

S.P. 61/16



ST. HELENA

ST HELENA FISHERIES CORPORATION  
REPORT AND ACCOUNTS FOR FINANCIAL YEAR ENDED  
31 MARCH 2016

*Laid upon the Table 9<sup>th</sup> December 2016*



**St. Helena  
Fisheries Corporation**



**REPORT AND ACCOUNTS FOR  
FINANCIAL YEAR ENDED  
31 MARCH 2016**





# SAINT HELENA AUDIT SERVICE

External Auditors

## **Independent Examiners Report to the Board of St Helena Fisheries Corporation**

I have reviewed the financial statements of St Helena Fisheries Corporation (the Corporation) for the year ended 31 March 2016 under the Public Finance Ordinance 2010 and the St Helena Fisheries Corporation Ordinance CAP 90. The financial statements comprise the Balance Sheet, Profit and Loss Account and the related Notes including the Accounting Policies.

### **Respective Responsibilities of the Board and the Chief Auditor**

The Board of Management is responsible for preparing the financial statements in accordance with the Financial Reporting Standard for Smaller Entities 2015 (FRSSE) and being satisfied that they show a true and fair view of the financial position and financial performance of the Corporation. The Board of Management is also responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

My responsibility is to review and express a conclusion on the financial statements in accordance with applicable legal requirements and International Standards on Review Engagement (ISRE) 2400. This standard requires me to comply with the Accounting Practices Board's Ethical Standards for Auditors.

### **Scope of the Review of the Financial Statements**

A review engagement under this ISRE is a limited assurance engagement. I have performed procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluated the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISAs), and, accordingly, I do not express an audit opinion on the financial statements.

### **Conclusion on the Financial Statements**

Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not give a true and fair view of the financial position of St Helena Fisheries Corporation as at 31 March 2016, and its financial performance for the year then ended, in accordance with the Financial Reporting Standard for Smaller Entities.

### **Emphasis of Matter – Going Concern**

In forming my conclusion, I have considered the adequacy of the disclosures made in Note 12 to the financial statements concerning the Corporation's ability to continue as a going concern.

The Corporation incurred a net loss of £45,108 during the year ended 31 March 2016 and, at that date retained losses amount to £223,260 and current liabilities exceed current assets by £23,708. In the comparative period to 31 March 2015 the Corporation reported a net loss of £98,721, retained losses of £178,154, and net current liabilities of £48,152.

These conditions, along with the other matters explained in Note 12 to the financial statements, indicate the existence of operational and financial challenges 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

24 November 2016

**ST. HELENA FISHERIES CORPORATION**

**DIRECTOR'S REPORT**  
**FOR YEAR ENDED 31 MARCH 2016**

**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. Argos Atlantic Cold Stores Ltd (AACSL) gave 6-months notice to the St. Helena Government in April 2015 that they would not be extending their agreement with their last day of operations being 31 October 2015. Following discussions with SHG, it was agreed that SHFC would run the cold store establishment, with a changeover of the 17 staff from AACSL with effect from 1 November 2015 until March 2017. In the year under review fish landings totalling 238,190 kilograms were below the budget of 350,000 kilograms - a shortfall of 111,810 Kgs (some 112 tonnes) . The total Turnover for the year was £379k, with Cost of Sales of £358k resulting in a Gross Profit of £21k - with Overheads totalling £193k and Other Operating Income of £159k, the end result with other adjustments was a Loss of £45K.

**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 three members are appointed independently of SHG.

Board members during the year were as follows:

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

Mr D Harris, Reappointed 07 July 2015

Mr G F Sim, Reappointed 16 February 2016 (2 Years)

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

Mr R C Midwinter, Reappointed 24 March 2015

Mr N Yon, appointed 8 July 2015

**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 £7728, there were no outstanding or prepaid contributions at 31 March 2016.

**GIFTS**

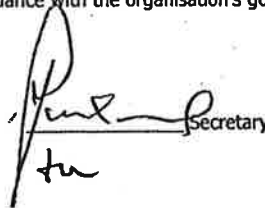
No gifts were made during the report period.

**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

Date - 24-11-16

**ST. HELENA FISHERIES CORPORATION**

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016**

	NOTES	2015/16 £	2014/15 £
TURNOVER		378,994	231,778
COST OF SALES		<u>(358,204)</u>	<u>(211,088)</u>
GROSS PROFIT		20,791	20,690
DISTRIBUTION COSTS		(31,780)	(30,692)
ADMINISTRATIVE EXPENSES	7	<u>(161,018)</u>	<u>(73,653)</u>
OTHER OPERATING INCOME		159,450	13,050
OPERATING LOSS		<u>(12,557)</u>	<u>(70,605)</u>
INTEREST RECEIVABLE	8	3,162	8,780
AMOUNTS WRITTEN OFF INVESTMENTS	3	(34,218)	(36,344)
INTEREST PAYABLE AND SIMILAR CHARGES		(1,495)	(552)
<b>(LOSS) FOR THE FINANCIAL YEAR</b>		<b><u>(45,108)</u></b>	<b><u>(98,721)</u></b>

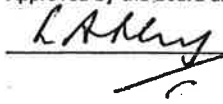
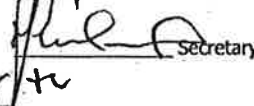
The accounting policies and notes on pages 4 to 9 form part of these financial statements.

**ST. HELENA FISHERIES CORPORATION**

**BALANCE SHEET AS AT 31 MARCH 2016**

	NOTES	31/03/2016 £	31/03/2015 £
<b>FIXED ASSETS</b>			
TANGIBLE ASSETS	2	31,969	41,338
INVESTMENTS	3	<u>38,619</u>	<u>105,029</u>
		70,588	146,367
<b>CURRENT ASSETS</b>			
STOCKS AND STORES		75,479	13,049
DEBTORS & PREPAYMENTS	4	189,332	50,602
CASH AT BANK AND IN HAND		<u>17,123</u>	<u>27,222</u>
		281,934	90,873
<b>CREDITORS (Amounts falling due within one year)</b>			
BANK OVERDRAFT		8,573	46,663
SHG LOAN		74,000	0
TRADE CREDITORS		108,151	17,759
OTHER CREDITORS		63,864	20,269
DEFERRED INCOME	5	<u>51,054</u>	<u>54,334</u>
		305,642	139,025
<b>NET CURRENT LIABILITIES/ASSETS</b>		<u>(23,708)</u>	<u>(48,152)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>46,880</u>	<u>98,215</u>
<b>CREDITORS (Amounts falling due after more than one year)</b>			
DEFERRED INCOME	5	9,757	15,986
<b>NET ASSETS</b>		<u><u>37,123</u></u>	<u><u>82,229</u></u>
<b>CAPITAL &amp; RESERVES</b>			
CAPITAL RESERVE	6	252,049	252,049
RETAINED (LOSS)	6	<u>(223,260)</u>	<u>(178,154)</u>
		28,790	73,895
REVOLVING STAFF LOAN FUND	6	8,333	8,334
		<u><u>37,123</u></u>	<u><u>82,229</u></u>

Approved by the Board and signed on their behalf by:

 Chairman
  Secretary  
 Date - 24-11-16

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



**ST. HELENA FISHERIES CORPORATION**

**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 on 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 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.

**ST. HELENA FISHERIES CORPORATION**

**NOTE 2**

**TANGIBLE ASSETS**

	Buildings	Motor Vehicles	Furniture, Fixtures and Fittings	Total
<b>COST</b>				
At 1 April 2015	65,968	106,598	45,744	218,310
Additions	0	0	8,060	8,060
Disposals	(1,220)	0	(3,575)	(4,795)
At 31 March 2016	64,748	106,598	50,230	221,576
<b>DEPRECIATION</b>				
At 1 April 2015	65,964	94,054	16,953	176,971
Eliminated on disposal	(1,220)	0	(3,575)	(4,795)
Charge for the year	0	4,560	12,869	17,429
At 31 March 2016	64,744	98,614	26,247	189,605
<b>NET BOOK VALUE</b>				
31 March 2016	4	7,984	23,982	31,970
<b>NET BOOK VALUE</b>				
31 March 2015	4	12,544	28,791	41,338

2015/16

2014/15

**NOTE 3**

**INVESTMENTS**

**Saint Marine Resources Limited**

	Shares	Shares
Ordinary Class A	73,700	137,700
Ordinary Class B	10,000	10,000
	<u>83,700</u>	<u>147,700</u>
	£	£
Opening balance	105,029	141,373
Sale of shares	(32,193)	
Loss on investment	(34,218)	(36,344)
	<u>38,619</u>	<u>105,029</u>

On the 2nd of February SHFC sold 64,000 class 'A' shares from its investment in Saint Marine Resources Limited as part of an agreement to dispose all of its shares in the company. At 31 March 2016 SHFC had 31% shareholding consisting of 73,700 Ordinary Class 'A' shares and 10,000 Ordinary Class 'B' shares. As per the financial statements for SMRL, the shares are valued at £38,619 at 31 March 2016.

**NOTE 4**

**DEBTORS AND PREPAYMENTS**

Trade debtors	240,566	57,019
Other debtors	0	1,929
Prepayments and Accrued Income	0	0
Total Debtors	240,566	58,948
Less bad debt provision	(51,234)	(8,346)
Total	<u>189,332</u>	<u>50,602</u>

**DEBTOR ANALYSIS**

Debtors under 1 year	232,851	48,568
Debtors between 1 - 5 years	6,577	9,193
Debtors over 5 years	1,137	1,187
	<u>240,566</u>	<u>58,948</u>

**ST. HELENA FISHERIES CORPORATION**

	2015/16	2014/15
	£	£
<b>NOTE 5</b>		
<b>CREDITORS</b>		
<b>Deferred income to be recognised after more than a year</b>		
Opening balance	25,636	35
Capital grants received	8,060	28,951
Deferred Income amortised	(11,970)	(3,350)
	<u>21,727</u>	<u>25,636</u>
Deferred capital grant income to be amortised in the following year	(11,970)	(9,650)
	<u>9,757</u>	<u>15,986</u>
<b>Current deferred income</b>		
Grant for FAD fabrication	14,684	14,684
Grant for longline equipment	9,214	-
ESH development grant	10,187	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	11,970	9,650
	<u>51,054</u>	<u>54,334</u>
Creditors payable by instalments	-	-
Creditors payable otherwise than by instalments	254,587	84,691

	2015/16	2014/15
	£	£
<b>NOTE 6</b>		
<b>CAPITAL AND RESERVES</b>		
<b>Capital Reserve</b>		
Opening Balance	252,049	252,049
Movement	0	0
Closing Balance	<u>252,049</u>	<u>252,049</u>
<b>Retained Loss</b>		
Balance brought forward at start of year	(178,152)	(79,431)
Loss for the year	(45,108)	(98,721)
Transfer to Revolving Staff Loan Fund	0	0
Closing Balance	<u>(223,260)</u>	<u>(178,152)</u>
<b>Revolving Staff loan Fund</b>		
Balance brought forward at start of year	8,333	8,334
Transfer from Retained Loss	-	-
Closing Balance	<u>8,333</u>	<u>8,334</u>

**ST. HELENA FISHERIES CORPORATION**

**NOTE 7**

**ADMINISTRATIVE EXPENSES**

	2015/16	2014/15
	£	£
Rents & Rates	13	2,580
Salaries	64,483	40,158
Sundry Expenses	8,503	4,417
Insurance	1,101	1,101
Motor Vehicle Costs	3,936	4,561
Transport Costs	2,932	1,385
Stationary, Printing & Postage	682	551
Communication charges	7,870	4,301
Professional Fees	2,348	1,316
Audit fees	5,100	7,500
Repairs & Maintenance	3,706	92
Depreciation	17,429	8,868
Bad Debts	42,913	(3,176)
	<u>161,018</u>	<u>73,653</u>

**NOTE 8**

**INTEREST RECEIVABLE**

	2015/16	2014/15
	£	£
Bank of St Helena	161	0
Debtor Accounts	3,002	8,780
	<u>3,162</u>	<u>8,780</u>

**ST. HELENA FISHERIES CORPORATION**

**NOTE 9**

**BOARD MEMBERS**

Two members of our board members are paid an attendance allowance for their services to the board by the Corporation. The amounts paid totalled £876.00. (2014/15 £1165.60)

**NOTE 10**

**GOVERNMENT GRANTS and ASSISTANCE**

**Saint Helena Government**

A subsidy was received for the report year of £120,000, no subsidy was received in the prior year, and is accounted for in Other Operating Income and used to fund the extended operations of SHFC which incorporated the takeover of the AACSL staff and operations.

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.

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

**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. In April 2016 a request was received from ANRD for reimbursement of the £5,000.

During the year under review the Corporation incurred increased costs directly related to the take over of the Coldstore, in order to support this a loan was provided by SHG of £74,000, and is disclosed in the accounts under Creditors - SHG Loan

**Enterprise Saint Helena**

The board of SHFC has a member appointed from ESH. During the year SHFC paid ESH £22,169 in respect of the working capital loan outstanding in the name of Saint Marine Resources Ltd.

**Saint Marine Resources Limited**

SHFC has an interest in SMRL as disclosed in Note 3. SHFC currently provide management and administrative support to SMRL. SHFC have sold 64,000 of its shares in SMRL. During the year SHFC funds were used to clear debt outstanding in the name of Saint Marine Resources Ltd as detailed below:

**Table Bay Marine:** £17,000 in respect of initial costs of refurbishment of the vessel whilst in Cape town, a balance of £2,838 remains outstanding

**Enterprise Saint Helena:** £22,169 in respect of outstanding working capital loan, a balance of £639 remains

**AMD Engineering Contractors:** £4,960 in respect of work done onboard the vessel.

**ST. HELENA FISHERIES CORPORATION**

**NOTE 12**

**ADDITIONAL DISCLOSURES IN RESPECT OF GOING CONCERN**

As described in the Directors' Report on page 1, fish landings are significantly below expectations which along with the recent take-over of the ex Argos Coldstore operations have put significant strain on the Corporations cash flow. SHG have committed to subsidising operations with £120,000 per year. 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. It should be noted that SHFC is technically insolvent as the Liabilities which include an outstanding loan to SHG of £74,000 outweighs the Assets.



