum investment criteria. SHG's Investment Strategy includes a policy that limits credit risk exposure by restricting authorised investments to the following criteria.

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.

SHG's maximum exposure to credit risk in relation to its deposits in banks and financial institutions cannot be assessed generally as the risk of any institution failing to make interest payments or repay the deposit or principal sum will be specific to each individual institution. There was no evidence at the reporting date that such entities would be unable to meet their commitments.

SHG generally allows 30 days credit for its Trade Receivables. At the reporting date the carrying value of Trade Receivables outstanding was £1,623k. At the reporting date the carrying value of Housing and House Purchase Loans was £188k. The terms and conditions of the loans vary in terms of interest rate applied and the length of each individual loan.

The following table provides an aging analysis for trade and other receivables and loans past due but not impaired and separately identified amounts individually impaired on the basis of recoverability. In determining whether a receivable is impaired, SHG considers the age of the debt and the historic repayment record.

	Trade and Other Receivables £000	Income Tax £000	Loans £000
Amounts not impaired			
Not yet due	1,093	1	319
Up to 30 days	157	1	0
31 - 60 days	66	2	0
Over 60 days	309	6	43
	1,625	10	362
Amounts individually impaired	125	0	176
Total	**1,750**	**10**	**538**

Liquidity risk – the possibility that SHG might not have funds available to meet its commitments to make payments.

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.

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 2015, the value of investments held as Floating Rate Note deposits was £801k. Total interest earned by SHG on cash surpluses during 2014/15 was £116k. As this is not a significant element of total revenue, SHG is not deemed to be exposed to significant interest rate risk.

Note 22 - Funds and Reserves

The reserves of SHG are presented below. There is a statutory authority for SHG to maintain only two forms of reserve funds:

- The Consolidated Fund
- The Special Funds

<u>The Consolidated Fund</u>

The Consolidated Fund comprises seven reserves.

	31 March 2015 £000	31 March 2014 (restated) £000
General Reserve	3,875	3,722
Capital Reserve	11,031	8,052
Pension Reserve	(48,424)	(34,620)
Airport Infrastructure Reserve	202,685	165,965
Wharf Reserve	9,535	9,531
Donated Asset Reserve	68	78
Investments in Subsidiaries Reserve	24,863	23,882
	203,633	**176,610**

An analysis of the movements on each of the reserves is shown below:

<u>General Reserve</u>

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.

	2014/15 £000	2013/14 (restated) £000
Balance at 1 April	**3,722**	**5,065**
Surplus/(Deficit)	2,089	1,667
Use of General Reserve to Finance Payment of Pension Benefits	(1,168)	(1,205)
Use of General Reserve to Finance Capital Expenditure	(140)	(86)
Transfers	(558)	(297)
Gain/(Loss) on Financial Assets	33	(147)
Transfer of Working Capital to Subsidiary	(130)	(1,288)
Disbursements Received	25	13
Other	2	0
Balance at 31 March	**3,875**	**3,722**

Note 22 - Funds and Reserves (continued)

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.

	2014/15 £000	2013/14 (restated) £000
Balance as at 1 April	**8,052**	**17,776**
Use of General Reserve to Finance Capital Expenditure	140	86
Use of Special Funds to Finance Capital Expenditure	4,162	2,723
Depreciation	(1,325)	(1,144)
Disposal/Derecognition of Non-current Assets	0	(328)
Transfer of Property, Plant and Equipment to Subsidiary	0	(11,002)
Impairment of Non-current Assets	0	(59)
Other	2	0
Balance at 31 March	**11,031**	**8,052**

Pension Reserve

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

	2014/15 £000	2013/14 £000
Balance at 1 April	**(34,620)**	**(38,279)**
Current Service Cost	(660)	(818)
Past Service Cost	0	57
Interest Cost	(1,169)	(1,065)
Use of General Reserve to Finance Payment of Pension Benefits	1,168	1,205
Actuarial Gain /(Losses)	(13,143)	4,280
Balance at 31 March	**(48,424)**	**(34,620)**

Airport Infrastructure Reserve

This reserve was established to represent the assets acquired through the DfID funded Airport Project, which are shown within Assets Under Construction and Prepayments.

	2014/15 £000	2013/14 £000
Balance at 1 April	**165,965**	**112,470**
DfID Airport Infrastructure Funding	36,722	53,495
Other	(2)	0
Balance at 31 March	**202,685**	**165,965**

Note 22 - Funds and Reserves (continued)

Wharf Reserve

This reserve was established to represent the assets acquired through the DfID funding element of the Wharf Project, which are shown within Prepayments.

	2014/15 £000	2013/14 £000
Balance at 1 April	**9,531**	**79**
DfID Wharf Funding	4	9,452
Balance at 31 March	**9,535**	**9,531**

Donated Asset Reserve

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

	2014/15 £000	2013/14 £000
Balance at 1 April	**78**	**56**
Non-Exchange Donated Asset Funding	0	41
Depreciation	(9)	(5)
Disposal/Derecognition of Non-current Assets	0	(14)
Other	(1)	0
Balance at 31 March	**68**	**78**

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.

	2014/15 £000	2013/14 (restated) £000
Balance at 1 April	**23,882**	**3,902**
Surplus/(Deficit)	876	7,703
Investments funded from the General Reserve	130	1,288
Investments funded from the Capital Reserve	0	11,002
Disbursements Received	(25)	(13)
Balance at 31 March	**24,863**	**23,882**

Note 22 - Funds and Reserves (continued)

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

Special Funds – Projects

	DfID Funded	DfID Technical Cooperation	DfID Infrastructure	DfID Funded ST Technical Cooperation	EDF Projects	Locally Funded Projects	UNDP Projects	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 1 April 2013	(2,802)	(136)	1,399	28	3,551	202	6	2,248
Funds Received	2,609	134	5,900	1,191	1,239	0	49	11,122
Funds Applied	(1,674)	(4)	(4,422)	(1,201)	(951)	0	(50)	(8,302)
Funds Applied to Finance Capital Expenditure (restated)	(2,111)	(178)	(130)	0	(15)	1	0	(2,433)
Transfers	522	(47)	1,060	0	0	1	(1)	1,535
Balance as at 31 March 2014	(3,456)	(231)	3,807	18	3,824	204	4	4,170
Funds Received	3,441	0	6,100	1,738	0	0	0	11,279
Funds Applied	(3,406)	0	(4,402)	(1,737)	(620)	0	0	(10,165)
Funds Applied to Finance Capital Expenditure	(16)	0	(2,801)	0	(1,201)	0	0	(4,018)
Transfers	(5)	0	572	1	(1)	0	0	567
Other	0	1	0	0	(1)	0	0	0
Balance as at 31 March 2015	(3,442)	(230)	3,276	20	2,001	204	4	1,833

Note 22 - Funds and Reserves (continued)

Special Funds - Trading Accounts

	IT Trading Account £000	Transport Trading Account £000	Unallocated Stores Trading Account £000	St Helena Audit Service Trading Account £000	Housing Service Trading Account £000	Bulk Fuel Installation £000	Total £000
Balance as at 1 April 2013	15	206	(78)	0	0	3,796	3,939
Surplus/(Deficit)	83	96	(41)	1	3	(181)	(39)
Funds Applied to Finance Capital Expenditure	0	(290)	0	0	0	0	(290)
Transfers	(18)	217	0	0	(2)	(5)	192
Balance as at 31 March 2014	80	229	(119)	1	1	3,610	3,802
Surplus/(Deficit)	69	27	0	41	76	20	233
Funds Applied to Finance Capital Expenditure	(10)	(134)	0	0	0	0	(144)
Transfers	(5)	292	0	0	(5)	(291)	(9)
Other	0	1	0	0	0	1	2
Balance as at 31 March 2015	134	415	(119)	42	72	3,340	3,884

Note 22 - Funds and Reserves (continued)

<u>Special Funds – Other Funds</u>

	Government Landlord Housing Capital Fund	Improvements and New Construction Revolving Fund	New Generators Replacement Fund	Environmental Management Projects Fund	Capital Receipts Fund	Animal Husbandry Fund	Total
	£000	£000	£000	£000	£000	£000	£000
Balance as at 1 April 2013	335	1,134	630	0	0	0	2,099
Surplus/(Deficit)	0	34	0	0	0	6	40
Transfers	0	(800)	(630)	0	0	0	(1,430)
Balance as at 31 March 2014	335	368	0	0	0	6	709
Surplus/(Deficit)	0	29	0	57	79	3	168
Other	0	0	0	1	0	0	1
Balance as at 31 March 2015	335	397	0	58	79	9	878

Note 23 - Statement of Cash Flows – Movements in Working Capital

	Note	2014/15 £000	2013/14 £000
(Increase)/Decrease in Receivables	11, 12	1,223	(1,398)
(Increase)/Decrease in Inventories	13	(472)	523
(Increase)/Decrease in Prepayments	14	(1,384)	(502)
Increase/(Decrease) in Payables	17	3,889	(697)
Increase/(Decrease) in Provisions	18	(192)	192
Working Capital Transferred to Subsidiaries		0	(801)
		3,064	**(2,683)**

Note 24 - Related Party Transactions

Related party means that 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.

Central Government (UK)

Saint Helena is an Overseas British Territory and receives funding each year from the UK Government, through the Department for International Development (DfID). DfID Grant in Aid and DfID Shipping Subsidy received in 2014/15 totalled £17.6 million, which equated to 56% of SHG's total revenue (excluding DfID and Other Development Aid, Gain on Investments, Share of the Profit of Subsidiaries, DfID Airport Infrastructure and Wharf Funding and Non-exchange Donated Asset Funding).

Key Management Personnel

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 £159,334 (2013/14 £158,451)
Number of persons 12 persons
Elected members do not accrue pension contributions.

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 £271,172 (2013/14 £275,004)
Number of persons 3 persons
Aggregate remuneration for Ex Officio Members above includes pension contributions of £16,125 (2013/14 £31,225).

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 respect of the 2014/15 financial year, a number of key management personnel declared interests in organisations (other than the controlled entities listed below) that SHG transact with. However, these were not deemed to be significant interests that would lead to a related party transaction.

Controlled Entities

SHG has a controlling interest in the following reporting entities as at 31 March 2015:

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

Note 25 sets out the nature of SHG's controlling interest in each of the controlled entities.

A number of SHG's key management personnel have declared interests in the controlled entities listed above, including shareholdings in Solomon & Company (St Helena) PLC. and board membership of Enterprise St Helena, St Helena Fisheries Corporation and Connect St Helena Ltd.

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:

- St Helena Fisheries Corporation receives fuel for sale to fishermen at a subsidised cost from the Bulk Fuel Installation. The total value of fuel sales to St Helena Fisheries Corporation in 2014/15 was £57k (2013/14: £35k).
- SHG holds current accounts (see Note 9) with Bank of St Helena for which no interest is payable or receivable. No Interest is payable or receivable on the bank's cash deposits held by SHG.
- SHG provided Enterprise St Helena (ESH) with a subsidy in order to assist with the daily operations of the entity (£1,211k 2013/14: £1,158k). SHG also funded the employment of specialist staff in ESH via the Technical Cooperation fund (£418k, 2013/14: £514k).
- ESH holds a lease with SHG for the Jamestown Market, which expires on 1 June 2016. A nominal rental fee is paid.
- SHG provided Connect St Helena Ltd with a subsidy to support the operations of £578k (2013/14: £810k). In addition, Connect St Helena Ltd received a £583k rebate of customs duties paid on fuel (2013/14: £540k), of which £99k was still to be paid at 31 March 2015. SHG also funded the employment of specialist staff in Connect St Helena Ltd via the Technical Cooperation fund (£267k, 2013/14: £300k).
- Connect St Helena is responsible for a number of DfID funded utilities infrastructure development projects on behalf of SHG. The total value of project expenditure claims made paid by Connect St Helena in 2014/15 was £3,245k (2013/14: £3,708k of which £19k was still payable at 31 March 2014).
- St Helena Line Ltd receive a subsidy each year from SHG. In 2014/15 this amounted to £2,275k (2013/14: £3,730k). This included capital expenditure on the RMS St Helena totalling £526k in 2013/14, however no capital expenditure was incurred on the RMS in 2014/15.

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.

Note 25 - Controlled entities

SHG controls, from an accounting perspective, a number of private and public sector entities. Consolidated financial statements incorporating the financial results of these entities have not been prepared. This is primarily due to practical issues, which include the contrasting sectors in which the subsidiaries operate and the differing financial reporting standards adopted. SHG's interest in these entities is summarised in the table below. These figures have been obtained from audited financial statements of each entity. No adjustments have been made for transactions between entities.

Entity	**Controlling Interest**	**Financial Reporting Framework**	**Net Assets**		**Annual Return ***	
			2015	**2014****	**2014/15**	**2013/14****
Entities in which SHG holds an ownership interest			**£000**	**£000**	**£000**	**£000**
Bank of St Helena Ltd	Wholly owned. Board of Directors appointed by the Governor.	Financial Reporting Standard 102.	5,225	4,959	266	326
Connect St Helena Ltd	Wholly owned. Non-executive membership of the Board.	Financial Reporting Standard 102.	15,208	14,723	355	(434)
St Helena Hotel Development Ltd	Wholly owned. Non-executive membership of the Board.	Financial Reporting Standard 102.	(5)	n/a	(5)	n/a
Solomon & Company (St Helena) Plc.	Majority shareholder (62.9%) ***	"Applicable accounting standards" - accruals basis.	4,427	4,197	255	311
St Helena Line Ltd	Majority shareholder (99%)	Financial Reporting Standards for Smaller Entities - accruals basis.	1	1	0	0
Other entities controlled by SHG						
St Helena Currency Fund	Commissioners appointed by the Governor.	International Public Sector Accounting Standards.	1,471	1,278	193	(185)
St Helena Fisheries Corporation	Board Members appointed by the Governor.	Financial Reporting Standards for Smaller Entities - accruals basis.	82	181	(99)	(44)
Enterprise St Helena	Board Members appointed by the Governor.	Financial Reporting Standards for Smaller Entities - accruals basis.	1,657	1,603	54	143
Total			**28,066**	**26,942**	**1,019**	**117**

* Annual Return represents net profit/ (loss) for accruals based accounts or surplus/ (deficit) for cash based accounts.
** Where subsidiary bodies have restated the results of the comparative period, the comparative information has been updated within this table.
*** SHG through Great Peter Nominees Limited, holds 124,100 (2014: 124,100) shares, being 62.9% (2014: 62.9%) of paid up capital. Figures quoted above therefore represent SHG’s share of net assets and annual return.

Note 26 - Events after the Reporting Date

The Financial Statements were authorised for issue on 14 September 2016 by the Financial Secretary, Dax Richards. Where events taking place before this date provided information about conditions existing at 31 March 2015, the figures in the Financial Statements have been adjusted in all material respects to reflect the impact of this information.

Material events, which occurred after the reporting date but it cannot be shown that the conditions existed before the reporting date are non-adjusting events. The non-adjusting events after the reporting date are detailed below:

In May 2016, following approval by Legislative Council, SHG entered into a guarantee with the Bank of St Helena for the purposes of providing a loan to St Helena Hotel Development Ltd, a wholly owned subsidiary of SHG. The guarantee is limited to £1.0 million plus interest and costs incurred by the bank in enforcing the guarantee. It is anticipated that this will give rise to a contingent liability in SHG's Financial Statements from 2016/17 onwards.

On 1 July 2016 SHG, in consideration for shares in St Helena Hotel Development Ltd to the value of £600k, transferred land with a value of £600k to St Helena Hotel Development Ltd. The land is not recognised in these financial statements due to SHG opting to utilise the relevant transitional provisions of IPSAS 17 *Property, Plant and Equipment*.

Four instances of major litigation commenced after 31 March 2015 solely relating to events that occurred after the reporting date. One of the cases was in relation to the settlement of an employment dispute and related legal costs, which resulted in a payment being made during the 2015/16 financial year totalling £98k. The remaining three cases are ongoing and a reliable estimate of the financial effect cannot be made at this time.

Note 27 - Capital Commitments

<u>Airport Infrastructure Project</u>

The November 2011 contract with Basil Read (PTY) Ltd for the construction of an Airport for St Helena is ongoing. The contract was signed in the amount of £201.5 million for construction, with the provision of an additional £10.0 million in shared risk contingency that the contractor may claim against in the event of certain pre-specified risks materialising. Contract milestone payments as at 31 March 2015 totalled £188.42 million (31 March 2014 £153.52 million).

<u>Wharf Project</u>

Supplemental Agreement No. 7 which amends the main Airport design, build and operate contract in relation to the Rupert's Permanent Wharf was signed on 13 November 2013. The value of the contract was £15.3 million. The amounts contracted for but not provided in the Financial Statements amounted to £3.6 million.

<u>Jamestown Hospital Project</u>

The contract in relation to the Jamestown Hospital Project was signed on 25 March 2015. The GBP equivalent value of the contract was £2.8 million. The amounts contracted for but not provided in the Financial Statements amounted to £2.0 million.

Statement showing each head of expenditure paid out of and each category of revenue accruing to the Consolidated Fund and Special Funds for the year ended 31 March 2015

	Consoli-dated Fund £000	Special Funds £000	Total £000
REVENUE			
Taxation	8,876	0	8,876
Fines, Fees & Licences	956	10	966
Earnings Government Departments	70	0	70
Income Received	36	2	38
Treasury Receipts	149	29	178
Profit on Disposal of Non-current Assets	0	80	80
Movements in Non-current Investments	876	0	876
Trading Activities	0	3,449	3,449
DfID Grant in Aid	15,288	0	15,288
DfID Shipping Subsidy	2,275	0	2,275
DfID Development Aid	0	11,269	11,269
Other Development Aid	112	87	199
DfID Airport Infrastructure Funding	36,722	0	36,722
DfID Wharf Funding	4	0	4
Total Revenue	65,364	14,926	80,290
EXPENDITURE			
Health and Social Welfare	6,454	416	6,870
Education and Employment	2,833	239	3,072
Environment and Natural Resources	1,776	7,258	9,034
Economic Development	1,596	1,428	3,024
Public Sector Pensions	192	0	192
Benefit Payments	2,012	0	2,012
Police	1,396	215	1,611
General Public Service	9,665	639	10,304
Shipping	2,912	0	2,912
Trading Activities	0	3,216	3,216
Total Expenditure	28,836	13,411	42,247
SURPLUS FOR THE PERIOD	**36,528**	**1,515**	**38,043**

Statement of Trust Fund Movements for the year ended 31 March 2015

	Balance at 1 April 2013 £	Receipts in year	Payments in year	Balance at 31 March 2014	Receipts in year	Payments in year	Balance at 31 March 2015
Alexander Bequest Fund	**1,395**	20	(13)	**1,402**	13	(11)	**1,404**
Arnold Memorial Xmas Gift Fund	**504**	7	0	**511**	5	0	**516**
Arnold Memorial Hospital Trust Fund	**6,353**	295	0	**6,648**	285	0	**6,933**
Bain Gray Prize Trust Fund	**1,354**	17	0	**1,371**	12	0	**1,383**
Bovell Trust Fund	**1,248**	17	(26)	**1,239**	12	(22)	**1,229**
Leslie & Ted Moss Trust Fund	**2,518**	34	0	**2,552**	23	0	**2,575**
Solomon's Trust Fund	**14,032**	205	(348)	**13,889**	139	(264)	**13,764**
	27,404	595	(387)	**27,612**	490	(297)	**27,805**
Defined Contribution Pension Scheme	**59,852**	142,860	(172,897)	**29,815**	189,906	(168,945)	**50,776**
Eliza Mary Lloyd Trust Fund	**3,439**	122	0	**3,561**	194	0	**3,755**
Total	**90,695**	**143,577**	**(173,284)**	**60,988**	**190,590**	**(169,242)**	**82,336**

Disclosure of the operation of the Trust Funds with the annual Financial Statements is made in accordance with the Public Finance Ordinance 10(1)(c). These funds are not owned by SHG therefore do not form part of the Consolidated Fund. Fund balances are held with Bank of St Helena.

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 deeds.

The Defined Contribution Pension Scheme is a Trust Fund established by SHG. The bank balance and related liability is disclosed in the Statement of Financial Position.