



St Helena Government Currency Fund

**Annual Financial Statements
2016/17**

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SAINT HELENA AUDIT SERVICE

External Auditors

INDEPENDENT AUDITOR'S REPORT

To the Currency Commissioners

Report on the Audit of the Financial Statements

Opinion

I have audited the Financial Statements of the Currency Fund (the Fund), which comprise the Statement of Financial Position as at 31 March 2017, and the Statement of Financial Performance, Statement of Changes in Net Assets, and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In my opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2017, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Fund in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and I have fulfilled my other ethical responsibilities in accordance with the IESBA Code. I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with IPSAS and 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.

In preparing the Financial Statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

A further description of the auditor's responsibilities for the audit of the Financial Statements is located at Annex A. This description forms part of my auditor's report.



Phil Sharman CA CPFA
Chief Auditor

St. Helena Audit Service
Post Office Building, Jamestown, St Helena Island, South Atlantic Ocean, STHL 1ZZ

27 March 2018

Annex A to the Independent Auditors Report

Further description of the auditor's responsibilities for the audit of the Financial Statements

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the management's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Saint Helena Commissioners 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 2017.

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 £1.7m. Liquid assets represent 51% 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 £2.9m of cash being held in a Lloyds Bank Call Account.

The Statement of Financial Performance reflects a surplus of £33k before accounting for capital gains on investments. Interest receivable and investment management charges remain at a similar level to the previous year. Expenditure has decreased by £32k in comparison with the previous year due to a decrease in the issue of new currency into circulation.

The Statement of Financial Position shows an increase in net assets of £139k (9%) in comparison with the previous year. This is the result of gains on investments which included £93k realised on redemption of a UK Treasury Index Linked investment in July 2016.

In accordance with section 17 of the Currency Ordinance, £30k of the surplus for the year was transferred to the Consolidated Fund of the Saint Helena Government.

Dax Richards
Financial Secretary - Commissioner of Currency
on behalf of the Commissioners of Currency

27/3/18
Date



Currency Fund Statement of Financial Performance for the year ended 31 March 2017

	Note	2016/17 £	2015/16 £
REVENUE			
Interest Receivable	3	70,760	69,276
Royalties on Commemorative Coins	4	8,398	14,277
Sale of Coins	6	58	1,237
Other Income		110	2,594
Total Revenue		79,326	87,384
EXPENDITURE			
Investment Management Charges	8	32,317	30,326
Circulation Currency		5,263	40,371
Audit Fees		9,214	8,400
Other Expenses		0	20
Total Expenditure		46,794	79,117
SURPLUS BEFORE GAIN ON INVESTMENTS		32,532	8,267
GAIN ON INVESTMENTS			
Net Realised Gain	9	94,768	7,234
Unrealised Gain	9	41,620	35,692
Total Gain on Investments		136,388	42,926
SURPLUS AFTER GAIN ON INVESTMENTS		168,920	51,193



Currency Fund Statement of Financial Position as at 31 March 2017

	Note	31 March 2017 £	31 March 2016 £
ASSETS			
Current Assets			
Inventories	11	263,334	269,067
Receivables	12	207,263	716,876
Investments	10	4,129,857	3,537,670
Cash and Cash Equivalents	13	2,957,255	2,881,072
		<u>7,557,709</u>	<u>7,404,685</u>
Total Assets		7,557,709	7,404,685
LIABILITIES			
Non-Current Liabilities			
Currency in Circulation	14	(5,838,068)	(5,826,397)
Current Liabilities			
Payables	17	(20,223)	(17,883)
Total Liabilities		(5,858,291)	(5,844,280)
NET ASSETS		1,699,418	1,560,405
RESERVES			
General Reserve		1,699,418	1,563,030
Retained Surplus/(Deficit)		0	(2,625)
		<u>1,699,418</u>	<u>1,560,405</u>

Dax Richards
Financial Secretary
On behalf of the Commissioners of Currency

27/3/18
Date



**Currency Fund
Statement of Changes in Net
Assets/Reserves for the year ended
31 March 2017**

	General Reserve £	Retained Surplus/ (Deficit) £	Total Reserves £
Balance as at 1 April 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
Surplus for the period	136,388	32,532	168,920
Transfer to the Government of Saint Helena Revenue	0	(29,907)	(29,907)
Balance as at 31 March 2017	1,699,418	0	1,699,418



Currency Fund Statement of Cash Flows for the year ended 31 March 2017

	Note	2016/17 £	2015/16 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		32,532	8,267
Interest Receivable		(70,760)	(69,276)
Investment Management Charges		32,317	30,326
		<u>(5,911)</u>	<u>(30,683)</u>
Non Cash Movements			
Decrease / (Increase) in Receivables	12	509,613	(175,486)
Decrease in Inventories	11	5,733	9,577
Increase/(Decrease) in Payables	17	2,340	(4,453)
Increase in Currency in Circulation	14	11,671	207,165
Transfer to St Helena Government Consolidated Fund		(29,907)	0
		<u>493,539</u>	<u>6,120</u>
Net Cash Flows from Operating Activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments	9	(2,079,940)	(1,517,235)
Sale of Investments	9	1,624,141	2,743,003
Interest Receivable		70,760	69,276
Investment Management Charges		(32,317)	(30,326)
		<u>(417,356)</u>	<u>1,264,718</u>
Net Cash Flows from Investing Activities			
NET CASH FLOW FOR THE FINANCIAL YEAR			
		<u>76,183</u>	<u>1,270,838</u>
Cash & Cash Equivalents as at 1 April			
		2,881,072	1,610,234
Net Cash Flows			
		<u>76,183</u>	<u>1,270,838</u>
Cash & Cash Equivalents as at 31 March			
		<u>2,957,255</u>	<u>2,881,072</u>



Currency Fund

Notes to the Accounts for the year ended 31 March 2017

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. 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 the Statement of Financial Performance. Interest accrues to the surplus for the period. 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 of the Fund and General Reserve.

The Currency Fund Ordinance states that the surplus of the 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.

Standard, amendment or interpretation	Effective
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 BALANCES

No prior period adjustments were needed.

NOTE 3

INTEREST RECEIVABLE

	2016/17	2015/16
	£	£
Investments	66,653	56,197
Cash Deposits and on Call	4,107	13,079
	70,760	69,276

NOTE 4

ROYALTIES ON COMMEMORATIVE COINS

	2016/17	2015/16
	£	£
Royal Mint	0	5
East India Company	8,398	14,125
Commonwealth Mint	25	418
	8,423	14,548
Face value of Non-Precious Metal Coins	(25)	(271)
	8,398	14,277

**NOTE 5
ANALYSIS OF ROYALTIES BY COIN THEME**

	2016/17	2015/16
	£	£
East India Company	8,323	9,600
Napoleon	8	147
Royal Airforce	0	5
Royal Family	45	0
St Helena	22	0
	8,398	9,752

**NOTE 6
SALE OF COINS**

	2016/17	2015/16
	£	£
Government of Saint Helena	58	962
Ascension Island Government	0	275
	58	1,237

**NOTE 7
ANALYSIS OF SALES BY COIN THEME**

	2016/17	2015/16
	£	£
Saint Helena	0	1,002
Royal Family	58	235
	58	1,237

**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.

**NOTE 9
INVESTMENTS**

	UK Bonds £	Other £	Total £
Balance as at 1 April 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	0	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 Value	1,843,004	1,616,737	3,459,741
Market Value	1,907,729	1,629,941	3,537,670
Purchases	2,079,940	0	2,079,940
Sales	0	(1,624,141)	(1,624,141)
Realised Gains	0	94,768	94,768
Unrealised Gains / (Losses)	41,675	(55)	41,620
Balance as at 31 March 2017:			
Nominal Value	3,830,000	100,000	3,930,000
Historical Value	3,922,944	99,501	4,022,445
Market Value	4,029,344	100,513	4,129,857

**NOTE 10
INVESTMENT MATURITY ANALYSIS**

	31 March 2017 £	31 March 2016 £
Maturity period from reporting year end:		
One Year	682,967	0
Two to Three Years	2,095,730	685,574
More than Five Years	1,351,160	2,852,096
	4,129,857	3,537,670

**NOTE 11
INVENTORIES**

	31 March 2017 £	31 March 2016 £
Circulation Currency Notes	200,979	200,979
Circulation Currency Coins	24,425	29,688
Circulation Currency Coins Packs	37,930	38,400
	263,334	269,067

**NOTE 12
RECEIVABLES**

	31 March 2017	31 March 2016
Amounts Falling Due Within One Year	£	£
Trade Debtor:		
Saint Helena Government	175,393	700,369
Accrued Income:		
Royalties on Commemorative Coins	22,527	14,165
Interest Due	9,343	2,342
	<u>31,870</u>	<u>16,507</u>
	<u>207,263</u>	<u>716,876</u>

**NOTE 13
CASH AND CASH EQUIVALENTS**

	31 March 2017	31 March 2016
	£	£
Cash held in Call Accounts	2,941,774	96,667
Cash with Crown Agents	15,481	2,784,405
	<u>2,957,255</u>	<u>2,881,072</u>

**NOTE 14
NOTES AND COINS IN CIRCULATION**

		31 March 2017	31 March 2016
	Notes	£	£
Currency Notes	15	4,687,970	4,687,970
Currency Coins	15	917,085	905,439
Commemorative Coins	16	677,249	677,629
		<u>6,282,304</u>	<u>6,271,038</u>
Precious Metal Commemorative Coins	16	(444,236)	(444,641)
		<u>5,838,068</u>	<u>5,826,397</u>

**NOTE 15
CURRENCY IN CIRCULATION**

	31 March 2017 £	31 March 2016 £
Notes:		
£20	2,322,980	2,322,980
£10	1,974,000	1,974,000
£5	390,990	390,990
	<u>4,687,970</u>	<u>4,687,970</u>
Coins:		
£2	118,546	118,796
£1	418,125	408,558
50p	130,062	130,387
20p	94,161	94,384
10p	69,639	67,744
5p	42,869	42,289
2p	22,110	21,930
1p	21,573	21,351
	<u>917,085</u>	<u>905,439</u>
	<u>5,605,055</u>	<u>5,593,409</u>

**NOTE 16
COMMEMORATIVE COINS IN CIRCULATION**

	Non- Precious Face Value £	Precious Face Value £	Total Face Value £
Balances as at 31 March 2016:			
East India Company	0	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>
Balances as at 31 March 2017:			
East India Company	0	4,136	4,136
Napoleon	12,000	221,463	233,463
Royal Air Force	12,500	95,735	108,235
Royal Family	198,648	116,705	315,353
Saint Helena	1,469	1,395	2,864
World Wars	2,059	1,933	3,992
World Wildlife	5,836	1,545	7,381
Other	501	1,324	1,825
	<u>233,013</u>	<u>444,236</u>	<u>677,249</u>

**NOTE 17
PAYABLES**

	31 March 2017 £	31 March 2016 £
Accruals:		
Investment Management Charges	8,177	7,637
Audit Fee	8,700	6,900
	<u>16,877</u>	<u>14,537</u>
Income Received in Advance:		
Royalties	3,346	3,346
	<u>20,223</u>	<u>17,883</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 the 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 and liquidity.

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. 98% of the investment portfolio is held in the form of UK Bonds. The maximum exposure to credit risk at 31 March 2017 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 2017.

Material events, which occurred after the reporting date but for which it cannot be shown that the conditions existed before the reporting date, are non-adjusting events. For these 2016/17 Financial Statements, there was one non-adjusting event. On 18 August 2017, Her Excellency the Governor approved a transfer of £500k from the Currency Fund General Reserve to the St Helena Government Consolidated Fund. This transfer was made in accordance with section 17 of the Currency Fund Ordinance CAP 124. The accounting entries for this transfer will be reflected in the Annual Financial Statements for 2017/18.

