


S.P. 05/17



ST. HELENA

GOVERNMENT OF ST HELENA
ST HELENA CURRENCY FUND
FINANCIAL STATEMENTS FOR YEAR ENDED
31 MARCH 2016

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Currency Fund

Financial Statements

2015-2016



Currency Fund

Annual Financial Statements for the year ended 31 March 2016

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SAINT HELENA AUDIT SERVICE

External Auditors

Saint Helena Currency Fund

Financial Statements for the Year Ended 31 March 2016

Independent Auditor's report to the Currency Commissioners

I have audited the financial statements of the Saint Helena Currency Fund for the year ended 31 March 2016 under the Public Finance Ordinance 2010 and the Currency Ordinance CAP 124. The Currency Fund financial statements comprise the Statement of Financial Performance, the Statement of Financial Position, the Statement of Changes in Net Assets and Reserves, the Statement of Cash Flows, and the related notes.

Respective responsibilities of the Commissioners and the Chief Auditor

The Commissioners of Currency are responsible for preparing the financial statements in accordance with the International Public Sector Accounting Standards (IPSAS) and being satisfied that they present fairly the financial position, financial performance, and cash flows of the Currency Fund. 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 Accounting Practices Board's (APB) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Commissioners; 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 audit opinion.

Opinion on the Financial Statements

In my opinion, the Financial Statements present fairly the Financial Position of the Currency Fund as at 31 March 2016, and its Financial Performance and Cash Flows for the year then ended, in accordance with the IPSAS financial reporting framework.



Phil Sharman CPFA
Chief Auditor for Saint Helena
Saint Helena Audit Service, Jamestown, St Helena

11 November 2016



Saint Helena Commissioner's of Currency Report

INTRODUCTION

The Commissioners of Currency have pleasure in presenting their Report on the Currency Fund transactions for the year ended 31 March 2016.

These financial statements are reported under the authority of the Currency Ordinance, section 22. The financial statements are prepared in accordance with the International Public Sector Accounting Standards, Accruals Basis.

The Commissioners of Currency are the officers holding the following positions:

Chief Secretary	Chairperson
Financial Secretary	Commissioner
Assistant Chief Secretary (Support)	Commissioner
Assistant Financial Secretary	Commissioner

PRINCIPAL ACTIVITIES

The activities of the Currency Fund are governed by the Currency Ordinance. The Commissioners of Currency are primarily responsible for the printing and minting of circulation currency, and controlling the issue and withdrawal of circulation currency within Saint Helena.

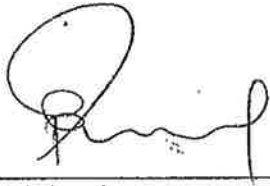
The main source of income for Currency Fund activities is derived from the investment of surplus funds. This is supplemented by royalties from the issue of commemorative coins.

FINANCIAL PERFORMANCE

The Currency Fund remains in a positive financial position with net assets totalling £1.6m. Liquid assets represent 49% of the demand liabilities, complying with the statutory minimum requirement of 10%. The significant proportion of liquid assets at the year end is due to £2.5m of cash from investments maturing towards the year end. These funds were invested in UK Government Bonds in April 2016.

The Statement of Financial Performance reflects a surplus of £8k before accounting for capital gains on investments. This was achieved through granting approval to the East India Company for the production of a precious metal coin range for 2015 and 2016, these coin sales generated £13.8k in royalties. Interest receivable remains at a similar level to the previous two years.

The Statement of Financial Position shows growth in net assets of £51k (3%) in comparison with the previous year. This is largely attributable to capital gains of £43k on the investment portfolio. The capital gain on investments was 1% in comparison with the capital gain of 4% (£195k) reported last year. The decline in the performance on the investment portfolio is due to fluctuation in the global market. However, bond yields in the global market are closely monitored by our investment manager and factored into investment management decisions. The significant level of cash holding at the year end is reflective of deliberations on the reinvestment of funds.



Dax Richards
Financial Secretary
on behalf of the Commissioners of Currency

11/11/2016

Date



Currency Fund

Statement of Financial Performance for the year ended 31 March 2016

	Note	2015-2016 £	2014-2015 £
REVENUE			
Interest Receivable	3	69,276	71,054
Royalties on Commemorative Coins	4	14,277	9,913
Sale of Coins	6	1,237	576
Other Income		2,594	5,201
Total Revenue		87,384	86,744
EXPENDITURE			
Investment Management Charges	8	30,326	29,946
Circulation Currency		40,371	52,651
Audit Fees		8,400	6,200
Other Expenses		20	15
Total Expenditure		79,117	88,812
SURPLUS/ (DEFICIT) BEFORE GAIN ON INVESTMENTS		8,267	(2,068)
GAIN ON INVESTMENTS			
Net Realised Gain	9	7,234	63,402
Unrealised Gain	9	35,692	131,317
Total Gain on Investments		42,926	194,719
SURPLUS AFTER GAIN ON INVESTMENTS		51,193	192,651



Currency Fund

Statement of Financial Position as at 31 March 2016

	Note	2016 £	2015 Restated £
ASSETS			
Current Assets			
Inventories	11	269,067	278,644
Receivables	12	716,876	541,390
Investments	10	3,537,670	4,720,512
Cash and Cash Equivalents	13	2,881,072	1,610,234
		<u>7,404,685</u>	<u>7,150,780</u>
Total Assets		<u>7,404,685</u>	<u>7,150,780</u>
LIABILITIES			
Non Current Liabilities			
Currency in Circulation	14	(5,826,397)	(5,619,232)
Current Liabilities			
Payables	17	(17,883)	(22,336)
Total Liabilities		<u>(5,844,280)</u>	<u>(5,641,568)</u>
NET ASSETS		<u>1,560,405</u>	<u>1,509,212</u>
RESERVES			
General Reserve		1,563,030	1,520,104
Retained (Deficit)		(2,625)	(10,892)
		<u>1,560,405</u>	<u>1,509,212</u>

Dax Richards
Financial Secretary
on behalf of the Commissioners of Currency

11/11/2016
Date



Currency Fund

Statement of Changes in Net Assets and Reserves for the year ended 31 March 2016

	General Reserve £	Retained Surplus/ (Deficit) £	Total Reserves £
Balance as at 1 April 2014 as Previously Reported	1,286,985	(8,824)	1,278,161
Prior Period Adjustment:			
Coin Packs held by SHG Treasury (Note 2)	38,400	-	38,400
Balance as at 1 April 2014 as Restated	1,325,385	(8,824)	1,316,561
Surplus/ (Deficit) for the period	194,719	(2,068)	192,651
Balance as at 31 March 2015	1,520,104	(10,892)	1,509,212
Surplus for the period	42,926	8,267	51,193
Balance as at 31 March 2016	1,563,030	(2,625)	1,560,405



Currency Fund

Statement of Cash Flows for the year ended 31 March 2016

	Note	2015-2016 £	2014-2015 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(Deficit) for the year		8,267	(2,068)
Interest Receivable		<u>(69,276)</u>	<u>(71,054)</u>
		(61,009)	(73,122)
Non Cash Movements			
(Increase) in Receivables	12	(175,486)	(268,323)
Decrease in Inventories	11	9,577	14,251
Increase/(Decrease) in Payables	17	(4,453)	6,388
Increase in Currency in Circulation	14	<u>207,165</u>	<u>290,904</u>
Net Cash Flows from Operating Activities		(24,206)	(29,902)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments	9	(1,517,235)	(864,558)
Sale of Investments	9	2,743,003	871,032
Interest Receivable		<u>69,276</u>	<u>71,054</u>
Net Cash Flows from Investing Activities		1,295,044	77,528
NET CASH FLOW FOR THE FINANCIAL YEAR		<u>1,270,838</u>	<u>47,626</u>
Cash & Cash Equivalents as at 1 April		1,610,234	1,562,608
Net Cash Flows		<u>1,270,838</u>	<u>47,626</u>
Cash & Cash Equivalents as at 31 March		<u>2,881,072</u>	<u>1,610,234</u>



Currency Fund

Notes to the Accounts for the year ended 31 March 2016

NOTE 1 ACCOUNTING POLICIES

a) Accounting Basis

These Financial Statements of the Currency Fund are prepared in accordance with the requirements of section 22 of the Currency Ordinance.

The Financial Statements are prepared on an accruals basis in accordance with the International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants. This is the third year of the adoption of this financial reporting framework. The Financial Statements have also been prepared in accordance with the specific disclosure and accounting requirements of the Currency Fund Ordinance.

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) Financial Instruments

A financial instrument, as defined by IPSAS 28, is "any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity". The financial assets and liabilities of the Currency Fund comprise accounts receivable and payable, investments and cash and cash equivalents. In each case, one party's contractual right to receive (or obligation to pay) cash is matched by the other party's corresponding obligation to pay (or right to receive).

Recognition and basis of measurement

Trade receivables and payables are carried at the original invoice cost.

The portfolio of investments is acquired principally for the purpose of generating income. All investments are defined as "Financial assets at fair value through surplus or deficit." The fair value of deposits and investments held with Crown Agents Asset Investment Management Ltd is the amount payable on demand at the reporting date. All investments are therefore level 1 instruments in the fair value hierarchy, that is, the value is based upon "Quoted prices (unadjusted) in active markets for identical assets".

c) Investments

Investments are in the form of securities issued or guaranteed by the Government of the United Kingdom and maturing within ten years. The maturity dates of these investments vary and may be more than 12 months from the reporting date but as they are readily convertible to cash they are classed as Current investments.

Investments are recorded at historical cost throughout the year applying the first in first out basis and are valued at the mid market value as at the reporting date. Income and capital gains and losses are accounted for through Surplus and Deficit. Interest accrues to the Retained Surplus and Deficit account. Capital gains and losses are allocated to the General Reserve in accordance with section 19 of the Currency Ordinance.

d) Inventories

Inventories are new circulation currency which will be issued as part of the Currency Fund's ordinary business. Inventories are valued at the lower of cost and face value, applying the first in first out basis. Cost represents printing and minting costs in accordance with IPSAS 12.

e) Cash and Cash Equivalents

Cash and Cash Equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and Cash Equivalents of the Currency Fund comprise the funds held with Crown Agents Investment Management Ltd. Cash and cash equivalents are recorded at historical cost.

f) Payables

Currency and commemorative coins in circulation are disclosed as a liability on the basis that it reflects the promise to pay the bearer on demand, the face value of notes and coins which are legal tender in Saint Helena.

The liability in respect of currency and commemorative coins in circulation is disclosed net of the bullion value of precious metal (gold, silver and platinum) coins in circulation. The bullion value is based upon the mid market price at the reporting date, subject to the value not exceeding the face value of coins in accordance with section 13(4) of the Currency Ordinance.

The lower of the bullion and face values of precious metal commemorative coins in circulation is deducted from the liability on the basis that the likelihood of these coins being returned to the Commissioners is low and should they be returned, a gain is predicted on the basis that the monetary value of these coins exceed their face value.

g) Funds and Reserves

There is statutory authority for the Currency Fund to maintain only two forms of funds and reserves, the Surplus Fund and General Reserve.

The Currency Fund Ordinance sets out the transactions that should pass through the Surplus Fund. The surplus of the Currency Fund for any financial year shall be determined by calculating the amount of all dividends, interest or other revenue derived from investments of the Fund or, from the employment in any manner of the monies of the Fund and all commissions paid to the Commissioners, and deducting all expenses incurred by the Commissioners and their agents for the purposes of this Ordinance together with such provision for contingencies as the Commissioners, with the approval of the Governor acting in her discretion, may determine.

The surplus shall be applied firstly, to the redemption of any securities issued by the Government of Saint Helena, secondly, to the General Reserve of the Currency Fund as directed by the Governor and any remaining surplus transferred to the General Revenue of St. Helena.

Expenditure of an exceptional nature may be charged directly to the General Reserve. Any capital profit or loss on securities shall be charged directly to the General Reserve. The balance on the General Reserve at the reporting date, in excess of ten percent of the liabilities of the Currency Fund, may be transferred in whole or in part to the General Revenue of the Government of Saint Helena.

h) 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. 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.

Goods and services paid for during the financial year but not yet received at the year end have been accounted as prepayments. Goods and services received during the year that have not been paid by the financial year end have been accounted for as accrued expenses. Inventories are expensed when new circulation currency notes and coins are issued into circulation.

i) Foreign Currencies

No transactions or balances are denominated in foreign currencies.

j) Standards, amendments and interpretations in issue but not yet effective or adopted

International Public Sector Accounting Standard 3, Accounting Policies, Changes in Accounting Estimates and Errors, requires disclosure in respect of new IPSASs, amendments and interpretations that are, or will be, applicable after the accounting period. There are a number of IPSASs and amendments issued by the IPSAS Board that are effective after this accounting period.

The following standards and amendments have not been adopted early in these accounts. The Currency Commissioners currently have no plan to early adopt any of these standards.

<u>Standard, amendment or interpretation</u>	<u>Effective</u>
Improvements to IPSAS 2015	2016/17
IPSAS 33 First Time Adoption of Accruals Basis IPSAS	2017/18

These amendments are not currently anticipated to have future material impact on the financial statements of the Currency Fund.

**NOTE 2
RESTATEMENT OF PRIOR YEAR FIGURES**

Prior Period Error

The comparative figures for the prior period within the financial statements have been revised to correct a prior period error.

Inventories and the General Reserve balances were understated in the 2014/15 financial statements. The error occurred in 2010/11 when Saint Helena circulation currency coin packs were purchased. The packs have been physically held by the SHG Treasury for sale on behalf of the Commissioners of Currency however, the cost was expensed in 2010/11 and disclosed in the Income and Expenditure statement for that year as "Cost of Minting Coins". The coin packs which have an invoice cost of £38,400 are still held by SHG Treasury as at 31 March 2016.

The General Reserve balance as at 1 April 2014 is understated by £38,400 as a result of the error in expensing the cost of the coin packs. The Statement of Changes in Net Assets and Reserves has been restated to reflect the correction of this error.

The Inventories balance as at 31 March 2015 is also understated by £38,400 due to the omission of the amount owed by the Saint Helena Government in respect of the coin packs held for sale. Note 11 has been restated to correct this error.

Reclassification of Investments

Investments were previously presented on the face of the Statement of Financial Position showing separate classifications for current and non-current assets in accordance with IPSAS1. However, on the basis that the investments are readily convertible to cash and may be better classified as current assets on the basis of liquidity, all investments have now been classed in the Statement of Financial Position as current assets.

	2016	2015
	£	£
NOTE 3		
INTEREST RECEIVABLE		
Investments	56,197	58,610
Cash Deposits and on Call	13,079	12,444
	<u>69,276</u>	<u>71,054</u>

**NOTE 4
ROYALTIES ON COMMEMORATIVE COINS**

Royal Mint	5	474
East India Company	14,125	6,620
Commonwealth Mint	418	5,479
	<u>14,548</u>	<u>12,573</u>
Face value of Non-Precious Metal Coins	(271)	(2,660)
	<u>14,277</u>	<u>9,913</u>

	2016	2015
	£	£
NOTE 5		
ANALYSIS OF ROYALTIES BY COIN THEME		
East India Company	9,600	6,620
Napoleon	147	605
Royal Airforce	5	15
Royal Family	-	2,477
Other	-	196
	<u>9,752</u>	<u>9,913</u>

NOTE 6
SALE OF COINS

Government of Saint Helena	962	270
Ascension Island Government	275	306
	<u>1,237</u>	<u>576</u>

NOTE 7
ANALYSIS OF SALES BY COIN THEME

Saint Helena	1,002	459
Royal Family	235	95
Other	-	22
	<u>1,237</u>	<u>576</u>

NOTE 8
INVESTMENT MANAGEMENT CHARGES

Crown Agents Investment Management Ltd manages the investment of funds in accordance with a management agreement. Management fees are based upon the market value of the funds held at the end of each quarter. Charges comprise of an investment management fee of 0.5% per annum and a safe custody fee of 0.02% per annum.

	UK Bonds £	Other £	Total £
NOTE 9			
INVESTMENTS			
Balance as at 1 April 2014:			
Nominal Value	3,540,000	1,100,000	4,640,000
Historical Cost	3,499,511	1,101,301	4,600,812
Market Value	3,434,047	1,098,220	4,532,267
Purchases	864,558	-	864,558
Sales	(871,032)	-	(871,032)
Realised Gains	63,402	-	63,402
Unrealised Gains	128,665	2,652	131,317
Balance as at 31 March 2015:			
Nominal Value	3,540,000	1,100,000	4,640,000
Historical Cost	3,556,800	1,101,301	4,658,101
Market Value	3,619,640	1,100,872	4,720,512
Purchases	-	1,517,235	1,517,235
Sales	(1,743,003)	(1,000,000)	(2,743,003)
Realised Gains/ (Losses)	7,524	(290)	7,234
Unrealised Gains	23,568	12,124	35,692
Balance as at 31 March 2016:			
Nominal Value	1,830,000	1,397,000	3,227,000
Historical Cost	1,843,004	1,616,737	3,459,741
Market Value	1,907,729	1,629,941	3,537,670

	2016 £	2015 £

NOTE 10
INVESTMENT MATURITY ANALYSIS

Maturity period from reporting year end:

One Year	-	1,000,290
Two to Three Years	685,574	686,730
Four to Five Years	-	1,735,479
More than Five Years	2,852,096	1,298,013
	3,537,670	4,720,512

		2016	2015
		£	£
NOTE 11			
INVENTORIES			
		200,979	223,599
		29,688	16,645
	2	38,400	38,400
		<u>269,067</u>	<u>278,644</u>

NOTE 12
RECEIVABLES

Amounts Falling Due Within One Year

Trade Debtor:			
	Saint Helena Government	700,369	524,654
Accrued Income:			
	Royalties on Commemorative Coins	14,165	8,339
	Interest Due	2,342	8,397
		<u>16,507</u>	<u>16,736</u>
		<u>716,876</u>	<u>541,390</u>

NOTE 13
CASH & CASH EQUIVALENTS

	Cash on Deposit	-	1,500,000
	Cash on Call	96,667	110,234
	Cash with Crown Agents	2,784,405	-
		<u>2,881,072</u>	<u>1,610,234</u>

NOTE 14
NOTES AND COINS IN CIRCULATION

	Currency Notes	15	4,687,970	4,529,970
	Currency Coins	15	905,439	856,639
	Commemorative Coins	16	677,629	675,144
			<u>6,271,038</u>	<u>6,061,753</u>
	Precious Metal Commemorative Coins	16	(444,641)	(442,521)
			<u>5,826,397</u>	<u>5,619,232</u>

	2016	2015
	£	£
NOTE 15		
CURRENCY IN CIRCULATION		
Notes:		
£20	2,322,980	2,273,980
£10	1,974,000	1,929,000
£5	390,990	326,990
	<u>4,687,970</u>	<u>4,529,970</u>
Coins:		
£2	118,796	118,796
£1	408,558	383,558
50p	130,387	124,387
20p	94,384	84,384
10p	67,744	64,244
5p	42,289	40,189
2p	21,930	20,690
1p	21,351	20,391
	<u>905,439</u>	<u>856,639</u>
	<u>5,593,409</u>	<u>5,386,609</u>

NOTE 16
COMMEMORATIVE COINS IN CIRCULATION

	Non- Precious Face Value £	Precious Face Value £	Total Face Value £
Balances as at 31 March 2015:			
East India Company	-	2,600	2,600
Napoleon	11,963	221,301	233,264
Royal Air Force	12,500	95,725	108,225
Royal Family	198,647	116,701	315,348
Saint Helena	1,469	1,392	2,861
World Wars	2,059	1,933	3,992
World Wildlife	5,590	1,545	7,135
Other	395	1,324	1,719
	<u>232,623</u>	<u>442,521</u>	<u>675,144</u>
Balances as at 31 March 2016:			
East India Company	-	4,016	4,016
Napoleon	11,988	221,388	233,376
Royal Air Force	12,500	95,735	108,235
Royal Family	198,649	117,308	315,957
Saint Helena	1,469	1,392	2,861
World Wars	2,058	1,933	3,991
World Wildlife	5,836	1,545	7,381
Other	488	1,324	1,812
	<u>232,988</u>	<u>444,641</u>	<u>677,629</u>

	2016	2015
	£	£
NOTE 17		
PAYABLES		
Accruals:		
Investment Management Charges	7,637	7,571
Audit Fee	6,900	12,400
	<u>14,537</u>	<u>19,971</u>
Income Received in Advance:		
Royalties	3,346	2,365
	<u>17,883</u>	<u>22,336</u>

NOTE 18
RELATED PARTY TRANSACTIONS

Related party means that parties are considered to be related if one party has the ability to control the other party, or exercise significant influence over the other party in making financial and operating decisions, or if the related party entity and another entity are subject to common control.

Related party relationships may arise when an individual is part of the key management personnel of a reporting entity. Related party relationships may also arise through external operating relationships between the Currency Fund and the related party. The definition of related party also includes entities owned by key management personnel or close family members of such individuals of the Currency Fund and where a reporting entity is economically dependent on another entity.

Disclosure of certain related party relationships and related party transactions and the relationship underlying those transactions is necessary for accountability purposes, and enables users to better understand the Financial Statements of the reporting entity because:

- Related party relationships can influence the way in which an entity operates with other entities in achieving its individual objectives, and the way in which it co-operates with other entities in achieving common or collective objectives;
- Related party relationships might expose an entity to risks, or provide opportunities that would not have existed in the absence of the relationship; and
- Related parties may enter into transactions that unrelated parties would not enter into, or may agree to transactions on different terms and conditions than those that would normally be available to unrelated parties.

Key Management Personnel

The key management personnel of the Currency Fund (as defined by IPSAS 20, Related Party Disclosures) are the Commissioners of Currency, who together constitute the governing body of Currency Fund. The Commissioners of Currency are the Chief Secretary, Financial Secretary, Assistant Chief Secretary (Support) and Assistant Financial Secretary.

The Commissioners of Currency receive no remuneration from the Currency Fund.

Controlled Entities

The Currency Fund does not have a controlling interest in any reporting body.

The Currency Fund is administered by the Currency Commissioners and Currency Officers who are all employees of the Saint Helena Government (SHG). SHG provide a number of services to the St Helena Currency Fund at no cost. These services include staff for maintaining accounting records, the preparation of financial statements, the issuing and ordering of notes and coins, and sale of commemorative coins. In addition to these services, SHG Treasury also provide a cash holding facility for the Currency Fund.

NOTE 19

NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The activities of the Currency Fund expose it to certain financial risks, the main relevant risks are:

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

Credit risk arises from deposits with Crown Agents Investment Management Limited (CAIML). This risk is minimised by ensuring that deposits are not made with financial institutions unless they meet minimum investment criteria.

The Currency Fund's maximum exposure to credit risk in relation to its funds invested by CAIML is subject to institutions failing to make interest payments or repay the deposit or principal sum will be specific to each individual institution. There was no evidence at the reporting date that such entities would be unable to meet their commitments. 54% of the investment portfolio is held in the form of UK Bonds. The maximum exposure to credit risk at 31 March 2016 is the carrying amount of the financial assets as set out in Note 10.

Liquidity risk – the possibility that the Currency Fund has insufficient funds to meet its commitments to make payments.

The Currency Fund Ordinance sets a minimum liquidity ratio of not be less than 10%. Sufficient cash balances are maintained throughout the year. There is no significant risk that the Currency Fund will be unable to meet its commitments.

NOTE 20

EVENTS AFTER THE REPORTING DATE

The Financial Statements are authorised for issue on the date when they are signed by the Commissioners of Currency.

There were no material events before the date of issue of the financial statements which provided information about conditions existing as at 31 March 2016, or non-adjusting events after the reporting period date.