



ST. HELENA

SAINT HELENA AUDIT SERVICE

ST HELENA FISHERIES CORPORATION REPORT
AND ACCOUNTS FOR FINANCIAL YEAR
ENDED 31 MARCH 2015

These circumstances along with the other matters explained in Note 14 to the financial statements indicate the existence of a material uncertainty which may cast doubt about the Corporation's ability to continue as a going concern. The financial statements do not include the adjustments which would result if the Corporation was unable to continue as a going concern.



Phil Sharman CPFA CA
Chief Auditor

30 November 2015

St Helena Audit Service, Jamestown, St Helena Island

ST. HELENA FISHERIES CORPORATION

DIRECTOR'S REPORT
FOR YEAR ENDED 31 MARCH 2015

PRINCIPAL ACTIVITIES

The operations of the Corporation are primarily that of a Service Provider, delivering an efficient and reliable service to the fishing fraternity and acting as a Watchdog/Regulator for other stakeholders in the industry and the people of the island of St Helena. In the year under review fish landings totalling 250,176 kilograms were below the budget of 809,430 kilograms - a shortfall of 559,254 Kgs (some 559 tonnes) . Other related sales which included 3rd party Stores and Fuel were below budget by 52.7%, due to lower fishing activity and cessation of fishing in October 2014 by the MFV Extractor. Total turnover of just on £231.778K were below the budget target by some £463K. Cost of Sales amounted to £211K and overheads to £104K. With Interest receivable of £8K, the overall result is a loss of £99K for the year.

BOARD MEMBERS

The board is appointed by the Governor of St Helena in accordance with section 6(1) of the St Helena Fisheries Corporation Ordinance. There are currently two members of Legislative Council who are appointed to the Board. The other four members are appointed independently of SHG. A board was not appointed at the beginning of this financial year, pending appointment warrants. In the interim the Board operated in shadow form.

Board members during the year were as follows:

Rev D A Bowers, Reappointed 29 May 2014

Mr D Harris, Reappointed 29 May 2014

Mr G F Sim, Reappointed 29 May 2014 - Alternate

Mr T O Thomas, appointed 29 May 2014 - deceased December 2014

Mr D Thomas MLC, appointed 25 September 2014 (2 years)

Mr L A Henry MLC, appointed 25 September 2014 (2 years)

Mr R C Midwinter, Reappointed 24 March 2014

RESPONSIBILITIES

Management are responsible for preparing the financial statements in accordance with the Financial Reporting Standard for Smaller Entities (January 2015) and to present the statements in such a way as to give a true and fair view of the state of affairs of the organisation for that year. All accounting policies and changes to the accounting policies used in the preparation of the final statements are described in the accounting policies note to the accounts.

PENSION SCHEME

The Corporation currently contributes to the Solomon & Co. (St. Helena) PLC defined contributory pension scheme on behalf of its employees - included in the contribution is a Death/Disability cover. Pension costs during the year totalled £5330, there were no outstanding or prepaid contributions at 31 March 2015.

GIFTS

No gifts were made during the report period.

INDEPENDENT REVIEW

There is no relevant audit information of which the auditors are unaware and the directors and board members have taken all steps they ought to have taken to make themselves aware of all relevant audit information. The St Helena Audit Service will continue to Audit the accounts of the organisation in accordance with the organisation's governing legislation (St. Helena Fisheries Corporation Ordinance CAP 90).

Approved by the Board and signed on their behalf by:


_____ Chairman


_____ Secretary
J L Williams

Date - 30/11/15

ST. HELENA FISHERIES CORPORATION

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2015

	NOTES	2014/15 £	Restated 2013/14 £
TURNOVER		231,778	120,729
COST OF SALES		<u>(211,088)</u>	<u>(112,154)</u>
GROSS PROFIT		20,690	8,575
DISTRIBUTION COSTS		(30,692)	(32,866)
ADMINISTRATIVE EXPENSES	7	(73,653)	(63,723)
OTHER OPERATING INCOME		<u>13,050</u>	<u>15,645</u>
OPERATING LOSS		(70,605)	(72,369)
PROFIT ON DISPOSAL OF FIXED ASSETS		0	3,000
INTEREST RECEIVABLE	8	8,780	31,673
AMOUNTS WRITTEN OFF INVESTMENTS	3	(36,344)	(6,327)
INTEREST PAYABLE AND SIMILAR CHARGES		(552)	0
(LOSS) FOR THE FINANCIAL YEAR		<u>(98,721)</u>	<u>(44,023)</u>

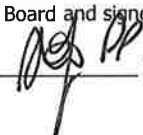

The accounting policies and notes on pages 4 to 9 form part of these financial statements.

ST. HELENA FISHERIES CORPORATION

BALANCE SHEET AS AT 31 MARCH 2015

	NOTES	31/03/2015 £	Restated 31/03/2014 £
FIXED ASSETS			
TANGIBLE ASSETS	2	41,338	21,255
INVESTMENTS	3	105,029	141,373
		<u>146,367</u>	<u>162,628</u>
CURRENT ASSETS			
STOCKS AND STORES		13,049	17,902
DEBTORS & PREPAYMENTS	4	50,602	40,427
CASH AT BANK AND IN HAND		27,222	56,672
		<u>90,873</u>	<u>115,001</u>
CREDITORS (Amounts falling due within one year)			
BANK OVERDRAFT		46,663	0
TRADE CREDITORS		17,759	4,334
AMOUNTS OWED TO SMRL		0	59,117
OTHER CREDITORS		20,269	14,510
DEFERRED INCOME	5	54,334	18,718
		<u>139,025</u>	<u>96,679</u>
NET CURRENT LIABILITIES/ASSETS		<u>(48,152)</u>	<u>18,322</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>98,215</u>	<u>180,950</u>
CREDITORS (Amounts falling due after more than one year)			
DEFERRED INCOME	5	15,986	0
NET ASSETS		<u><u>82,229</u></u>	<u><u>180,950</u></u>
CAPITAL & RESERVES			
CAPITAL RESERVE	6	252,049	252,049
RETAINED (LOSS)	6	(178,154)	(79,433)
		73,895	172,616
REVOLVING STAFF LOAN FUND	6	8,334	8,334
		<u><u>82,229</u></u>	<u><u>180,950</u></u>

Approved by the Board and signed on their behalf by:

 Chairman
  Secretary
 Date - 30/11/15

The accounting policies and notes on pages 4 to 9 form part of these financial statements.

NOTE 1

STATEMENT OF ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

The form of the financial statements is determined by the Financial Secretary for the Saint Helena Government in accordance with section 14(4) of the Saint Helena Fisheries Corporation Ordinance. These statements have been prepared in accordance with Financial Reporting Standards for Smaller Entities (January 2015), and does not include consolidation of transactions for subsidiary Saint Marine Resources Limited. The financial statements have been prepared on the going concern basis which assumes that the organisation will continue in existence, and that the scale of its operations will not be significantly curtailed, for the foreseeable future.

FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at cost. Depreciation is provided on fixed assets at rates calculated to write off the cost of the asset over their expected useful lives as follows:

Buildings	10 to 25 years
Motor Vehicles	5 years
Furniture, Fixtures and Fittings	3 to 10 years

Fixed Assets costing less than £500 are charged directly to the Profit and Loss Account.

STOCKS

Stocks are valued at the lower of cost and net realisable value.

TURNOVER

Turnover represents the value of goods invoiced to customers during the year, less returns.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions during the year are valued at the rate prevailing on the day of the transaction. All exchange differences are taken to profit and loss account.

PROVISIONS

Provisions represent the recognition of a potential decline in the value of an asset. Provisions are made for debtors and stocks when the likelihood of full recovery of the initially recorded values of these assets are doubtful. Provisions are reviewed at each reporting year end and adjusted to reflect the best current estimate. Provisions shall only be used for expenditures for which the provision was originally recognised. Movements on provisions are effected through the Profit & Loss Account and reduce the carrying amounts of these assets on the Balance Sheet.

RESERVES

The profit or loss on activities for the year is transferred to the retained profit and loss account.

The revolving staff loan fund is represented by loans outstanding and cash available for lending. Income into the fund represents bank interest on funds loaned to staff which is initially credited to Income and then transferred from retained profit. The fund is reduced by provisions for bad and doubtful debts and any interest written-off. These amounts are initially recorded as expenditure and an equivalent transfer made from the fund to retained profit.

GRANTS

Grants are recorded as deferred income when there is reasonable assurance that a grant will be received. Grants are recognised in the Profit & Loss Account as income a systematic basis over the periods necessary to match the grants with the expenditure towards which they are intended to contribute. Where a grant is received for contribution towards expenditure on fixed assets the grant is credited to the Profit & Loss Account on a straight line basis based on the estimated useful life of the the relevant fixed asset. For grants meant to subsidise expenses the deferred income is credited to the Profit & Loss Account as other income when the related expense is recognised

RESTATEMENT OF PRIOR PERIOD FIGURES

The comparative figures for the prior period within the financial statements have been revised to correct prior period figures for the investment in SMRL. The prior period figures for the balance sheet assets have been increased by £15,179 and the loss on Investment reduced by £15,179.

ST. HELENA FISHERIES CORPORATION

NOTE 2

TANGIBLE ASSETS

	Buildings	Motor Vehicles	Furniture, Fixtures and Fittings	Total
COST				
At 31 March 2014	65,968	106,598	16,793	189,359
Additions	0	0	28,951	28,951
Disposals	0	0	0	0
At 31 March 2015	<u>65,968</u>	<u>106,598</u>	<u>45,744</u>	<u>218,309</u>
DEPRECIATION				
At 1 April 2014	65,964	89,395	12,743	168,102
Eliminated on disposal	0	0	0	0
Charge for the year	0	4,659	4,210	8,869
At 31 March 2015	<u>65,964</u>	<u>94,054</u>	<u>16,953</u>	<u>176,971</u>
NET BOOK VALUE				
31 March 2015	<u>4</u>	<u>12,544</u>	<u>28,791</u>	<u>41,338</u>
NET BOOK VALUE				
31 March 2014	<u>3</u>	<u>17,203</u>	<u>4,049</u>	<u>21,255</u>

NOTE 3

INVESTMENTS

Saint Marine Resources Limited

	2014/15 £	2013/14 £
Ordinary Class A Shares	137,700	137,700
Ordinary Class B Shares	10,000	10,000
	<u>147,700</u>	<u>147,700</u>
Loss on investment b/f	(6,327)	0
Current loss on investment	<u>(36,344)</u>	<u>(6,327)</u>
	<u>105,029</u>	<u>141,373</u>

On the 24 January 2014 SHFC purchased shares in Saint Marine Resources Limited, with 137,700 Ordinary Class 'A' shares valued at £137,700 and 10,000 Ordinary Class 'B' shares valued at £10,000, SHFC is the majority shareholder, holding 54.7%. As per the financial statements for SMRL, the shares are valued at £105,029 at 31 March 2015.

NOTE 4

DEBTORS AND PREPAYMENTS

Trade debtors	57,019	48,500
Other debtors	1,929	3,449
Prepayments and Accrued Income	0	0
Total Debtors	<u>58,948</u>	<u>51,949</u>
Less bad debt provision	<u>(8,346)</u>	<u>(11,522)</u>
Total	<u>50,602</u>	<u>40,427</u>
DEBTOR ANALYSIS		
Debtors under 1 year	48,568	39,929
Debtors between 1 - 5 years	9,193	11,605
Debtors over 5 years	1,187	415
	<u>58,948</u>	<u>51,949</u>

ST. HELENA FISHERIES CORPORATION

	2014/15 £	2013/14 £
NOTE 5		
CREDITORS		
Deferred income to be recognised after more than a year		
Opening balance	35	35
Capital grants received	28,951	-
Deferred income amortised	<u>(3,350)</u>	<u>-</u>
	25,636	35
Deferred capital grant income to be amortised in the following year	<u>(9,650)</u>	<u>(35)</u>
	15,986	-
Current deferred income		
Grant for FAD fabrication	14,684	13,684
ESH development grant	25,000	-
Donation from ENRD to the SHFA for them to purchase shares in SMRL	5,000	5,000
Deferred capital grant income to be amortised in the following year	<u>9,650</u>	<u>35</u>
	54,334	18,719
Creditors payable by instalments	-	-
Creditors payable otherwise than by instalments	84,691	77,961

	2014/15 £	2013/14 £
NOTE 6		
CAPITAL AND RESERVES		
Capital Reserve		
Opening Balance	252,049	252,049
Movement	<u>0</u>	<u>0</u>
Closing Balance	<u>252,049</u>	<u>252,049</u>
Retained Loss		
Balance brought forward at start of year	(79,433)	(35,410)
Loss for the year	(98,721)	(44,023)
Transfer to Revolving Staff Loan Fund	0	0
Closing Balance	<u>(178,154)</u>	<u>(79,433)</u>
Revolving Staff loan Fund		
Balance brought forward at start of year	8,334	8,334
Transfer from Retained Loss		
Closing Balance	<u>8,334</u>	<u>8,334</u>

ST. HELENA FISHERIES CORPORATION

NOTE 7

ADMINISTRATIVE EXPENSES

	2014/15	2013/14
	£	£
Administrative Expenses are stated after charging:		
Salaries	34,993	30,354
Motor Vehicle Costs	4,561	6,294
Depreciation	13,736	5,662
Audit fees	7,500	5,100
Communication charges	4,051	4,161
Transport Costs	1,385	1,435
Insurance	1,101	353
Repairs & Maintenance	92	765
Sundry Expenses	1,613	1,310
Travel	0	4,288
Stationary, Printing & Postage	551	55
Rents & Rates	2,580	3,405
Professional Fees	1,316	409
Bank Charges	174	132
	<u>73,653</u>	<u>63,723</u>

NOTE 8

INTEREST RECEIVABLE

	2014/15	2013/14
Bank of St Helena	0	1,055
Debtor Accounts	8,780	30,618
	<u>8,780</u>	<u>31,673</u>

ST. HELENA FISHERIES CORPORATION

NOTE 9

BOARD MEMBERS

Three members of our board members are paid an attendance allowance for their services to the board by the Corporation. The amounts paid totalled £1,165.60. (2013/14 £409.70)

NOTE 10

GOVERNMENT GRANTS and ASSISTANCE

Saint Helena Government

No Management Fee was received for the report year or in the prior year

SHFC leases from SHG, buildings and the land on which the buildings are situated for a fee of £1,500 per annum starting from 2016/17. Rent for the reporting year was waived by SHG.

SHFC receives fuel for sale to fishermen at a subsidised cost from the Bulk Fuel Installation.

The Corporation is currently holding £5,000 which was a donation from SHG to the St Helena Fishermens Association, to allow them to purchase shares in SMRL. The Association did not take up these shares and the money remains with the Corporation until a decision is made regarding the status of these funds

Enterprise Saint Helena

During the year the following grants were received from ESH:

£17,101 to fund the purchase of an ice making machine for use onboard the Extractor, a balance of £3,000 relating to Customs Duty is held in Creditors.

£5,548 to fund the purchase of a Satellite Navigational System

£1,903 to fund the purchase of a Toughbook Laptop for use with the SatComms system

£4,398 to fund the purchase of 6 life rafts for use by members of the islands fishing fleet

In the prior year The Corporation received £16,500 to fund the fabrication of Fish Attracting Devices (FADs), of which £14,684 remains, this balance has been disclosed in Note 5 Creditors - Grants Received in Advance

The Corporation also received £25,000 for industry development and to part fund the role of a Counterpart to the General Manager, this balance is also disclosed under Note 5 Creditors - Current Deferred Income.

NOTE 11

RELATED PARTY TRANSACTIONS

Saint Helena Government

SHFC currently holds £5,000, disclosed in Note 5 Creditors - Grants Received in Advance. This amount was received as a contribution to the St Helena Fishermen's Association for shares in Saint Marine Resources Limited. The SHFA are currently investigating the implications of the organisation owning shares in a profit-making company and the Corporation continues to hold the contribution until such time a decision is made.

With effect of 06 March 2014, SHFC transferred to SHG parcels 33,35 and 36, which fell under the Airport Development Area. In 2013/14 SHFC paid rental on these premises amounting to £550. SHFC currently leases 2 parcels on a 5 year lease.

Up until 2011/12 SHG paid an annual management fee to SHFC to cover fisheries regulatory functions. A tender exercise to undertake those regulatory functions was advertised by ENRD in April 2015 and our tender submitted accordingly on 21 April 2015, but unfortunately the tender exercise has since been withdrawn. SHFC are still providing some of these functions.

Enterprise Saint Helena

The board of SHFC has a member appointed from ESH. As disclosed in Note 3 SHFC is a majority shareholder in SMRL, the other main shareholder in SMRL is ESH.

Saint Marine Resources Limited

SHFC has an interest in SMRL as disclosed in Note 3. SHFC currently provide management and administrative support to SMRL.

ST. HELENA FISHERIES CORPORATION

NOTE 12

EVENTS AFTER THE BALANCE SHEET DATE

Following the Argos decision to cease operations in St Helena the Corporation has since taken over operations of the cold store. The plant and equipment has been purchased by SHG, and transferred to the employment of SHFC on 1 November 2015. This venture is expected to be supported by operational funding provided by SHG in the first instance. On 26 August 2015 the Corporation entered into an agreement to sell their class A and B shareholding shares in SMRL for a total of £115,000.

NOTE 13

OVERDRAFT FACILITY WITH BANK OF ST HELENA

In August 2014 the Corporation secured an overdraft facility of £50,000 with the Bank of St Helena (BoSH) for the purpose of working capital. The terms of the overdraft have been renegotiated and the facility reduced to £35,000. Corporation assets have been used to secure this loan, they are Ford Ranger Reg No. 2827, Jones Crane Reg No. 3653, Leyland Daf 45 (with HiAb Crane) Reg No. 1653 and Ford Transit Tipper Lorry Reg No. 1368. The overdraft is to be fully repaid by 31 December 2015.

NOTE 14

ADDITIONAL DISCLOSURES IN RESPECT OF GOING CONCERN

As described in the Directors' Report on page 1 fish landings are significantly below expectations and the Corporation has reported a loss for the third year running. The Board considers that the outlook presents significant challenges in terms of sales volume and pricing as well as input costs. Whilst the Board have instituted measures designed to improve turnover, preserve cash and secure additional finance, these circumstances create uncertainties over future trading results and cash flows.

As explained in Note 3 on page 5, the Corporation has taken a majority shareholding in Saint Marine Resources Limited a joint venture designed to increase fish landings through developing an offshore fishing capability. During the start-up phase in 2013/14 the venture has required significant capital investment on the part of the Corporation which has drained down cash reserves. The Corporation is now seeking a sale of its shares in Saint Marine Resources Limited by Public Tender. A preferred bidder has been identified.

The Corporation has a commercial overdraft facility expiring 31 December 2015 in the amount of £35,000 to provide working capital for normal business operations of the Corporation. A forward budget for 2015/16 was prepared and approved by the Board, and management accounts are maintained to actively monitor trading performance and forecast working capital requirements. However at the date of the approval of the financial statement cash flow forecasts do not extend beyond March 2016. This information falls short of the FRSSE requirement for cash flow projections to extend 12 months from the date of approval of the financial statements.

After considering the uncertainties described above, and the mitigating measures now being taken, albeit in the absence of extended cash-flow projections, the Board has a reasonable expectation that the Corporation has adequate resources to continue in operational existence for the foreseeable future. For these reasons, and as set out in Note 1, they continue to adopt the going concern basis in preparing the annual report and accounts.

