



# **St Helena Government Currency Fund**

**Annual Financial Statements  
2017/18**

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**SAINT HELENA AUDIT SERVICE**  
External Auditors

**INDEPENDENT AUDITOR'S REPORT**

**To the Commissioners of Currency**

**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 2018, 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 2018, 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

21 March 2019

## **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 skepticism 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 2018. 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
Deputy Chief Secretary	Commissioner
Deputy 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 £1.021m. Liquid assets represent 55% 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 £3.153m of cash being held in overseas Call Accounts. Overall, investments fell by £783k which was due to £0.5m of cash being transferred to the St Helena Government, losses on investment market values, losses on investment redemptions and the rest being now held as Cash & Cash Equivalents.

The Statement of Financial Performance reflects a surplus of £35k before accounting for capital losses on investments. Interest receivable and investment management charges remain at a similar level to the previous year, being £72k and £31k respectively. Expenditure has increased by £20k in comparison with the previous year mainly due to an increase in the issue of new currency into circulation. Revenue has also increased by £23k because of increased royalties received on commemorative coins and also, other income was received from a special order of coins being purchased for the overseas market.

The Statement of Financial Position shows a decline in net assets of £678k (40%) in comparison with the previous year. This is the result of a £575k reserves transfer to St Helena Government and losses on investments of £103k mainly attributable to a reduction of the market value of investments held by Crown Agents on our behalf.

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

21/3/19  
Date



## Currency Fund Statement of Financial Performance for the year ended 31 March 2018

	Note	2017/18 £	2016/17 £
<b>REVENUE</b>			
Interest Receivable	3	71,887	70,760
Royalties on Commemorative Coins	4	18,167	8,398
Sale of Coins	6	33	58
Other Income	8	12,114	110
<b>Total Revenue</b>		<b>102,201</b>	<b>79,326</b>
<b>EXPENDITURE</b>			
Investment Management Charges	9	31,273	32,317
Circulation Currency	10	27,361	5,263
Audit Fees		7,700	9,214
Other Expenses		515	0
<b>Total Expenditure</b>		<b>66,849</b>	<b>46,794</b>
<b>SURPLUS BEFORE GAIN/(LOSS) ON INVESTMENTS</b>		<b>35,352</b>	<b>32,532</b>
<b>GAIN/(LOSS) ON INVESTMENTS</b>			
Net Realised Gain/(Loss)	11	(2,967)	94,768
Unrealised Gain/(Loss)	11	(100,016)	41,620
<b>Total Gain/(Loss) on Investments</b>		<b>(102,983)</b>	<b>136,388</b>
<b>SURPLUS/(DEFICIT) AFTER GAIN/(LOSS) ON INVESTMENTS</b>		<b>(67,631)</b>	<b>168,920</b>



## Currency Fund Statement of Financial Position as at 31 March 2018

	Note	31 March 2018 £	31 March 2017 £
<b>ASSETS</b>			
<b>Current Assets</b>			
Inventories	13	249,326	263,334
Receivables	14	12,679	207,263
Investments	12	3,346,874	4,129,857
Cash and Cash Equivalents	15	3,177,067	2,957,255
		<u>6,785,946</u>	<u>7,557,709</u>
<b>Total Assets</b>		<b><u>6,785,946</u></b>	<b><u>7,557,709</u></b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Currency in Circulation	16	(5,744,943)	(5,838,068)
<b>Current Liabilities</b>			
Payables	19	(19,568)	(20,223)
<b>Total Liabilities</b>		<b><u>(5,764,511)</u></b>	<b><u>(5,858,291)</u></b>
<b>NET ASSETS</b>		<b><u>1,021,435</u></b>	<b><u>1,699,418</u></b>
<b>RESERVES</b>			
General Reserve		<u>1,021,435</u>	<u>1,699,418</u>
		<b><u>1,021,435</u></b>	<b><u>1,699,418</u></b>

Dax Richards  
Financial Secretary  
On behalf of the Commissioners of Currency

Date

21/3/19





## Currency Fund Statement of Changes in Net Assets/Reserves for the year ended 31 March 2018

	General Reserve £	Retained Surplus/ (Deficit) £	Total Reserves £
<b>Balance as at 1 April 2016</b>	<b>1,563,030</b>	<b>(2,625)</b>	<b>1,560,405</b>
Surplus for the period	136,388	32,532	<b>168,920</b>
Transfer to the Government of Saint Helena Revenue	0	(29,907)	<b>(29,907)</b>
<b>Balance as at 31 March 2017</b>	<b>1,699,418</b>	<b>0</b>	<b>1,699,418</b>
Surplus/(Deficit) for the period	(102,983)	35,352	<b>(67,631)</b>
Transfer to the Government of Saint Helena Revenue	(575,000)	(35,352)	<b>(610,352)</b>
<b>Balance as at 31 March 2018</b>	<b>1,021,435</b>	<b>0</b>	<b>1,021,435</b>



## Currency Fund Statement of Cash Flows for the year ended 31 March 2018

	Note	2017/18 £	2016/17 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the year		35,352	32,532
Interest Receivable		(71,887)	(70,760)
Investment Management Charges		31,273	32,317
		<u>(5,262)</u>	<u>(5,911)</u>
<b>Non Cash Movements</b>			
Increase in Inventories	13	14,008	5,733
Decrease in Receivables	14	194,584	509,613
Increase/(Decrease) in Currency in Circulation	16	(93,125)	11,671
Increase/(Decrease) in Payables	19	(655)	2,340
Transfer to SHG Consolidated Fund		<u>(610,352)</u>	<u>(29,907)</u>
<b>Net Cash Flows from Operating Activities</b>		<b>(500,802)</b>	<b>493,539</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Investments	11	0	(2,079,940)
Sale of Investments	11	680,000	1,624,141
Interest Receivable		71,887	70,760
Investment Management Charges		<u>(31,273)</u>	<u>(32,317)</u>
<b>Net Cash Flows from Investing Activities</b>		<b>720,614</b>	<b>(417,356)</b>
<b>NET CASH FLOW FOR THE FINANCIAL YEAR</b>		<b><u>219,812</u></b>	<b><u>76,183</u></b>
Cash & Cash Equivalents as at 1 April		2,957,255	2,881,072
<b>Net Cash Flows</b>		<b><u>219,812</u></b>	<b><u>76,183</u></b>
Cash & Cash Equivalents as at 31 March		<b><u>3,177,067</u></b>	<b><u>2,957,255</u></b>



## **Currency Fund Notes to the Financial Statements for the year ended 31 March 2018**

### **NOTE 1 ACCOUNTING POLICIES**

#### **1.1 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 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.

#### **1.2 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).

##### **1.2.1 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".

#### **1.3 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.

#### **1.4 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.

#### **1.5 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.

#### **1.6 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.

#### **1.7 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 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.

### 1.8 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.

### 1.9 Foreign Currencies

No transactions or balances are denominated in foreign currencies.

### 1.10 Standards, amendments and interpretations in issue but not yet effective or adopted

*IPSAS 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.

As at 31 March 2018, there no known new IPSASs, amendments or interpretations that are, or will be, applicable after the accounting period.

## NOTE 2 RESTATEMENT OF PRIOR YEAR BALANCES

No prior period adjustments were needed.

## NOTE 3 INTEREST RECEIVABLE

	2017/18	2016/17
	£	£
Investments	65,332	66,653
Cash Deposits and on Call	6,555	4,107
	<b>71,887</b>	<b>70,760</b>

**NOTE 4 ROYALTIES ON COMMEMORATIVE COINS**

	2017/18	2016/17
	£	£
East India Company	18,167	8,398
Commonwealth Mint	0	25
	<u>18,167</u>	<u>8,423</u>
Face value of Non-Precious Metal Coins	0	(25)
	<u><b>18,167</b></u>	<u><b>8,398</b></u>

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

	2017/18	2016/17
	£	£
East India Company	4,082	8,323
Napoleon	10	8
Royal Family	8,383	45
St Helena	5,692	22
	<u><b>18,167</b></u>	<u><b>8,398</b></u>

**NOTE 6 SALE OF COINS**

	2017/18	2016/17
	£	£
Government of Saint Helena	33	58
	<u><b>33</b></u>	<u><b>58</b></u>

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

	2017/18	2016/17
	£	£
Royal Family	33	58
	<u><b>33</b></u>	<u><b>58</b></u>

**NOTE 8 OTHER INCOME**

Other income consists largely of revenue from sale of presentation packs (£10,936) and a 0.5% commission charged on the face value of every note or coin issued during the period.

## NOTE 9 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 a safe custody fee of 0.02% per annum and an investment management fee of 0.5% per annum applied on the first £5m of funds held, 0.3% on the next £5m and 0.2% on the balance of funds exceeding £10m.

## NOTE 10 CIRCULATION CURRENCY

Circulation currency represents the cost of printing and minting currency issued during the year. The inventory of currency is valued at the lower of cost and face value, applying the first in first out basis in accordance with IPSAS 12.

## NOTE 11 INVESTMENTS

	UK Bonds £	Other £	Total £
<b>Balance as at 1 April 2016:</b>			
Nominal Value	1,830,000	1,397,000	3,227,000
Historical Cost	1,843,004	1,616,737	3,459,741
<b>Market Value</b>	<b>1,907,729</b>	<b>1,629,941</b>	<b>3,537,670</b>
Purchases	2,079,940	0	2,079,940
Sales	0	(1,624,141)	(1,624,141)
Realised Gains / (Losses)	0	94,768	94,768
Unrealised Gains / (Losses)	41,675	(55)	41,620
<b>Balance as at 31 March 2017:</b>			
Nominal Value	3,830,000	100,000	3,930,000
Historical Value	3,922,944	99,501	4,022,445
<b>Market Value</b>	<b>4,029,344</b>	<b>100,513</b>	<b>4,129,857</b>
Purchases	0	0	0
Sales	(580,000)	(100,000)	(680,000)
Realised Gains / (Losses)	(2,454)	(513)	(2,967)
Unrealised Gains / (Losses)	(100,016)	0	(100,016)
<b>Balance as at 31 March 2018:</b>			
Nominal Value	3,250,000	0	3,250,000
Historical Value	3,343,836	0	3,343,836
<b>Market Value</b>	<b>3,346,874</b>	<b>0</b>	<b>3,346,874</b>

**NOTE 12 INVESTMENT MATURITY ANALYSIS**

	31 March 2018	31 March 2017
	£	£
Maturity period from reporting year end:		
Less than one year	0	682,967
One to two years	1,013,180	0
Two to three years	1,026,919	2,095,730
Four to five years	722,988	0
More than five years	583,787	1,351,160
	<b>3,346,874</b>	<b>4,129,857</b>

**NOTE 13 INVENTORIES**

	31 March 2018	31 March 2017
	£	£
Circulation Currency Notes	190,192	200,979
Circulation Currency Coins	18,732	24,425
Circulation Currency Coins Packs	37,770	37,930
Commemorative Coins	2,632	0
	<b>249,326</b>	<b>263,334</b>

**NOTE 14 RECEIVABLES**

	31 March 2018	31 March 2017
	£	£
<b>Amounts Falling Due Within One Year</b>		
Trade Debtor:		
Saint Helena Government	2,363	175,393
Accrued Income:		
Royalties on Commemorative Coins	726	22,527
Interest Due	9,590	9,343
	<b>10,316</b>	<b>31,870</b>
	<b>12,679</b>	<b>207,263</b>

**NOTE 15 CASH AND CASH EQUIVALENTS**

	31 March 2018	31 March 2017
	£	£
Cash held in Call Accounts	3,152,689	2,941,774
Cash with Crown Agents	24,378	15,481
	<b>3,177,067</b>	<b>2,957,255</b>



**NOTE 16 NOTES AND COINS IN CIRCULATION**

	Notes	31 March 2018 £	31 March 2017 £
Currency Notes	15	4,571,970	4,687,970
Currency Coins	15	939,957	917,085
Commemorative Coins	16	827,073	677,249
		<u>6,339,000</u>	<u>6,282,304</u>
Precious Metal Commemorative Coins	16	(594,057)	(444,236)
		<u><b>5,744,943</b></u>	<u><b>5,838,068</b></u>

**NOTE 17 CURRENCY IN CIRCULATION**

		31 March 2018 £	31 March 2017 £
Notes:			
	£20	2,321,980	2,322,980
	£10	1,900,000	1,974,000
	£5	349,990	390,990
		<u>4,571,970</u>	<u>4,687,970</u>
Coins:			
	£2	118,698	118,546
	£1	423,197	418,125
	50p	136,100	130,062
	20p	98,176	94,161
	10p	70,347	69,639
	5p	44,273	42,869
	2p	22,232	22,110
	1p	26,934	21,573
		<u>939,957</u>	<u>917,085</u>
		<u><b>5,511,927</b></u>	<u><b>5,605,055</b></u>

**NOTE 18 COMMEMORATIVE COINS IN CIRCULATION**

The table below shows the total value of commemorative coins in circulation analysed by coin theme. The values are the lower of bullion or face values.

	Non-Precious £	Precious £	Total £
<b>Balances as at 31 March 2017:</b>			
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
	<b>233,013</b>	<b>444,236</b>	<b>677,249</b>
<b>Balances as at 31 March 2018:</b>			
East India Company	0	5,942	5,942
Napoleon	12,000	222,119	234,119
Royal Air Force	12,500	95,735	108,235
Royal Family	198,651	118,433	317,084
Saint Helena	1,469	147,026	148,495
World Wars	2,059	1,933	3,992
World Wildlife	5,836	1,545	7,381
Other	501	1,324	1,825
	<b>233,016</b>	<b>594,057</b>	<b>827,073</b>

**NOTE 19 PAYABLES**

	31 March 2018 £	31 March 2017 £
<b>Accruals:</b>		
Investment Management Charges	7,622	8,177
Audit Fee	8,600	8,700
	<b>16,222</b>	<b>16,877</b>
<b>Income Received in Advance:</b>		
Royalties	3,346	3,346
	<b>19,568</b>	<b>20,223</b>

## **NOTE 20 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.

### **20.1 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, Deputy Chief Secretary and Deputy Financial Secretary.

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

### **20.2 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 provides 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 provides a cash holding facility for the Currency Fund.

## **NOTE 21 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. 100% of the investment portfolio is held in the form of UK Bonds. The maximum exposure to credit risk at 31 March 2018 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 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 22 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 2018.

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 2017/18 Financial Statements, there are no non-adjusting events.