



Government of St. Helena

Financial Statements

2011-2012



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Independent Auditor's report to the Members of Saint Helena Government

I have audited the financial statements of the Saint Helena Government for the year ended 31 March 2012 under the Public Finance Ordinance 2010. The Saint Helena Government financial statements comprise the Statement of Financial Performance, the Statement of Financial Position, the Statement of Changes in Net Assets/Reserves, the Statement of Cash Flows, 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 and being satisfied that they present fairly the financial position, financial performance, and cash flows of the Saint Helena Government. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the APB's 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. In addition, I read all the financial and non-financial information in the appendices 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 we have obtained is sufficient and appropriate to provide a basis for my adverse audit opinion.

Basis for Adverse Opinion due to Non Consolidation of Subsidiary Bodies

The Saint Helena Government has control, from an accounting perspective, either by direct shareholding (subsidiaries) or through appointment of board membership of several bodies. These bodies include the Bank of St Helena, Solomon & Company (St Helena) PLC, the Bulk Fuel Installation, the St Helena Currency Fund, the St Helena Development Agency (Renamed Enterprise St Helena with effect from 1/4/12), the St Helena Fisheries Corporation, the St Helena National Trust, the St Helena News Media Service and St Helena Line. The accounts of these bodies have not been consolidated with those of the Saint Helena Government as required by IPSAS 6, *Consolidated and Separate Financial Statements*.

I cannot accurately quantify the effects of these omissions on the Accounts (due to not having the necessary information to calculate the adjustments that would arise from aligning accounting policies, as required to provide a consolidated view). The impact is an understatement of net assets (approximately £15m) and probably financial performance (recalculated to exclude transactions internal to the group).

The Saint Helena Government has acknowledged in the accounting policies (page 9) that non consolidation is not in compliance with IPSAS 6.

Basis for Qualified Opinion due to Eligibility of Social Benefit Payments

Saint Helena Government is responsible for the payment of Social Benefits, primarily through Income Related Benefit and Basic Island Pension. Payments of these two benefits in the year to 31 March 2012 were £1.666 million. I was unable to obtain sufficient appropriate audit evidence about the accuracy and eligibility of such payments because the Health and Social Welfare Directorate does not request or hold evidence of eligibility. I was therefore unable to determine whether any adjustments to these amounts were necessary.

Basis for Qualified Opinion due to Incorrect Reporting of Pension Costs

The Saint Helena Government reports the cash payment to pensioners of the unfunded defined benefit pension scheme in its financial statements. IPSAS 25 *employee benefits* requires financial statements to show the value of pensions earned in the year, described as "Current Cost" rather than the cash payments made to current pensioners. IPSAS 25 *employee benefits* also sets out the narrative disclosures required, including most critically the principal actuarial assumptions used as at the reporting date.

The figure disclosed of £941,929 is incorrect, but I am unable to estimate the correct value because it requires the work of a qualified actuary. The required narrative disclosures, including the total expense recognized in the statement of financial performance for each category of current year costs and the line items in which they are included, and the total amount recognized in the statement of changes in net assets/equity for actuarial gains and losses, cannot be identified because they need the work of a qualified actuary. Information pertaining to plan's assets is not required because the pension scheme is unfunded.

Adverse Opinion on the Financial Statements

In my opinion, because of the significance of the matters described in the Basis of Adverse Opinion paragraphs, the financial statements do not present fairly the financial position of Saint Helena Government and its subsidiaries as at 31 March 2012, and their financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Emphasis of Matter – prior year comparators

I draw your attention to the accounting policies in note 1 to the financial statements which states that this is the first year of the adoption of the accruals basis of accounting and previous financial reporting was on a cash basis. As such, and in accordance with IPSAS 1 *Presentation of Financial Statements* transitional arrangements, no comparative financial information is available in these financial statements. My opinion is not modified in respect of this matter.

 8/10/13

Andrew Neill
Chief Auditor
St Helena Audit Service, Jamestown, St Helena



Government of St Helena **Statement of Financial Performance** **for the year ended 31 March 2012**

	Note	2012 £'000	£'000
REVENUE			
Taxation	2	5,463	
Fines, Fees & Licenses		862	
Earnings Government Departments		121	
Income Received		2,352	
Treasury Receipts		448	
Trading Activities Surplus		173	
DFID Grant in Aid		12,100	
DFID Shipping Subsidy		5,213	
DFID Development Aid		4,217	
Other Development Aid		47	
Total Revenue			30,996
EXPENDITURE			
Health & Social Welfare	3	6,006	
Benefit Payments		1,739	
Education & employment		2,828	
Agriculture & Natural Resources		1,443	
Infrastructure & Utilities		5,950	
Economic Development		1,433	
Public Sector Pensions		1,013	
Police		1,117	
General Public Service		6,672	
Shipping Subsidy		4,553	
Total Expenditure			32,754
Surplus /(Deficit) for the Financial Year			(1,758)



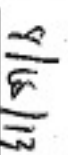
Government of St Helena

Statement of Financial Position

as at 31 March 2012

	Note	£'000	2012	£'000
ASSETS				
Current Assets				
Cash and Cash Equivalents	7	11,302		
Receivables	8	1,415		
Inventories	9	1,190		
Prepayments		1,019		
Other current Assets		181		
			15,107	
Non Current Assets				
Receivables (falling due greater than one year)	8	422		
Property, Plant & Equipment	10	51,715		
			52,137	
Total Assets			67,244	
LIABILITIES				
Current Liabilities				
Payables	11	1,012		
Short Term Provisions	12	228		
Staff Benefits	14	685		
			1,925	
Non Current Liabilities				
Pension Liabilities	15	35,307		
Other Liabilities		27		
			35,334	
Total Liabilities			37,259	
NET ASSETS			29,985	
RESERVES				
Consolidated Fund	16	3,523		
Special Funds	16	8,817		
Capital Reserves	16	15,193		
Other Reserves	16	2,452		
			29,985	


Financial Secretary


Date



Government of St Helena **Statement of Changes in Net Assets/Reserves** **for the year ended 31 March 2012**

	Consolidated Fund £'000	Special Funds £'000	Capital Reserves £'000	Other Reserves £'000	Total Reserves £'000
Balance at 1 April 2011	2,849	10,042	(24,379)	2,734	(8,754)
<u>Changes in Net Assets/Reserves:</u>					
Capital Grant Received	0	0	40,497	0	40,497
Surplus/(Deficit) for the period	(533)	(1,225)	0	0	(1,758)
Transfer between Reserves	1,207	0	(925)	(282)	0
Balance at 31 March 2012	3,523	8,817	15,193	2,452	29,985



St Helena Government

Statement of Cash Flows

for the year ended 31 March 2012

	2012	
	Note	£'000
	£'000	£'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit for the financial year		(1,758)
Dividend Received		(45)
Non Cash Movements		
Depreciation	10	923
Impairment of Fixed Assets		116
Fixed Asset Write off		55
Increase in Provision for Doubtful Debts		111
Increase in Payables		165
Increase in Provision for Staff Leave Liability	14	48
Increase in Other Provisions	12	228
Increase in Receivables		(685)
Increase in Other Current Assets		(845)
Net Cash Flows from Operating Activities		(1,687)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend Received		45
Capital Expenditure		(3,473)
Proceeds from Sale of Plant and Equipment		39
Net Cash Flows from Investing Activities		(3,389)
NET CASH FLOW FOR THE FINANCIAL YEAR		<u>(5,076)</u>
Cash & Cash Equivalents at 1 April 2011		16,378
Net Cash Flows		(5,076)
Cash & Cash Equivalents at 31 March 2012		<u>11,302</u>



Government of St Helena

Statement of Trust Fund Movements for the year ended 31 March 2012

	Opening Balance £	Revenue £	Expenditure £	Closing Balance £
Alexander Bequest Fund	1,367	26	12	1,381
Arnold Memorial Xmas Gift Fund	492	9	6	495
Arnold Memorial Hospital Trust Fund	5,920	592	209	6,303
Bain Gray Prize Trust Fund	1,305	25	0	1,330
Bovell Trust Fund	1,247	24	24	1,247
Leslie & Ted Moss Trust Fund	2,254	276	408	2,122
Solomon's Trust Fund	14,398	45	0	14,443
Total	26,983	997	659	27,321

The Government of St Helena through the trust deeds of each Trust Fund are designated as the trustees of these Funds. We manage these Funds in accordance with the details outlined in the trust deeds and receive and use Funds in accordance with the Financial Regulations and systems and procedures of St Helena Government. These Funds can only be used for the intended purposes stated in the trust deeds.

NOTE 1
ACCOUNTING POLICIES

1. Introduction

These are the Financial Statements of the Government of St. Helena (St Helena Government) prepared in accordance with the requirements of section 109(1)(a) of the Constitution. They comprise a Statement of Financial Performance, a Statement of Financial Position, a Statement of Cash Flows, a Statement of Changes in Net Assets/Reserves and relevant accompanying notes and disclosures.

The Government of St. Helena performs a wide range of functions from the provision of health care and education services to the administration and implementation of externally funded projects. The Public Funds of St. Helena are the Consolidated Fund and Special Funds established under the Public Finance Ordinance 2010.

All revenue and expenditure generated and incurred by the Government through normal "day to day" Government business is channelled through the Consolidated Fund. Whenever the Government 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.

2. Preparation of the Financial Statements

This set of Financial Statements reports the first year of the adoption of the accruals basis of accounting. Previous financial reporting was done on a cash basis. Under IPSAS 1, transitional provisions allow non disclosure of comparative information for the first year of adoption.

The Financial Statements are prepared in accordance with the International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants with the exception of IPSAS 6 Consolidated Financial Statements. Explanation for non compliance with this standard is given below.

3. Entity Financial Statements

These Financial Statements report the financial performance, financial position and net cash flow as a result of various events, activities and decisions of the Government of St. Helena for the financial year. They have not been consolidated with the Financial Statements of other private and public sector entities for which the Government has majority shareholding. We acknowledge that this is not in compliance with IPSAS 6 - Consolidated and Separate Financial Statements, where it is a requirement that the Financial Statements of St Helena Government are consolidated with the Financial Statements of other entities for which the Government has control. However, the practical issues involved in the consolidating and the contrast in the sectors in which the subsidiaries are operating made consolidation at this stage unrealistic. Note 18 states all of the subsidiaries of St Helena Government.

Separate Financial Statements are prepared for all other Government subsidiaries and public bodies described in note 12 and are separately audited.

4. Transitional Provisions

In the preparation of these Financial Statements the St Helena Government has decided to use a number of transitional provisions available within IPSAS for organisations that are preparing accruals based accounts for the first time. A list is given below of those transitional provisions that we have adopted. More detail is given within individual accounting policies as to the specific effect these provisions will have in the disclosures and presentation of the accounts.

IPSAS 1 Presentation of Financial Statements - Comparative information is not required in respect of the financial statements to which accrual accounting is first adopted in accordance with IPSASs.

IPSAS 13 Leases - Because we have taken the transitional provision under IPSAS 17 not to recognise land and buildings in the financial statements, under IPSAS 13 'transitional provisions' we are not required to disclose any leases in respect of land and buildings.

IPSAS 17 Property, Plant and Equipment - St Helena Government is not required to recognize property, plant, and equipment for reporting periods up to five years following the date of first adoption of accrual accounting in accordance with IPSASs.

IPSAS 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - Under this transitional provision St Helena Government is not required to change the accounting policies in respect of the recognition and measurement of taxation revenue for reporting periods up to five years following the date of first adoption of this Standard.

5. Accounting Policies

a) Accounting Basis

The Financial Statements are prepared under the historical cost convention with the exception of those specific assets and liabilities described below and have been prepared on a going concern basis.

The accounting policies have been applied consistently throughout the period.

b) Non-Current Assets

These comprise those assets that are held by the Government for current and future use to deliver Government services and meet statutory obligations. The capitalisation threshold used during this financial year is £1,000 and above. Fixed Assets of the Government of St Helena are disclosed on the Statement of Financial Position and depreciated over the estimated useful economic life of the asset.

A comprehensive exercise to identify all Government properties was undertaken in 2011. All buildings have been valued by a Qualified Property Surveyor during the year to establish opening balances, however due to the difficulty in establishing reliable valuations for both the land and building element of the properties it has been decided to take advantage of the transitional provisions under IPSAS 17 Property, Plant and Equipment and not disclose Land or Buildings in this set of financial statements.

Under IPSAS 17 St Helena Government has up to five years for the date of the adoption of the standard to disclose assets within the asset classes Land and Buildings.

No disclosures have been made in these financial statements on Roads Infrastructure due to our inability at this time to establish a fair and reliable value. We have therefore taken advantage of the transitional provision under IPSAS 17 for this class of asset as well.

Some assets are held by the Government beyond their estimated useful economic life and have been fully depreciated. It is not the Government's policy to revalue these assets.

All Tangible Fixed Assets have been depreciated. Depreciation is calculated on the "Straight Line" basis, based on their useful economic life and charged to the Statement of Financial Performance in the year.

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)
Infrastructure Electricity	25
Infrastructure Water	10-50
RMS St Helena	5
Plant, Machinery and Equipment	10
Furniture and Fittings	10-50
Motor Vehicles	10
IT Networks and Equipment	5

The RMS St Helena has been valued at the estimated residual value as at the 31 March 2012, all capital refurbishments undertaken in the year will be depreciated over the remaining useful economic life of the RMS St Helena.

c) Assets Under the Course of Construction

Assets under the course of construction have not been depreciated and are separately accounted for on the Statement of Financial Position. These assets, once completed, will be transferred to completed assets within the class of assets stated above and depreciated over their useful economic life.

The construction of the Airport and associated infrastructure has been recorded as Assets Under the Course of Construction. The value of this asset at the year end is based on milestone payments made to the contractor up to end of the financial year.

Under IPSAS 23 Revenue from Non Exchange Transactions, we are required to recognise the revenue for the Airport Contract from the UK Government. This revenue has not been recognised through the Statement of Financial Performance, as this would have distorted the performance for the year. We have recognised this revenue directly in the Capital Grant Reserve and this will be written off to the Statement of Financial Performance once the asset has been completed over its useful economic life.

d) Stocks

All stocks are held at the lower of cost and net realisable value with the exception of Pharmacy stocks that are held at average cost.

e) Financial Instruments

Financial Assets and Liabilities comprise receivables and cash and cash equivalents held in respect of all Public Funds of St Helena.

Receivables are assessed for those debts that are considered doubtful. Debts that are doubtful have been provided for in full through the Statement of Financial Performance.

Cash comprise the funds held with the Bank of Saint Helena, Crown Agents Bank and Crown Agents Investment Management Ltd. Funds managed by Crown Agents Investment Management Ltd are held on deposit with other well known financial institutions and interest earned on these funds is paid into the Consolidated Fund.

f) Pension and Retirement Benefits

The Government of St Helena manages and operates two pension schemes for employees. They are as follows:

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 defined contribution scheme in accordance with the Trust Deed 2010 under which the scheme has been created. Pension contributions are paid into the scheme by the Government. Contributions in the year are charged to the Consolidated Fund and a liability is recognised in the Financial Statements. A Fund asset is recognised in the Financial Statements and comprises the funds held with the Bank of Saint Helena against the pension liability. Interest earned from the invested funds have been credited directly to the individual fund of each employee on the scheme and has not been taken through the Statement of Financial Performance.

Defined Benefits Pensions Scheme (DBPS)

Pensions and retiring 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. Pensions and benefits due in the year are paid by the Government of St Helena and charged to the Consolidated Fund on a "pay as you go" basis. The Government procured the services of the Government Actuary's Department to value the liability of the DBPS at 31 March 2012. No valuation for the liability was carried out at the beginning of the financial year.

g) 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 the Government. 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 next financial year have been recognised as income received in advance.

Taxes have been accounted for on a cash basis and has been recognised when cash is received. Under IPSAS 23 transitional provisions St Helena Government has up to five years from the initial adoption of the standard to recognise tax revenues in the period they are

Goods and services paid for during the financial year but not yet received at the yearend 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.

h) Internal Sales Transactions.

During the normal course of business, Government directorates provide various services to each other. Most notably are electricity and water services and transport services, although there are many others. The directorate providing such services recognises those sales within their cost centre at the predetermined transfer price and the receiving directorate recognises the expenditure.

In the preparation of these financial statements internal sales transactions occurring during the financial year have been eliminated from the Financial Statements.

i) 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 yearend are translated into SHP at the rate of exchange prevailing at the yearend date.

j) Funds and Reserves.

The overall movement on the Statement of Financial Performance is split between the Consolidated Fund and Special Funds to which the revenue and expenditure relates.

A negative opening balance has been disclosed on Capital Reserves. This is due to recognising the opening balance of the Defined Benefits Pension liability against the Capital Reserves that does not include Land, Buildings and Roads that have not been disclosed through the adoption of transitional provisions in IPSAS 17 Property, Plant and Equipment.

NOTE 2
REVENUE BY CATEGORY

	2012	
	£'000	£'000
<u>Taxation</u>		
Income Tax	1,548	
Self Employed	270	
Corporation Tax	264	
Customs Duty - Alcohol	855	
Customs Duty - Tobacco	663	
Customs Duty - Petrol	345	
Customs Duty - Diesel	144	
Other Custom Duties	1,374	
		5,463
<u>Fines, Fees & Licenses</u>		
Stamp Duty	19	
Immigration Fees	54	
Planning Fees	24	
Other Fines, Fees & Licenses	765	
		862
<u>Earnings Government Departments</u>		
	121	121
<u>Income Received</u>		
Water Charges	235	
Electricity Charges	1,920	
Other Income Received	197	
		2,352
<u>Treasury Receipts</u>		
Interest Received	226	
Currency Fund	150	
Other Treasury Receipts	72	
		448
<u>Trading Accounts Surplus</u>		
	173	173
Total Local Revenue		9,419
DFID Grant in Aid	12,100	
DFID Shipping Subsidy	5,213	
DFID Development Aid	4,217	
Other Development Aid	47	
		21,577
Total Revenue		30,996

NOTE 3
EXPENDITURE BY CATEGORY

	2012
	£'000
Employee Costs	9,565
Property Costs	884
Transport & Plant	91
Supplies & Services	6,407
Administration Costs	1,372
Payments to Other Agencies, Bodies or Persons	9,647
Other Expenditure	1,704
Payment to Contractors	1,806
Finance & Other	51
Depreciation	923
Impairment of Fixed Assets	116
Assets Written Off	55
Loss on Disposal of Assets	21
Provision for Doubtful Debts	111
Total Expenditure	32,754

NOTE 4

STATEMENT OF CONSOLIDATED FUND BUDGET AGAINST ACTUAL
FOR THE YEAR ENDED 31 MARCH 2012

	Original Estimate £'000	Revised Estimate £'000	Actual £'000	Variance £'000	Prepayment £'000
Expenditure (By Output)					
Governor's Office	155	161	170	(9)	0
Secretariat	789	789	799	(10)	3
Human Resources	3,027	3,003	2,581	422	318
Attorney General	68	68	66	2	4
Police	731	762	753	9	17
Saint Helena Audit Service	79	92	89	3	0
Finance	1,450	1,717	1,572	145	3
Corporate Procurement	164	156	153	3	0
Tourism	199	199	223	(24)	0
Pensions and Gratuities	934	883	942	(59)	0
Access and Shipping	4,900	4,757	4,798	(41)	0
Education and Employment	2,222	2,222	2,194	28	38
Health and Social Welfare	5,859	5,905	5,808	97	10
Internal Audit Office	49	49	42	7	1
Agriculture & Natural Resources	1,355	1,374	1,346	28	0
Infrastructure & Utilities	4,467	4,612	4,324	288	309
Lands and Buildings	686	682	666	16	7
	27,134	27,431	26,526	905	710

Revenue (By Output)					
Governor's Office	0	0	1	1	
Secretariat	28	32	23	(9)	
Attorney General	19	19	7	(12)	
Police	192	193	211	18	
Saint Helena Audit Service	80	81	83	2	
Finance	18,557	18,702	18,435	(267)	
Corporate Procurement	17	17	20	3	
Tourism	99	77	73	(4)	
Access and Shipping	4,766	4,766	4,762	(4)	
Education and Employment	7	7	13	6	
Health and Social Welfare	275	275	228	(47)	
Agriculture & Natural Resources	139	139	129	(10)	
Infrastructure and Utilities	2,808	2,755	2,981	226	
Lands and Buildings	283	283	254	(29)	
	27,270	27,346	27,220	(126)	

Capital Expenditure					
Secretariat	2	2	0	2	0
Finance	11	61	5	56	0
Health and Social Welfare	42	42	0	42	0
Agriculture & Natural Resources	22	22	45	(23)	0
Infrastructure and Utilities	57	57	10	47	20
Lands and Buildings	2	2	1	1	0
	136	186	61	125	20

NOTE 5

**STATEMENT OF REVENUE, EXPENDITURE, ASSETS AND LIABILITIES BY OPERATING SEGMENT
FOR THE YEAR ENDED 31 MARCH 2012**

Operating Segment	Revenue £'000	Expenditure £'000	Assets £'000	Liabilities £'000
Health & Social Welfare	1,659	6,006	929	275
Benefit Payments	0	1,739	0	0
Education & Employment	300	2,828	407	21
Agriculture & Natural Resources	125	1,443	141	71
Infrastructure & Utilities	2,838	5,950	48,657	157
Economic Development	1,327	1,433	0	0
Public Sector Pensions	0	1,013	0	0
Police	265	1,117	22	63
General Public Service	19,096	6,672	14,935	36,672
Shipping	5,213	4,553	1,166	0
Trading Activities	173	0	986	0
Totals	30,996	32,754	67,244	37,259

NOTE 6 EMPLOYEE COSTS

The table below provides additional financial and non-financial information about employee costs disclosed in this Report. Figure 1.1 shows the level of contribution made by SHG to employees on the Defined Contribution Pension Scheme (DCS) by directorate and the cash payments made to persons qualifying for pension benefits under the Defined Benefits Scheme (DBS) in the Pensions Ordinance. The table also shows the Full Time Equivalent (FTE) of employee numbers for each directorate/ service area.

The Full Time Equivalent (FTE) is a unit of measure that is used to express employee numbers within a service area. It is based on the number of contracted hours of work and amalgamates full-time employment and part-time employment into one comparable unit of measure. For SHG a FTE is defined as 1820.0 hours per annum.

A FTE of 1.0 means that either there is one employee contracted to work on a full-time basis (i.e. 1820 hours p.a.) or there are several employees contracted to work part-time but together make one FTE.

Figure. 1.1

Directorate	Total (£'000)	Pensions (DCS) (£'000)	Pensions (DBS) (£'000)	Employee Numbers (FTE)
Governor's Office	102	0	0	9.0
Secretariat	285	5	0	28.3
Human Resources	69	2	0	11.5
Attorney Generals Chambers	7	0	0	1.0
Police	526	11	0	59.0
St Helena Audit Service	66	0	0	7.3
Finance	512	5	0	43.0
Corporate Procurement	91	3	0	13.4
Tourism	77	0	0	5.5
Pensions	0	0	942	0
Access and Shipping	50	1	0	7.0
Education and Employment	1,121	10	0	134.7
Health and Social Welfare	1,859	20	0	254.5
Internal Audit	39	0	0	4.0
Agriculture and Natural Resources	654	7	0	87.0
Infrastructure and Utilities	1,002	6	0	140.9
Land, Planning and Environment	173	3	0	22.0
Trading Accounts	0	0	0	38.0
Other Employee Costs	2,932	0	0	0
	9,565	73	942	866.1

Notes:

¹ Trading Accounts employees include IT services, Unallocated Stores and Transport Division.

² The Full Time Equivalent (FTE) numbers given above exclude Technical Co-operation (TC) Officers.

NOTE 6
EMPLOYEE COSTS (Continued)

Figure 1.2 below shows the number of employees within each salary band. These numbers exclude TC Officers and part-time employees.

Figure 1.2

Salary Bands	2012 (no. of employees)
Band A (£3,869 - £5,294)	52
Band B (£5,148 - £6,666)	208
Band C (£6,479 - £8,393)	281
Band D (£8,154 - £10,577)	130
Band E (£10,275 - £12,605)	85
Band F (£12,241 - £16,390)	44
Band G (£15,922 - £27,799)	17
Total number	817

Figure 1.3 below shows the number of Technical Co-operation Officers employed with SHG during the financial year within each salary band.

Figure 1.3

Salary Band	2012 (no. of employees)
£19,999 or less	0
£20,000 - £29,999	6
£30,000 - £39,999	1
£40,000 - £49,999	13
£50,000 - £59,999	6
£60,000 - £69,999	4
£70,000 - £79,999	3
£80,000 - £89,000	0
£90,000 - £99,000	1
Total number	34

The salary of the Governor does not form part of the Statement of accounts and is paid by the UK Government

Note: During the financial year there were 21 SHG employees receiving a Market Forces Supplement (MFS). Total payments made for MFS was £46,060.

NOTE 7
CASH & CASH EQUIVILANTS

2012
£'000 £'000

Certificates of Deposits	11,536
Bank Deposits	722
Overdraft - Crown Agents	(1,080)
Overdraft - Bank of Saint Helena	(729)
Cash	853
	<u>11,302</u>

NOTE 8
RECEIVABLES

Income Tax Debtors	<u>17</u>	17
Trade Debtors*	1,093	
Less: Trade Debtors Provision	<u>(30)</u>	1,063
Housing Loans (amounts falling due within 12 months)	121	
House Purchase (amounts falling due within 12 months)	<u>3</u>	124
Housing Loans (amounts falling due after 12 months)	412	
House Purchase (amounts falling due after 12 months)	<u>10</u>	422
Less: Provision for Doubtful Loans	<u>(81)</u>	465
Other Debtors:		
Debtors: Utilities		150
Advances		50
Staff Advances		<u>92</u>
		<u>1,837</u>

* Trade Debtors includes Government Landlord Housing Receivable of £40,210.77

NOTE 9
INVENTORIES

Consolidated Fund:	
Pharmacy	194
Other	<u>79</u>
	273
Special Funds:	
Information Technology	81
Unallocated Stores	367
Transport	<u>469</u>
	<u>917</u>
	<u>1,190</u>

NOTE 10

PROPERTY, PLANT AND EQUIPMENT

	Infrastructure £'000	RMS St Helena £'000	Plant, Machinery & Equipment £'000	IT Networks & Equipment £'000	Assets Under Construction £'000	Totals £'000
<u>Cost</u>						
Balance at 1 April 2011	20,090	749	9,403	208	0	30,450
Additions	45	463	256	20	43,127	43,911
Impairment	0	0	(116)	0	0	(116)
Disposals	(169)	0	(188)	0	0	(357)
Balance at 31 March 2012	19,966	1,212	9,355	228	43,127	73,888
<u>Accumulated Depreciation</u>						
Balance at 1 April 2011	15,761	0	5,737	88	0	21,586
Charge for year	350	46	492	35	0	923
Disposals	(158)	0	(178)	0	0	(336)
Balance at 31 March 2012	15,953	46	6,051	123	0	22,173
Net book Value at 31 March 2012	4,013	1,166	3,304	105	43,127	51,715

**NOTE 11
PAYABLES**

	2012	2012
	£'000	£'000
<u>Deposits</u>		
Currency Fund	111	
Other	76	
<u>Accruals</u>		
	187	448
<u>Income Received in Advance:</u>		
Income Tax	348	
Other	29	
	377	
		<u>1,012</u>

**NOTE 12
PROVISIONS**

	2012
	£'000
<u>Balance at 1 April</u>	0
Add: Additional Provisions Made	228
Provision released	0
Provisions transferred	0
<u>Balance at 31 March</u>	<u>228</u>

There was one provision recognised in this financial year. The provision was recognised because of an obligation to pay compensation for the Yacht 'Quee Queg' which broke moorings and ran aground during the financial year. The Government of St Helena recognised this obligation as soon as it was confirmed that a reliable estimate could be made of the obligation and that a transfer of economic benefits was probable.

**NOTE 13
LEASES**

All the Fixed Assets of the Government of St Helena is wholly owned and is not held on a lease basis.

We have not disclosed any leases in these financial statements. This is allowed under transitional provision in IPSAS 13 because we have taken transitional provision under IPSAS 17 not to disclose land and buildings. All leased assets are land or buildings.

**NOTE 14
STAFF BENEFITS**

	2012 £'000
<u>Balance at 1 April 2011</u>	637
Increase in provision	48
Provision released	0
<u>Balance at 31 March 2012</u>	<u>685</u>

Staff Benefits comprise deferred leave of employees accumulated over a number of years. Prior to April 2011 staff were allowed to accumulate up to a maximum 180 days, as at 1 April 2011 a policy change resulted in the maximum amount of leave that can be accumulated to be 90 days.

The value of the provision is based on the number of days of deferred leave of each employee, across the public service, multiplied by the rate of pay for a working day.

Provision is released when an employee takes a portion or all of their deferred leave. 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.

**NOTE 15
PENSION LIABILITY**

	2012 £'000
Defined Contribution Pension Scheme	107
Defined Benefits Pension Scheme	35,200
Total Pension Liability at 31 March 2012	<u>35,307</u>

Pension liability for the Government of St. Helena comprises two components. The two components are the Defined Contribution Pension Scheme (DCPS) liability and the Defined Benefits Pension Scheme (DBPS) liability.

Both schemes were setup and are administered by the Government of St. Helena under the Pensions Ordinance. The balances are given above.

**NOTE 16
RESERVES**

Balance at 1 April 2011
Capital Grant Received
Surplus/(Deficit) for the period
Transfer between Reserves
Balance at 31 March 2012

SPECIAL FUNDS								
UAS Trading Account £'000	Transport Trading Account £'000	IT Trading Account £'000	Locally Funded Projects £'000	UNDP Projects £'000	Other DFID Projects £'000	DFID Funded ST TC £'000	EDF Projects £'000	DFID Support Projects £'000
0	0	0	554	16	5,710	10	2,957	795
0	0	0	0	0	0	0	0	0
(81)	249	4	(14)	(12)	(1,045)	37	(107)	(257)
0	0	0	0	0	0	0	0	0
(81)	249	4	540	4	4,665	47	2,850	539

Balance at 1 April 2011
Capital Grant Received
Surplus/(Deficit) for the period
Transfer between Reserves
Balance at 31 March 2012

CONSOLIDATED FUND £'000	CAPITAL RESERVES			OTHER RESERVES		TOTAL RESERVES £'000
	Capital Reserve £'000	Capital Grant £'000	Donated Assets £'000	I&NCRF £'000	NGRF £'000	
2,849	(24,444)	0	65	2,249	485	(8,753)
0	19	40,478		0	0	40,497
(533)	0	0	0	0	0	(1,758)
1,207	(923)	0	(2)	(354)	72	0
3,523	(25,348)	40,478	63	1,895	557	29,985

KEY ABBREVIATIONS:

UAS is Unallocated Stores
IT is Information Technology
UNDP is the United Nations Development Programme
EDF is the European Development Fund
DFID is the UK Government, Department for International Development
STTC is Short Term Technical Cooperation
I&NCRF is the Improvements and New Construction Revolving Fund
NGRF is the New Generator Replacement Fund

**NOTE 17
RELATED PARTY TRANSACTIONS**

Information in respect of material transactions with related parties not disclosed elsewhere within the Statement of Accounts is presented below.

The Government of St Helena has majority shareholdings in a number of public and private sector entities and consider these entities related parties. A number of material transactions were carried out with these entities during the year. Disclosure of these entities is made in note 18.

The Government of St Helena holds and manages a cash deposit with Crown Agents Investment Management Ltd of £718,000 on behalf of the Bulk Fuel Installation. Interest is earned on this deposit and given to the BFI.

Elected Members

Total remuneration of Elected Members in this financial year is £167,743.

Under the Constitution of St Helena, Ascension and Tristan Da Cunha all elected members of Legislative Council must declare their interest in the Register of Interests and must be updated at the beginning of each Financial Year or earlier if circumstances change.

Key Government Officers

Total remuneration of the of Key Government Officers in this financial year is £236,395.

The Government of St Helena requires all employees to complete Declaration of Interest Forms. This Form must be updated at the beginning of each Financial Year or earlier if circumstances change.

Employees are required to declare any circumstances, existing or prospective, which may throw into question their professional independence or present a possible conflict of interest. This will involve relationships both inside and outside of St Helena Government to whom they are related or have a close personal relationship with (e.g. family and friends).

No Elected Members, Key Government Officers or other related parties have undertaken any material transactions with the Government of St Helena during the reporting period other than those reported.

NOTE 18
SUBSIDIARIES

The Government of St. Helena owns and part-owns a number of other private and public sector entities. These other entities have not been consolidated with these Financial Statements and this is primarily due to difference in accounting policies adopted by each individual entity. Details of each entity is given below:

BANK OF SAINT HELENA

The Bank of St Helena (BOSH) is set up under the Bank of St Helena Ordinance 2003 and the Financial Services Ordinance 2008 and is wholly owned by the Government of St. Helena. The Board of Directors and the Managing Director are appointed by the Governor under the Bank of Saint Helena Ordinance.

The net assets of the Bank of Saint Helena as at the 31 March 2012 is £4,224,014 (£3,959,770 at 31 March 2011). Profit for the year ending 31 March 2012 was £208,946 (£143,937 in the year ending 31 March 2011).

The accounts of the BOSH are published separately and may be inspected at the offices of the BOSH.

SOLOMON & COMPANY (ST HELENA) PLC

The St Helena Government has a majority shareholding of 62.9% in Solomon & Co (St Helena) Plc. The net assets of the company at 31 March 2012 was £5,729,207 (£5,157,653 as at 31 March 2011). Profit for the year ending 31 March 2012 was £603,098 (£438,832 in the year ending 31 March 2011).

Dividends received from the investment in the company for the financial year ended 31 March 2012 was £32,266.

The financial results of this company are published separately and copies may be inspected at the office of Solomon and Company.

BULK FUEL INSTALLATION

The Bulk Fuel Installation (BFI) is a Government trading activity and is therefore wholly owned by the Government of St. Helena. The BFI is managed by Solomon & Co (St Helena) Plc under a Management Agreement.

The net assets of the BFI as at 31 March 2012 was £3,816,092 (£3,805,106 at 31 March 2011). Turnover during the year ended 31 March 2012 of £4,059,474 (£3,204,088 during the year ended 31 March 2011).

Retained Profits of the BFI for the year totalled £987,195 (£983,650 in the year ended 31 March 2011).

The accounts of the BFI are published separately and may be inspected at the office of the Financial Secretary.

NOTE 18 (continued)
SUBSIDIARIES

ST HELENA CURRENCY FUND

The St Helena Currency Fund is administered in accordance with the Currency Ordinance, CAP 124.

Net Assets of the Currency Fund at 31 March 2012 is £1,264,501. Deficit on the Currency Fund for the year ended 31 March 2012 was £69,973.

The financial results of this fund is published separately and copies may be inspected at the office of the Financial Secretary.

ST HELENA FISHERIES CORPORATION

The St Helena Fisheries Corporation is established under section 3 of the St. Helena Fisheries Corporation Ordinance.

The purpose of the Corporation is to deliver a reliable service to the fishing industry and acting as a regulator for other stakeholders in the industry and St Helena.

The Corporation is governed by a Board of Management. Members of the Board are appointed by the Governor.

Net Assets of the St Helena Fisheries Corporation at 31 March 2012 is £242,423. Profit for the financial year ended 31 March 2012 was £16,681.

The financial results of the Corporation is published separately and copies may be inspected at their offices.

ST HELENA DEVELOPMENT AGENCY

The St Helena Development Agency is established under the St Helena Development Agency Ordinance. The Agency is managed by a Board of Directors. Directors are appointed by the Governor.

Net Assets of the St Helena Development Agency at 31 March 2012 was £1,593,458. Loss in the financial year ended 31 March 2012 was £37,495.

The financial results of SHDA is published separately and copies may be inspected at their offices.

NOTE 18 (continued)
SUBSIDIARIES

ST HELENA NATIONAL TRUST

The St Helena National Trust is established under the St Helena National Trust Ordinance CAP 77.

Bank balance for the Trust at 31 March 2012 is £101,089. Excess receipts over payments for the financial year ended 31 March 2012 is £36,391

The financial results of SHNT is published separately and copies may be inspected at their offices.

ST HELENA LINE LIMITED

St Helena Line Limited is a company that operates to provide a shipping link to the island of St Helena. This service carries the majority of the island's general cargo and passengers.

No profit is retained at the end of the financial year as a subsidy is paid by the Government of St Helena to the company equal to the expenditure incurred in the year. Net Asset of the company is £514 at 31 March 2012.

NOTE 19
EVENTS AFTER THE REPORTING DATE

The Financial Statements is authorised for issue on the date when the Financial Secretary signs the accounts.

Information about non-adjusting events after the reporting date is given below. Where material events taking place before the date of issue provided information about conditions existing at 31 March 2012, the figures in the financial statements and notes have been adjusted to reflect the effect these events had.

The financial statements have not been adjusted for the following material event which took place after 31 March 2012. The Government of St Helena divested on 1 April 2013 utilities services that were previously provided directly by the Government to a new company, Connect St Helena Ltd. Assets relating to utilities were transferred to this new company on that date. SHG employees that worked within the utilities services before 1 April 2013 were transferred to the new company.

NOTE 20
CAPITAL COMMITMENTS

During the financial year, in November 2011, the Government of St Helena signed a contract with Basil Read (PTY) Ltd for the construction of an Airport for St Helena at Prosperous Bay Plain.

The contract was signed in the amount of £201.5 million for construction, with the provision of an additional £10 million in shared risk contingency that the contractor may claim against in the event of certain pre-specified risks materialising.

