



**St Helena
Government**

**ST HELENA GOVERNMENT
CURRENCY FUND**

**ANNUAL FINANCIAL STATEMENTS
2020/21**



St Helena Government Currency Fund

**Annual Financial Statements
2020/21**

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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 2021. These financial statements are reported under the authority of the Currency Ordinance 1975, 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 at 31 March 2021, with net assets totalling £1.234M. Liquid assets represent 16% of the demand liabilities (14% at 31 March 2020) and the balance on the General Reserve represents 21% of demand liabilities (19% at 31 March 2020), both complying with the statutory minimum requirement of 10%.

The Statement of Financial Performance reflects a surplus of £210k before accounting for capital losses on investments and a loss of £110k thereafter.

The surplus before accounting for capital losses on investments reflects an increase of £102k (94%) in comparison with the previous year. This is mainly attributable to increased revenue. Revenue has increased by £110k and expenditure has increased slightly by £8k. Royalties on Commemorate Coins for the year was £154k reflecting an increase of £85k (122%). These favourable results are attributable to royalties from sales by the East India Company Bullion Limited. Under their licence to issue coins, the company's actual royalties continue to exceed the minimum amounts payable year on year.

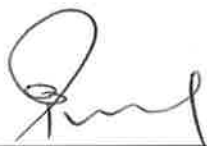
There was a capital loss on investments of £100k represented by a net realised loss of £6k and a net unrealised loss of £94k. The reported loss in the market value of investments is reflective of the performance on the UK bonds in the global markets. The realised loss reflects the actual loss on the sale of investments. However, the unrealised loss is the accounting adjustment to reflect the market value of investments held at the reporting date. Interest income on investments has increased slightly to £106k, in comparison to £90k in the previous year and investment management charges remain the same at £31k.

The Statement of Financial Position shows an overall increase in net assets of £110k (10%) in comparison with the previous year comprising of an increase in assets of £130k and liabilities of £20k.

The majority of assets are held in Investments (£5.8M of a total of £7.0M in 2020/21 and £5.8M of a total £6.9M in 2019/20). Liquid assets (cash) have increased by 14% (75% in 2019/20) in comparison with the prior year. The overall increase in assets is attributable to the reinvestment of interest on investments and royalties receivable.

Liabilities comprise Currency in Circulation and Payables. Currency in Circulation increased by £84k and Payables decreased by £64k. Both movements are largely associated with issue and return of circulation currency.

The Statement of Cash Flows for the year show an increase of £113k (£2.4M decrease in 2019/20). This positive movement is largely attributable to the cash flows from operational activities i.e. royalties and interest income, the proceeds of which were reinvested.



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

6/5/2022

Date



AUDIT ST HELENA

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 2021, 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 2021, and its financial performance and 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 Ethical 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 I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to Note 1.7 to the financial statements and the material judgement applied by management in interpreting the provisions of the Currency Ordinance to determine the accounting policy used for the calculation of the surplus on the Fund. My opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Commissioners of Currency Report but does not include the annual financial statements and our auditor's report thereon.

My opinion on the annual financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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.

The Commissioners, being 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 in the attached Annex. This description forms part of my auditor's report.

Report on Other Matters

In addition to my conclusion on the financial statements I may also report to the Commissioners of the Currency Fund on any other matter arising from my audit. In accordance with section 22 of the Currency Ordinance, the Commissioners must within 12 months after the end of each financial year prepare and present to the Governor and the Secretary of State a statement and report of their transactions during the said year, including a balance sheet as at the last day of the financial year, an income and expenditure account; and the Chief Auditor's certificate.

Without qualifying my conclusion on the financial statements, I report that the statutory duty to submit the audited annual financial statements within 12 months of year end was not met.



Brendon Hunt CA(SA)
Chief Auditor

Audit St Helena
New Porteous House, Jamestown, St Helena, STHL 1ZZ

6 May 2022

Annex 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.



Currency Fund


Statement of Financial Performance for the year ended 31 March 2021

	Note	2020/21 £	2019/20 £
REVENUE			
Interest Income	3	105,529	89,708
Royalties on Commemorative Coins	4	154,038	69,387
Sale of Coins	5	1,196	145
Other Income	7	9,272	576
Total Revenue		270,035	159,816
EXPENDITURE			
Investment Management Charges	8	31,193	31,120
Circulation Currency	9	19,686	11,994
Audit Fees		8,800	8,100
Other Expenses		0	50
Total Expenditure		59,679	51,264
SURPLUS BEFORE GAIN/(LOSS) ON INVESTMENTS		210,356	108,552
GAIN/(LOSS) ON INVESTMENTS			
Net Realised Loss	10	(5,840)	(3,090)
Net Unrealised Loss	10	(94,231)	9,253
Total Gain/(Loss) on Investments		(100,071)	6,163
SURPLUS AFTER GAIN/(LOSS) ON INVESTMENTS		110,285	114,715



Currency Fund Statement of Financial Position as at 31 March 2021

	Note	31 March 2021 £	31 March 2020 £
ASSETS			
Current Assets			
Inventories	12	215,583	231,304
Receivables	13	135,357	55,017
Investments	10	5,769,953	5,817,354
Cash and Cash Equivalents	14	918,838	805,771
		<u>7,039,731</u>	<u>6,909,446</u>
Total Assets		7,039,731	6,909,446
LIABILITIES			
Non-Current Liabilities			
Currency in Circulation	15	(5,745,988)	(5,661,513)
Current Liabilities			
Payables	18	<u>(59,977)</u>	<u>(124,452)</u>
Total Liabilities		(5,805,965)	(5,785,965)
NET ASSETS		1,233,766	1,123,481
RESERVES			
General Reserve		<u>1,233,766</u>	<u>1,123,481</u>
		1,233,766	1,123,481



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

16/5/2022.

 Date



Currency Fund **Statement of Changes in Net Assets/Reserves** **for the year ended 31 March 2021**

	General Reserve £	Retained Surplus/ (Deficit) £	Total Reserves £
Balance as at 1 April 2019	1,008,766	0	1,008,766
Surplus / (Deficit) for the period	6,163	108,552	114,715
Transfer between Reserves	108,552	(108,552)	0
Balance as at 31 March 2020	1,123,481	0	1,123,481
Surplus / (Deficit) for the period	(100,071)	210,356	110,285
Transfer between Reserves	210,356	(210,356)	0
Balance as at 31 March 2021	1,233,766	0	1,233,766



Currency Fund

Statement of Cash Flows for the year ended 31 March 2021

	Note	2020/21 £	2019/20 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		210,356	108,552
Interest Income		(105,529)	(89,708)
Investment Management Charges		31,193	31,120
		<u>136,020</u>	<u>49,964</u>
Non Cash Movements			
Decrease in Inventories	12	15,721	8,448
Increase in Receivables	13	(80,340)	(41,887)
Increase in Currency in Circulation	15	84,475	(37,060)
Decrease in Payables	18	(64,475)	20,741
		<u>(44,619)</u>	<u>(49,758)</u>
Net Cash Flows from Operating Activities		91,401	206
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments	10	(1,052,670)	(3,476,986)
Sale of Investments	10	1,000,000	1,000,000
Interest Income		105,529	89,708
Investment Management Charges		(31,193)	(31,120)
		<u>21,666</u>	<u>(2,418,398)</u>
Net Cash Flows from Investing Activities		21,666	(2,418,398)
NET CASH FLOW FOR THE FINANCIAL YEAR		<u>113,067</u>	<u>(2,418,192)</u>
Cash & Cash Equivalents as at 1 April		805,771	3,223,963
Net Cash Flows		<u>113,067</u>	<u>(2,418,192)</u>
Cash & Cash Equivalents as at 31 March		<u>918,838</u>	<u>805,771</u>



Currency Fund

Notes to the Financial Statements for the year ended 31 March 2021

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 Financial Statements are presented in St Helena Pounds (SHP) being the functional currency of St Helena and at par with the Pound Sterling.

The accounting policies have been applied consistently throughout the period.

1.2 Financial Instruments

A financial instrument, as defined by IPSAS 28 *Financial Instruments: Presentation*, 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 on the Statement of Financial Position.

Investments are categorised as being financial assets held at fair value through surplus/deficit and as such, are recorded at fair value at the reporting date with income and unrealised gains/losses 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 also include Commemorative Coins, which by their nature are generally held as collector's items, but which are still classified as legal tender. 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 *Inventories*.

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. A guarantee is also in place with the issuer of the coins whereby the face value of precious coins are refunded to the Currency Fund should they ever be redeemed.

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.

Commissioners have exercised judgement when interpreting section 18(1) of the Currency Ordinance so 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 (to include royalties, income from sale of coins and any other income) 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 his/her discretion, may determine.

So long as the General Reserve amounts to less than 10% of the demand liabilities of the Fund, the surplus shall be applied firstly to the General Reserve at an amount equivalent to 2% of those liabilities or such lesser amount as will make the General Reserve equivalent to 10% of those

liabilities; secondly, to the redemption of any securities issued by the Government of Saint Helena and the remaining surplus to the General Reserve of the Currency Fund.

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 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.

IPSAS 41 *Financial Instruments* which was approved in August 2018 will be effective for financial periods beginning on or after 1 January 2022; this replaces IPSAS 29.

The main changes are:

- New financial asset classification requirements, the default position in IPSAS 41 is to carry financial assets at fair value through surplus or deficit.
- A new impairment model for financial assets based on expected credit losses, which may result in earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

No significant changes/effects are anticipated when the standard is adopted as the Currency Fund already classifies its portfolio investments at fair value through surplus or deficit.

1.11 Key Estimations and Assumptions

Key assumptions about the future and other key sources of estimation uncertainty that have a significant likelihood of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

1.11.1 Cost of Inventory

IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors* states that: as a result of the uncertainties inherent in delivering services, conducting trading, or other activities, many items in financial statements cannot be measured with precision but can only be estimated. Estimation involves judgments based on the latest available, reliable information.

The cost of the old currency held as inventory is based on estimates of costs derived from invoices that were available from 2012/13 as those applicable prior to the adoption of IPSAS were not readily available. Therefore, the cost of inventory in these financial statements represents a significant estimate as the inventory balance is material by amount and by nature.

1.11.2 Currency in Circulation

There is an assumption that all the Currency in Circulation is still in circulation and is actually payable to the bearer. However, due to the uncertainty that all the cash assumed to be in circulation is actually still usable, we are disclosing this as significant estimate in accordance with IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors*.

NOTE 2 CHANGE IN ACCOUNTING POLICY

There were no changes to accounting policies in this reporting period.

NOTE 3 INTEREST INCOME

	31 March 2021	31 March 2020
	£	£
Investments	105,392	74,251
Cash Deposits and On Call	137	15,457
	105,529	89,708

NOTE 4 ROYALTIES ON COMMEMORATIVE COINS

	31 March 2021	31 March 2020
	£	£
East India Company	154,038	69,387
	154,038	69,387

NOTE 5 SALE OF COINS

	31 March 2021	31 March 2020
	£	£
Government of Saint Helena	1,196	35
Ascension Island Government	0	110
	1,196	145

NOTE 6 ANALYSIS OF SALES BY COIN THEME

	31 March 2021	31 March 2020
	£	£
Royal Family	1,196	134
Napoleon	0	4
Other	0	7
	1,196	145

NOTE 7 OTHER INCOME

	31 March 2021	31 March 2020
	£	£
Commission on Circulation of Currency	1,084	310
Circulation Currency Coin Pack Sales	8,188	266
	9,272	576

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 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 9 CIRCULATION CURRENCY

Circulation currency represents the cost of printing and minting currency issued during the year.

NOTE 10 INVESTMENTS

	UK Bonds
	£
<hr/>	
Balance as at 1 April 2019:	
Nominal Value	3,250,000
Historical Cost	3,343,836
Market Value	3,334,205
Purchases	3,476,986
Sales	(1,000,000)
Realised Losses	(3,090)
Unrealised Gains	9,253
Balance as at 31 March 2020:	
Nominal Value	5,510,000
Historical Value	5,795,632
Market Value	5,817,354
Purchases	1,052,670
Sales	(1,000,000)
Realised Losses	(5,840)
Unrealised Losses	(94,231)
Balance as at 31 March 2021:	
Nominal Value	5,510,000
Historical Value	5,801,732
Market Value	5,769,953

NOTE 11 INVESTMENT MATURITY ANALYSIS

	31 March 2021	31 March 2020
	£	£
<hr/>		
Maturity period from reporting year end:		
Less than one year	0	1,005,840
One to two years	717,269	0
Two to three years	4,008,654	727,384
Three to Four years	0	4,084,130
More than five years	1,044,030	0
	5,769,953	5,817,354
	<hr/>	<hr/>

NOTE 12 INVENTORIES

	31 March 2021	31 March 2020
	£	£
Circulation Currency Notes	173,978	183,192
Circulation Currency Coins	10,216	12,128
Circulation Currency Coin Packs	31,068	34,391
Commemorative Coins	321	1,593
	215,583	231,304

NOTE 13 RECEIVABLES

	31 March 2021	31 March 2020
	£	£
Amounts Falling Due Within One Year		
Accrued Income:		
Royalties on Commemorative Coins	126,507	44,724
Ascension Island Government	110	110
Interest Due	8,740	10,183
	135,357	55,017

NOTE 14 CASH AND CASH EQUIVALENTS

	31 March 2021	31 March 2020
	£	£
Cash with Crown Agents Investment Management Ltd	918,838	805,771
	918,838	805,771

NOTE 15 CURRENCY IN CIRCULATION

		31 March 2021	31 March 2020
	Notes	£	£
Currency Notes	15	4,510,970	4,435,970
Currency Coins	15	995,859	986,521
Commemorative Coins	17	5,323,479	1,826,313
		10,830,308	7,248,804
Precious Metal Commemorative Coins	17	(5,084,319)	(1,587,291)
		5,745,988	5,661,513

Precious commemorative coins increase Currency in Circulation as they are legal tender. The likelihood of redemption is however deemed to be low as bullion values currently exceed face values for these coins. This represents a contingent liability of £5,084,319. A guarantee is in place with the issuer of the coins whereby the Currency Fund is refunded the face value of commemorative coins redeemed. This is deemed to represent an equivalent contingent asset. Accordingly precious coins do not present a true currency demand liability and are removed from the calculation of the demand liability for currency in circulation. The contingent liability in respect of these coins is deemed to be matched by the guarantee serving as a contingent asset.

NOTE 16 NOTES AND NON-COMMEMORATIVE COINS IN CIRCULATION

	31 March 2021	31 March 2020
	£	£
Notes:		
£20	2,371,980	2,254,980
£10	1,765,000	1,822,000
£5	373,990	358,990
	<u>4,510,970</u>	<u>4,435,970</u>
Coins:		
£2	161,316	160,018
£1	424,509	423,861
50p	144,755	138,430
20p	100,438	100,308
10p	70,478	70,413
5p	45,038	44,306
2p	22,258	22,245
1p	27,067	26,940
	<u>995,859</u>	<u>986,521</u>
	<u>5,506,829</u>	<u>5,422,491</u>

NOTE 17 COMMEMORATIVE COINS IN CIRCULATION

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

	Non-Precious	Precious	Total
	£	£	£
Balances as at 31 March 2020:			
East India Company	489	780,040	780,529
Napoleon	17,469	222,449	239,918
Royal Air Force	12,500	95,735	108,235
Royal Family	198,698	121,678	320,376
Saint Helena	1,469	362,587	364,056

World Wars	2,060	1,933	3,993
World Wildlife	5,836	1,545	7,381
Other	501	1,324	1,825
	239,022	1,587,291	1,826,313

Balances as at 31 March 2021:

East India Company	489	3,435,195	3,435,684
Napoleon	17,469	222,574	240,044
Royal Air Force	12,500	95,735	108,235
Royal Family	198,835	958,656	1,157,491
Saint Helena	1,469	362,587	364,056
World Wars	2,060	1,933	3,993
World Wildlife	5,836	1,545	7,381
Other	501	6,094	6,595
	239,159	5,084,319	5,323,479

NOTE 18 PAYABLES

	31 March 2021	31 March 2020
	£	£
Trade Creditor:		
Saint Helena Government	31,738	104,972
Accruals:		
Investment Management Charges	7,694	7,735
Audit Fee	17,200	8,400
	24,894	16,135
Income Received in Advance:		
Royalties	3,345	3,345
	59,977	124,452

NOTE 19 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.

19.1 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.

19.2 Controlled Entities

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

The Currency Fund is administered by the Commissioners of Currency and Currency Officers who are all employees of the Saint Helena Government (SHG). The Currency Fund is controlled by SHG as the Commissioners are appointed by the Governor subject to the approval of the Secretary of State. SHG provides a number of services to the 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 20 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

A Financial Instrument is a contract that gives rise to both a financial asset of one entity and a financial liability of another entity. The activities of the Currency Fund expose it to certain financial risks. The main relevant risks are credit, liquidity and market risks.

20.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

SHGs maximum exposure to credit risk in relation to its investments with banks and financial institutions was £5.8M as at 31 March 2021 and cannot be assessed generally because the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of un-recoverability applies to all of SHGs deposits regardless of the type of investment held, i.e. cash, certificates of deposit, bonds, gilts, etc., but there was no evidence at the 31 March 2021 that this was likely to crystallise.

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to customers. This risk is minimised by ensuring that deposits are not made with financial institutions

unless they meet minimum investment criteria. Our Investment Strategy includes a policy that limits credit risk exposure by restricting authorised investments to the following criteria.

Deposits may only be placed:

- with credit institutions with a minimum short-term credit rating of A-2 as determined by Standard and Poor's or P-2 as determined by Moody's;
- with institutions authorised and regulated by the UK's Financial Conduct Authority or equivalent authority in the EEA or United States of America;
- in Treasury Bills, fixed rate, inflation index-linked and zero coupon bonds issued or guaranteed by the Government of the United Kingdom; and
- for a maximum maturity of 10 years.

The credit quality of investments held at 31 March 2021 is A-2.

The carrying amount of cash and cash equivalents of £919k as at 31 March 2021 represents the maximum credit exposure in relation to deposits in banks and financial institutions. There was no evidence at the reporting date that such entities would be unable to meet their commitments.

The maximum exposure to credit risk from Receivables as at 31 March 2021 was £135k. The balance is comprised of amounts owed by three entities; there was no evidence at the reporting date that any of entities would be unable to meet their commitments.

20.2 Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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.

20.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The risk to the Currency Fund is minimal as investments are not held in foreign currencies.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest risk is managed by ensuring that investments are made in Treasury Bills, fixed rate, inflation index-linked and zero coupon bonds issued or guaranteed by the Government of the United Kingdom.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Market price risks are mitigated by the Funds Investment Strategy which sets criteria for all investments as detailed in Section 20.1.

NOTE 21 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 2021.

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 2020/21 Financial Statements, there are no non-adjusting events.

