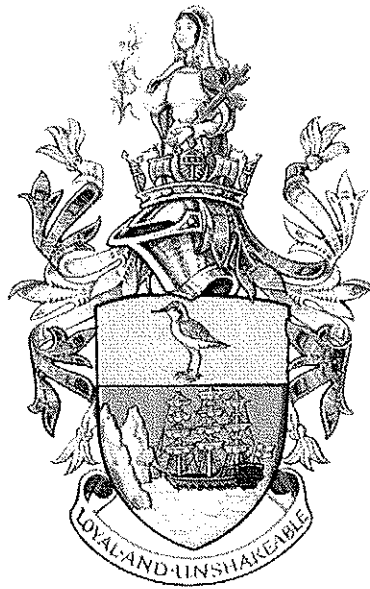




St Helena  
Government

ST HELENA GOVERNMENT  
CURRENCY FUND  
ANNUAL FINANCIAL STATEMENTS  
2021/22





# **St Helena Government Currency Fund**

**Annual Financial Statements  
2021/22**

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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 2022. 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 2022, with net assets totalling £1.455M. Liquid assets represent 16% of the demand liabilities (16% at 31 March 2021) and the balance on the General Reserve represents 24% of demand liabilities (21% at 31 March 2021), both complying with the statutory minimum requirement of 10%.

The Statement of Financial Performance reflects a surplus of £436k before accounting for capital losses on investments and a loss of £221k thereafter.

The surplus before accounting for capital losses on investments reflects an increase of £226k (107%) in comparison with the previous year. This is mainly attributable to increased revenue. Revenue has increased by £231k and expenditure has increased slightly by £5k. Royalties on Commemorate Coins sold by the East India Company Bullion Limited increased by 151% year on year (£387k 21/22, £154k 20/21). They continue to be the fund's largest source of revenue, contributing £387k of a total of £501k (77%).

There was an unrealised capital loss on investments of £215k compared to the previous year when there was 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 and is the accounting adjustment to reflect the market value of investments held at the reporting date. Interest income on investments has increased slightly to £110k, in comparison to £106k 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 £221k (18%) in comparison with the previous year when net assets increased by £110k (10%).

The majority of assets are held in Investments (£5.6M of a total of £7.5M in 21/22 and £5.8M of a total of £7.0M in 20/21). Liquid assets (cash) have increased by 9% (14% in 20/21) in comparison with the prior year. The overall increase in assets is attributable to the reinvestment of interest on investments and royalties earned.

Liabilities comprise Currency in Circulation and Payables. Currency in Circulation increased by £296k attributable to an increase in the amount of circulation currency and commemorative coins issued into circulation during the year. Payables decreased by £31k due to the closing balance between SHG and the fund at year end reflecting a receivables position in favour of the fund whereas in the prior year it reflected a payables position in favour of SHG.

The Statement of Cash Flows for the year show an increase of £79k (£113k increase in 20/21). This positive movement is largely attributable to the cash flows from interest income.



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

Date: 31 July 2023

**St Helena Currency Fund**  
**Financial Statements for the year ended 31 March 2022**



**AUDIT ST HELENA**  
External Auditors

**INDEPENDENT AUDITOR'S REPORT**

**To the Commissioners of Currency**

**Report on the Audit of the Financial Statements**

**Qualified Opinion**

I have audited the financial statements of the Currency Fund (the Fund), which comprise the Statement of Financial Position as at 31 March 2022, 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, except for the possible effects of the matter described below, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2022, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

**Basis for Qualified Opinion**

The statement of financial performance includes royalties on commemorative coins revenue of £386,731 over which limited controls have been implemented, by the Fund, prior to the royalties being recorded in the Fund's accounting records. In these circumstances, I was unable to determine, even by alternative means, whether any adjustments to the amount of royalties on commemorative coins revenue recorded are necessary.

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 qualified 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 on any other matter arising from my audit. In accordance with section 22 of the Currency Fund Ordinance the Commissioners must, within 12 months of the end of each financial year, prepare and present to the Governor and the Secretary of State the audited financial statements for the year then ended.



Without qualifying my conclusion on the financial statements, I report that the statutory duty to report and submit the financial statements within 12-months after the financial year ended 31 March 2022 was not met.



Brendon Hunt CA (SA)  
Chief Auditor

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

02 August 2023

## **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 2022

	Note	2021/22 £	2020/21 £
<b>REVENUE</b>			
Interest Income	3	110,476	105,529
Royalties on Commemorative Coins	4	386,731	154,038
Sale of Coins	5	78	1,196
Other Income	7	3,599	9,272
<b>Total Revenue</b>		<b>500,884</b>	<b>270,035</b>
<b>EXPENDITURE</b>			
Investment Management Charges	8	31,298	31,193
Circulation Currency	9	16,584	19,686
Audit Fees		16,704	8,800
Other Expenses		82	0
<b>Total Expenditure</b>		<b>64,668</b>	<b>59,679</b>
<b>SURPLUS BEFORE LOSS ON INVESTMENTS</b>		<b>436,216</b>	<b>210,356</b>
<b>LOSS ON INVESTMENTS</b>			
Net Realised Loss	10	0	(5,840)
Net Unrealised Loss	10	(215,058)	(94,231)
<b>Total Loss on Investments</b>		<b>(215,058)</b>	<b>(100,071)</b>
<b>SURPLUS AFTER LOSS ON INVESTMENTS</b>		<b>221,158</b>	<b>110,285</b>



## Currency Fund Statement of Financial Position as at 31 March 2022

	Note	31 March 2022 £	31 March 2021 £
<b>ASSETS</b>			
<b>Current Assets</b>			
Inventories	12	198,999	215,583
Receivables	13	773,394	135,357
Investments	10	5,554,895	5,769,953
Cash and Cash Equivalents	14	997,984	918,838
		<u>7,525,272</u>	<u>7,039,731</u>
<b>Total Assets</b>		<b><u>7,525,272</u></b>	<b><u>7,039,731</u></b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Currency in Circulation	15	(6,041,704)	(5,745,988)
<b>Current Liabilities</b>			
Payables	18	<u>(28,644)</u>	<u>(59,977)</u>
<b>Total Liabilities</b>		<b><u>(6,070,348)</u></b>	<b><u>(5,805,965)</u></b>
<b>NET ASSETS</b>		<b><u>1,454,924</u></b>	<b><u>1,233,766</u></b>
<b>RESERVES</b>			
General Reserve		<u>1,454,924</u>	<u>1,233,766</u>
		<b><u>1,454,924</u></b>	<b><u>1,233,766</u></b>

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

Date: 31 July 2023



## Currency Fund Statement of Changes in Net Assets/Reserves for the year ended 31 March 2022

	General Reserve £	Retained Surplus/ (Deficit) £	Total Reserves £
<b>Balance as at 1 April 2020</b>	<b>1,123,481</b>	<b>0</b>	<b>1,123,481</b>
Surplus / (Deficit) for the period	(100,071)	210,356	110,285
Transfer between Reserves	210,356	(210,356)	0
<b>Balance as at 31 March 2021</b>	<b>1,233,766</b>	<b>0</b>	<b>1,233,766</b>
Surplus / (Deficit) for the period	(215,058)	436,216	221,158
Transfer between Reserves	436,216	(436,216)	0
<b>Balance as at 31 March 2022</b>	<b>1,454,924</b>	<b>0</b>	<b>1,454,924</b>



## Currency Fund Statement of Cash Flows for the year ended 31 March 2022

	Note	2021/22 £	2020/21 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the year		436,216	210,356
Interest Income		(110,476)	(105,529)
Investment Management Charges		31,298	31,193
		357,038	136,020
<b>Non Cash Movements</b>			
Decrease in Inventories	12	16,584	15,721
Increase in Receivables	13	(638,037)	(80,340)
Increase in Currency in Circulation	15	295,716	84,475
Decrease in Payables	18	(31,333)	(64,475)
		(357,070)	(44,619)
<b>Net Cash Flows from Operating Activities</b>		(32)	<b>91,401</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Investments	10	0	(1,052,670)
Sale of Investments	10	0	1,000,000
Interest Income		110,476	105,529
Investment Management Charges		(31,298)	(31,193)
		79,178	21,666
<b>Net Cash Flows from Investing Activities</b>		<b>79,178</b>	<b>21,666</b>
<b>NET CASH FLOW FOR THE FINANCIAL YEAR</b>		<b>79,146</b>	<b>113,067</b>
Cash & Cash Equivalents as at 1 April		918,838	805,771
<b>Net Cash Flows</b>		<b>79,146</b>	<b>113,067</b>
Cash & Cash Equivalents as at 31 March		997,984	918,838



## Currency Fund Notes to the Financial Statements for the year ended 31 March 2022

### 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.