






SAINT HELENA AUDIT SERVICE

External Auditors

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Independent Auditor's Report

St. Helena Currency Fund for the year ended 31 March 2012

The Currency Commissioners
The Castle
Jamestown
St. Helena

Audit Scope

In accordance with the Public Finance Ordinance (No 11/2010) and the Currency Ordinance (Cap. 124), I have audited the Financial Statements of the St. Helena Currency Fund, which incorporate the Income and Expenditure Account for the year ended 31st March 2012, the Balance Sheet as at 31st March 2012, Accounting Policies and the related notes to the Financial Statements. I have also reviewed the content of the associated Commissioners' Statement and Report.

Responsibilities of Management and the Chief Auditor

The Financial Statements are the responsibility of the Currency Commissioners. My responsibility is to express an opinion on these Financial Statements based upon the audit work undertaken.

Basis of Audit Opinion

The audit was conducted in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.




I believe that the audit has provided a reasonable basis for my opinion.

Unqualified Audit Opinion

In my opinion the Financial Statements properly presents the financial position of the St. Helena Currency Fund as at 31st March 2012, and the results of its activities for the year then ended in accordance with the provisions of the Currency Ordinance.



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In my opinion, the transactions of the Currency Fund for the year to 31 March 2012 conform, in all material respects, to the authorities which govern them.

22 August 2012

Colin Owen

Chief Auditor, Saint Helena Audit Service, Jamestown, St. Helena

**ST HELENA CURRENCY COMMISSIONERS
REPORT ON TRANSACTIONS
DURING THE YEAR 1 APRIL 2011 – 31 MARCH 2012**

The Currency Commissioners have pleasure in presenting their Statement and Report on transactions for the year ended 31 March 2012.

During the year income from interest on investments, sale of coins and other income amounted to £123,000. UK Interest rates continued to remain low during the year, and this is reflected by the continued lower return on investments. Payments in respect of investment management charges, printing of new notes, minting coins and other expenses totalled £192,973 thereby showing a deficit for the year of £69,973 on the income and expenditure account. This loss will be transferred to the general reserve.

The Balance Sheet shows investments of £3,548,625 and net assets to the value of £1,264,501 which is represented by the balance in the general reserve and revenue account deficit.

During the year the net gain on investments amounted to £336,893, this amount is shown in the general reserve.

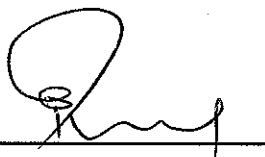
Bullion value of platinum, gold and silver coins in circulation (shown at face value) at 31 March 2012 is £407,512.

Movements on the general reserve are detailed in note 10 to the accounts and show a year-end balance of £1,334,474.

The face value of commemorative coins and currency in circulation as at 31 March 2012 is £5,310,175

During the year, there was minting of coins which cost £26,119. Also during the year there was a final payment on the printing of new circulation notes dated 2012 costing £130,500 which was released in March 2012.

On behalf of Currency Commissioners



22 August 2012


ST HELENA
CURRENCY FUND
INCOME AND EXPENDITURE ACCOUNT
as at 31 March 2012

Note	2011		2012
	£		£
		INCOME	
2	109,239	Interest Receivable	116,444
3	1,547	Sales of Coins	4,872
	790	Sale of Presentation Packs	950
	1,710	Other Income	734
	<u>113,286</u>		<u>123,000</u>
		EXPENDITURE	
4	26,496	Investment Management Charges	28,682
	130,510	Printing of Notes	130,500
	93	Commission on Sale of Coins	143
	37	Postage & Packaging	3,369
	38,400	Cost of minting coins	26,119
	2,650	Audit Fees	4,150
	496	Other Expenses	10
	<u>198,682</u>		<u>192,973</u>
	<u>(85,396)</u>	Deficit of Income over Expenditure	<u>(69,973)</u>

Note to users: The printing of notes is a one off item of expenditure spread over a two year period these notes should meet the Islands cash needs for the foreseeable future.

ST HELENA
CURRENCY FUND
BALANCE SHEET
as at 31 March 2012

Note	2011		2012
	£		£
		ASSETS	
7	3,543,782	Investments in Securities	3,548,625
		CURRENT ASSETS	
9	1,574,897	Cash on Deposit	2,444,906
	0	Debtors - Broker	55,725
	22,387	Accrued Interest	17,200
	265	Royalties Due - Royal Mint	4,260
	786,707	Cash held with SHG Treasury	110,793
	<u>2,384,256</u>		<u>2,632,884</u>
		LIABILITIES	
	3,597	Royalties received in advance KMCC	3,597
	47,663	Accrued Expenditure	10,748
	<u>2,332,996</u>		<u>2,618,539</u>
11	4,729,197	Liability in Respect of Currency in Circulation	4,902,663
	<u>1,147,581</u>	NET ASSETS	<u>1,264,501</u>
		REPRESENTED BY:	
10	1,232,977	General Reserve	1,334,474
	(85,396)	Revenue Account Deficit	(69,973)
	<u>1,147,581</u>		<u>1,264,501</u>


 Acting Financial Secretary
 22 August 2012

ST HELENA CURRENCY FUND

NOTES TO THE ACCOUNTS

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting Conventions

The Financial Statements are prepared under the historical cost convention. Receipts and Payments are accounted for on an accruals basis. The accounting conventions are in accordance with the Currency Ordinance, CAP 124, Currency Regulations, CAP 124 and the Government accounting system.

(b) Investments

Investments are stated in the balance sheet at market value based on the mid-market price at the accounting date. Gains/losses on sales are calculated based on a 'first in, first out' method. The minimum liquidity ratio is not less than 10% as prescribed under section 13 of Currency Ordinance, CAP 124.

(c) Bullion Values

The bullion values of precious metal coins in circulation are shown as a reduction in the liability of the Currency in Circulation. The values are calculated on the bullion content of the coins based on the mid-market dollar price converted to sterling at the accounting date, subject to the value not exceeding the face value of the coins which is the maximum allowed under section 13(4) of the Currency Ordinance.

(d) Liabilities on Currency in Circulation and Commemorative Coins

The face values of currency in circulation and Commemorative Coins in circulation are represented by the balance held by the Currency Fund. This reflects the promise to pay the bearer on demand the face value of any note or coin which is legal tender in St Helena.

ST HELENA CURRENCY FUND

Notes to the Accounts

2		Interest Receivable		
2011			2012	
£			£	
99,218		Interest on UK Govt Securities	100,247	
10,021		Interest on Deposits and Call	16,197	
<u>109,239</u>			<u>116,444</u>	
3		Sales of Coins		
£		<u>Local</u>	£	
0		Queen Mother 100th Birthday	3	
0		Queen Mother 90th Birthday	15	
8		Queen Elizabeth II 75th Birthday	3	
6		Queen Victoria Centenary	15	
105		500th Anniversary	189	
21		Golden Jubilee	35	
11		Coronation 50th Anniversary	81	
14		Royal Wedding - Charles	74	
0		W W F Conserving Nature	2	
46		World War II	66	
<u>211</u>			<u>483</u>	
		<u>Royalty on Overseas Sales</u>		
1,360		RAF Series	4,445	
<u>1,571</u>			<u>4,928</u>	
24		Less backing on Cupro Nickel and Base Metal coins	56	
<u>1,547</u>			<u>4,872</u>	
4		Investment Management Charges		

The investment and cash balances of the Currency Fund are managed on behalf of the Commissioners by Crown Agents Asset Management Ltd in accordance with a Management Agreement. The charge for investment management is 0.5% pa plus a safe custody charge of 0.02% pa based on the Market Value of funds under management and amounts to £28,682 in 2011/12 (£26,496 in 2010/11).

5 Services provided by SHG

There are a number of services provided by SHG for which there are no transactions recorded in the Currency Fund accounts. 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 the accounts do not reflect the costs of SHG employees whom meet in their capacity of Currency Commissioners.

6 Related Parties

The 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 the St Helena Government. The Commissioners are responsible for ensuring there is sufficient currency in circulation on St Helena and Ascension. All currency in circulation must be backed by investments held in UK sterling, and these investments are managed on behalf of the Commissioners by the Crown Agents Investment Managers.

7. Investments in Securities

		Nominal Value 01.04.11	Historical Cost 01.04.11	Market Value 01.04.11	Purchases in Year	Sales/ Redemption In Year	Realised Gain/(Loss)	Unrealised Gain /(Loss)	Market Value 31.03.12
		£	£	£	£	£	£	£	
Bonds									
UK Govt 2%	2016	975,900	952,460	948,135	2,875,350	3,902,376	78,891	0	0
UK Govt 3.75%	2019	350,000	356,860	355,548	0	368,743	13,195	0	0
UK Govt 3.75%	2020	850,350	850,180	854,538	531,012	1,559,777	174,227	0	0
UK Govt 4.75%	2020	159,400	184,506	173,336	0	179,468	6,133	0	0
DUTCH Govt 2.375%	2015	1,250,000	1,234,475	1,212,225	0	1,284,737	72,513	0	0
Caisse D'Amort	2013	0	0	0	1,000,000	1,000,440	440	0	0
UK Govt S 4.5%	2019	0	0	0	1,562,080	0	0	(6,500)	1,555,580
UK Govt 4.25%	2027	0	0	0	364,950	365,400	450	0	0
UK Govt 1.75%	2017	0	0	0	1,556,550	1,547,250	(9,300)	0	0
Barclays 1.5%	2017	0	0	0	1,491,525	0	0	7,170	1,498,695
UK Govt 1%	2017	0	0	0	494,675	0	0	(325)	494,350
		3,585,650	3,578,481	3,543,782	9,876,142	10,208,191	336,548	345	3,548,625

2011

8. Bullion/Face value of precious metal coins

2012

£		£
10,000	Tercentenary Issue 1973	10,000
5,660	Silver Jubilee Issue	5,660
5,512	25th Anniversary Coronation Issue	5,512
2,142	Queen Mother's 80th Birthday Issue	2,142
4,892	Royal Wedding (Charles) Issue	4,892
505	Year of the Scout Issue	505
2,297	Royal Visit Issue	2,297
305	150th Anniversary Issue	305
3,435	St Helena/Ascension Souvenir Issue	3,435
605	Royal Wedding (Andrew) Issue	605
220,775	Napoleon Anniversary Issue	220,775
2,365	Queen Mother's 90th Birthday Issue	2,365
10,388	40th Anniversary Coronation Issue	10,388
1,462	D Day Landings Issue	1,462
6,946	Queen Mother's 95th Birthday Issue	6,946
13,977	Queen Elizabeth II 70th Birthday Issue	13,977
1,544	W W F Conserving Nature Issue	1,544
2,643	Golden Wedding Issue	2,643
2,667	Queen Mother's 100th Birthday Issue	2,667
210	Queen Elizabeth II 75th Birthday Issue	210
582	Queen Victoria Centenary Issue	582
1,392	500th Anniversary Issue	1,392
2,126	Queen Mother 2002 Issue	2,126
327	Golden Jubilee Issue	327
56	Coronation 50th Anniversary Issue	56
50	Royal Wedding - Charles & Camilla Issue	50
470	World War II Comm Issue	470
700	Queen Elizabeth II 80 Birthday Issue	700
94,740	RAF 90 Ann Series Issue	103,479
398,773		407,512

Bull Value

Face Value

6,570,863

398,773

Series where BV is more than double face value

6,570,863

398,773

Bull Value

Face Value

6,032,533

407,512

6,032,533

407,512

2011		9 Cash on Deposit	2012	
£			£	
1,574,584	Lloyds TSB			0
0	RBOS			944,870
0	Barclays			1,500,000
313	Crown Agents JCF			36
1,574,897				2,444,906

2011		10 General Reserve	2012	
£			£	
1,055,597	Balance as at 1 April 2011			1,232,977
	Change in Market Value of Investments (Note 6)			
92,613	Net realised gain/(loss) on disposal			336,548
(34,700)	Net unrealised gain/ (loss)			345
57,913				336,893
1,113,510				1,569,870
119,467	Transfer from Revenue Account			(85,396)
0	Transfer to General Revenue of St Helena			(150,000)
1,232,977	Balance as at 31 March 2012			1,334,474

11 Currency in Circulation				
2011		Commemorative Coins	Circulation Currency	2012
£		£	£	£
4,794,390	Balance at 1 April 2011	623,369	4,504,600	5,127,969
3,699	Issues of Commemorative Coins	8,797	0	8,797
	Release of Currency into Circulation			
574,980	Notes	0	350,000	350,000
15,110	Coins	0	27,151	27,151
5,388,179		632,166	4,881,751	5,513,917
	Withdrawal of Currency from Circulation			
(259,000)	Notes	0	(195,000)	(195,000)
(1,210)	Coins	0	(8,742)	(8,742)
5,127,969	Currency in Circulation as at 31 March 2012	632,166	4,678,009	5,310,175
(398,772)	Less: Bullion Backing of Comm Coins	(407,512)	0	(407,512)
4,729,197	Liability in respect of Currency in Circulation as at 31 March 2012	224,654	4,678,009	4,902,663

£		£
35,000	Tercentenary Issue 1973	35,000
18,612	Silver Jubilee Issue	18,612
22,453	25th Anniversary Coronation Issue	22,453
14,704	Queen Mother's 80th Birthday Issue	14,704
27,133	Royal Wedding (Charles) Issue	27,133
505	Year of the Scout Issue	505
2,972	150th Anniversary Issue	2,972
58,582	Royal Visit Issue	58,582
6,805	Royal Wedding (Andrew) Issue	6,805
11,442	St Helena/Ascension Souvenir Issue	11,442
230,096	Napoleon Anniversary Issue	230,096
4,757	Queen Mother's 90th Birthday Issue	4,760
11,946	Queen Mother's 95th Birthday Issue	11,946
3,340	D Day Landings Issue	3,340
18,661	Queen Elizabeth II 70th Birthday Issue	18,661
6,193	W W F Conserving Nature Issue	6,194
4,062	Golden Wedding Issue	4,062
10,388	40th Anniversary Coronation Issue	10,388
3,865	Queen Mother's 100th Birthday Issue	3,866
2,618	Queen Elizabeth II 75th Birthday Issue	2,619
1,066	Queen Victoria Centenary Issue	1,070
4,302	Queen Mother 2002 Issue	4,302
8,103	Golden Jubilee Issue	8,108
2,758	500th Anniversary Issue	2,770
3,965	Coronation 50th Anniversary Issue	3,977
127	Royal Wedding - Charles & Camilla Issue	138
555	World War II Comm Issue	565
1,120	Queen Elizabeth II 80 Birthday Issue	1,120
107,239	RAF 90 Ann Series Issue	115,979
623,369		632,169

2011	13 Circulation Currency	2012
£		£
2,035,980	Notes £20	2,090,980
1,453,000	£10	1,503,000
279,990	£5	329,990
3,768,970		3,923,970
108,864	Coins £ 2	112,796
326,758	£1	340,558
106,173	50p	104,387
63,135	20p	63,784
57,475	10p	57,844
35,119	5p	35,989
18,897	2p	19,170
19,209	1p	19,511
735,630		754,039
4,504,600		4,678,009