



St Helena
Government

ST HELENA GOVERNMENT
CURRENCY FUND
FINANCIAL STATEMENTS 2022/23
AND MANAGEMENT LETTER

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St Helena Government Currency Fund

**Annual Financial Statements
2022/23**

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St. 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 2023. 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
Financial Secretary
Deputy Chief Secretary
Deputy Financial Secretary

Chairperson
Commissioner
Commissioner
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 sources of income for Currency Fund activities are derived from the investment of surplus funds and from royalties earned from the issue of commemorative coins.

FINANCIAL PERFORMANCE

The Currency Fund remains in a positive financial position at 31 March 2023, with net assets totalling £1.619M. Cash & cash equivalents represents 28% of the demand liabilities (16% at 31 March 2022) and Liquid assets (cash and investments) represent 112% of the demand liabilities (108% at 31 March 2022). The balance on the General Reserve represents 26% of demand liabilities (24% at 31 March 2022), both complying with the statutory minimum requirement of 10%.

The Statement of Financial Performance reflects a surplus of £555k before accounting for capital losses on investments and £314k thereafter.

The surplus before accounting for capital losses on investments reflects an increase of £119k (27%) in comparison with the previous year. This is mainly attributable to increased revenue (£114k) and a small decrease in expenditure (£5k). Royalties on Commemorate Coins sold by the East India Company Bullion Limited increased by 36% year on year (£527k 22/23, £387k 21/22). They continue to be the fund's largest source of revenue, contributing £527k of a total of £615k (86%).

There was a total capital loss of £241k on investments (£14k realised and £227k unrealised) compared to the previous year when there was a net unrealised loss of £215k. The reported unrealised 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 decreased to £83k, in comparison to £110k in the previous year and investment management charges have increased slightly from £31k to £32k.

The Statement of Financial Position shows an overall increase in net assets of £164k (11%) in comparison with the previous year when net assets increased by £221k (18%).

The majority of assets are held in Investments (£5.3m of a total of £7.9m in 22/23 and £5.6m of a total of £7.5m in 21/22). Cash has increased by 79% (9% in 20/21) in comparison with the prior year due to a higher level of cash being held. 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 £209k attributable to an increase in the amount of circulation currency and commemorative coins issued into circulation during the year. Payables decreased by £3k, this is attributable to a lower closing balance being owed to SHG.

The Statement of Cash Flows for the year show an increase of £789k (£79k increase in 21/22). This positive movement is largely attributable to the cash flows from Royalties income.



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

Date: 22 March 2024



St Helena Currency Fund
Financial Statements for the year ended 31 March 2023

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of Currency

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 2023, 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 in the Basis for Qualified Opinion section, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2023, 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 include royalties on commemorative coins revenue of £526,826 (2021/22: £386,731) over which limited controls have been implemented, by the Fund, prior to the royalties being recorded in the Fund's accounting records. There were no practical procedures available to us to confirm the completeness of this revenue, and accordingly, we were unable to obtain sufficient appropriate evidence in this regard. Consequently, we were unable to determine whether any adjustments to the amount of royalties on commemorative coins revenue recorded was 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.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Except for the matter described in the above Basis for Qualified Opinion section of the report, I have determined that there are no other key audit matters to communicate in my report.

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.



Brendon Hunt CA(SA)
Chief Auditor

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

22 March 2024

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 2023

	Note	2022/23 £	2021/22 £
REVENUE			
Interest Income	3	83,121	110,476
Royalties on Commemorative Coins	4	526,826	386,731
Sale of Coins	5	0	78
Other Income	7	4,763	3,599
Total Revenue		614,710	500,884
EXPENDITURE			
Investment Management Charges	8	31,881	31,298
Circulation Currency	9	16,331	16,584
Audit Fees		10,500	16,704
Other Expenses		954	82
Total Expenditure		59,666	64,668
SURPLUS BEFORE GAIN/(LOSS) ON INVESTMENTS		555,044	436,216
GAIN/(LOSS) ON INVESTMENTS			
Net Realised Loss	10	(14,262)	0
Net Unrealised Loss	10	(226,558)	(215,058)
Total Gain/(Loss) on Investments		(240,820)	(215,058)
SURPLUS AFTER GAIN/(LOSS) ON INVESTMENTS		314,224	221,158



Currency Fund Statement of Financial Position as at 31 March 2023

	Note	31 March 2023 £	31 March 2022 £
ASSETS			
Current Assets			
Inventories	12	181,743	198,999
Receivables	13	657,312	773,394
Investments	10	5,269,250	5,554,895
Cash and Cash Equivalents	14	1,787,285	997,984
		<u>7,895,590</u>	<u>7,525,272</u>
Total Assets		<u>7,895,590</u>	<u>7,525,272</u>
LIABILITIES			
Non-Current Liabilities			
Currency in Circulation	15	(6,250,566)	(6,041,704)
Current Liabilities			
Payables	18	<u>(25,876)</u>	<u>(28,644)</u>
Total Liabilities		<u>(6,276,442)</u>	<u>(6,070,348)</u>
NET ASSETS		<u>1,619,148</u>	<u>1,454,924</u>
RESERVES			
General Reserve		<u>1,619,148</u>	<u>1,454,924</u>
		<u>1,619,148</u>	<u>1,454,924</u>

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

Date: 22 March 2024



Currency Fund

Statement of Changes in Net Assets/Reserves for the year ended 31 March 2023

	General Reserve £	Retained Surplus/ (Deficit) £	Total Reserves £
Balance as at 1 April 2021	1,233,766	0	1,233,766
Surplus / (Deficit) for the period	(215,058)	436,216	221,158
Transfer between Reserves	436,216	(436,216)	0
Transfer to the Government of Saint Helena Revenue	0	0	0
Balance as at 31 March 2022	1,454,924	0	1,454,924
Surplus / (Deficit) for the period	(240,820)	555,044	314,224
Transfer between Reserves	555,044	(555,044)	0
Transfer to the Government of Saint Helena Revenue	(150,000)	0	(150,000)
Balance as at 31 March 2023	1,619,148	0	1,619,148



Currency Fund

Statement of Cash Flows for the year ended 31 March 2023

	Note	2022/23 £	2021/22 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		555,044	436,216
Interest Income	3	(83,121)	(110,476)
Investment Management Charges	8	31,881	31,298
		<u>503,804</u>	<u>357,038</u>
Non Cash Movements			
Decrease in Inventories	12	17,256	16,584
Decrease/(Increase) in Receivables	13	116,082	(638,037)
Increase in Currency in Circulation	15	208,861	295,716
Decrease in Payables	18	(2,768)	(31,333)
Transfer to SHG Consolidated Fund		(150,000)	0
		<u>189,431</u>	<u>(357,070)</u>
Net Cash Flows from Operating Activities		693,235	(32)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments	10	(3,277,833)	0
Sale of Investments	10	3,322,659	0
Interest Income	3	83,121	110,476
Investment Management Charges	8	(31,881)	(31,298)
Net Cash Flows from Investing Activities		96,066	79,178
NET CASH FLOW FOR THE FINANCIAL YEAR		<u>789,301</u>	<u>79,146</u>
Cash & Cash Equivalents as at 1 April		997,984	918,838
Net Cash Flows		<u>789,301</u>	<u>79,146</u>
Cash & Cash Equivalents as at 31 March	14	<u><u>1,787,285</u></u>	<u><u>997,984</u></u>



Currency Fund

Notes to the Financial Statements for the year ended 31 March 2023

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.

The investment objectives for the Currency Fund are:

- (a) Primary objective -To preserve the value of the Fund
- (b) Secondary objective -To maximise the value of the Fund.

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.

Investments are categorised as being financial assets held at fair value through surplus/deficit in line with IPSAS 29 par 10 financial instruments definition par b(ii) as detailed below:

- The investments are managed and their performance is evaluated on a fair value basis in accordance with the Currency Fund Investment strategy.
- Information about the investments group is provided internally on a fair value basis to the Commissioners.
- The fund has during the current financial year sold more than an insignificant amount of its investments before their maturity dates.

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 and calculated by reference to the London mid-market price for precious metal (gold, silver and platinum) coins in circulation, however 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 values 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. After appropriate allocations have been made to the General Reserve in accordance with the above, the surplus must next be applied to the redemption of any securities issued by the Government of Saint Helena to the Fund, and the remaining surplus transferred to the General Reserve.

Expenditure of an exceptional nature may be charged directly to the General Reserve with the approval of the Secretary of State and in accordance with the direction of the Governor.

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 2023;

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 2023	31 March 2022
	£	£
Investments	74,409	110,473
Cash Deposits and On Call	8,712	3
	83,121	110,476

NOTE 4 ROYALTIES ON COMMEMORATIVE COINS

	31 March 2023	31 March 2022
	£	£
East India Company	526,826	386,731
	526,826	386,731

NOTE 5 SALE OF COINS

	31 March 2023	31 March 2022
	£	£
Government of Saint Helena	0	78
	0	78

NOTE 6 ANALYSIS OF SALES BY COIN THEME

	31 March 2023	31 March 2022
	£	£
Royal Family	0	78
	0	78

NOTE 7 OTHER INCOME

	31 March 2023	31 March 2022
	£	£
Commission on Circulation of Currency	1,379	2,014
Circulation Currency Coin Pack Sales	3,384	1,585
	4,763	3,599

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 EXPENDITURE

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

NOTE 10 INVESTMENTS

	Nominal Value	Historical Cost	Market Value
Balance at 1 April 2021	5,510,000	5,801,732	5,769,953
Purchases	0	0	0
Sales	0	0	0
Realised gains/losses	0	0	0
Unrealised gains/losses	0	0	(215,058)
Balance at 31 March 2022	5,510,000	5,801,732	5,554,895
Purchases	3,499,766	3,277,833	3,277,834
Sales	(3,300,000)	(3,459,776)	(3,322,659)
Realised gains/losses	0	0	(14,262)
Unrealised gains/losses	0	0	(226,558)
Balance at 31 March 2023	5,709,766	5,619,789	5,269,250

NOTE 11 INVESTMENT MATURITY ANALYSIS

	31 March 2023 £	31 March 2022 £
Maturity period from reporting year end:		
Less than one year	1,200,163	703,199
One to two years	1,216,735	3,859,416
Two to three years	0	0
Three to Four years	914,940	0
More than five years	1,937,412	992,280
	5,269,250	5,554,895

NOTE 12 INVENTORIES

	31 March 2023 £	31 March 2022 £
Circulation Currency Notes	151,480	159,874
Circulation Currency Coins	6,762	9,152
Circulation Currency Coin Packs	23,270	29,742
Commemorative Coins	231	231
	181,743	198,999

NOTE 13 RECEIVABLES

Amounts Falling Due Within One Year		31 March 2023	31 March 2022
		£	£
Trade Debtor:			
Saint Helena Government	19.2	58,748	655,465
Accrued Income:			
Royalties on Commemorative Coins		485,908	109,082
Ascension Island Government		110	110
Interest Due		15,869	8,737
		<u>501,887</u>	<u>117,929</u>
Prepayments:			
New Circulation Currency		96,677	0
		<u>657,312</u>	<u>773,394</u>

NOTE 14 CASH AND CASH EQUIVALENTS

	31 March 2023	31 March 2022
	£	£
Cash with Crown Agents Investment Management Ltd	1,787,285	997,984
	<u>1,787,285</u>	<u>997,984</u>

NOTE 15 CURRENCY IN CIRCULATION

		31 March 2023	31 March 2022
	Notes	£	£
Currency Notes	16	4,988,970	4,802,970
Currency Coins	16	1,022,425	999,564
Commemorative Coins	17	29,917,346	16,012,527
		<u>35,928,741</u>	<u>21,815,061</u>
Precious Metal Commemorative Coins	17	(29,678,175)	(15,773,357)
		<u>6,250,566</u>	<u>6,041,704</u>

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 £29,678,175. 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 2023	31 March 2022
	£	£
Notes:		
£20	2,809,980	2,635,980
£10	1,800,000	1,786,000
£5	378,990	380,990
	<u>4,988,970</u>	<u>4,802,970</u>
Coins:		
£2	180,340	161,834
£1	426,022	424,770
50p	149,511	146,884
20p	100,739	100,490
10p	70,629	70,503
5p	45,814	45,751
2p	22,288	22,263
1p	27,082	27,069
	<u>1,022,425</u>	<u>999,564</u>
	<u>6,011,395</u>	<u>5,802,534</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 2022:			
East India Company	489	12,556,961	12,557,450
Napoleon	17,470	298,821	316,291
Royal Air Force	12,500	95,735	108,235
Royal Family	198,844	2,449,681	2,648,525
Saint Helena	1,470	362,587	364,057
World Wars	2,060	1,933	3,993
World Wildlife	5,836	1,545	7,381
Other	501	6,094	6,595
	239,170	15,773,357	16,012,527
Balances as at 31 March 2023:			
East India Company	489	26,229,227	26,229,716
Napoleon	17,470	340,125	357,595
Royal Air Force	12,500	95,735	108,235
Royal Family	198,845	2,640,904	2,839,749
Saint Helena	1,470	362,587	364,057
World Wars	2,060	1,933	3,993
World Wildlife	5,836	1,545	7,381
Other	501	6,119	6,620
	239,171	29,678,175	29,917,346

NOTE 18 PAYABLES

	31 March 2023 £	31 March 2022 £
Accruals:		
Investment Management Charges	8,028	7,660
Audit Fee	14,503	17,639
	22,531	25,299
Income Received in Advance:		
Royalties	3,345	3,345
	25,876	28,644

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 provides a cash holding facility for the Currency Fund.

At 31 March 2023, SHG owed the Currency Fund the sum of £59k. This relates to issue/return of circulation currency and royalties received.

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.

The fund's maximum exposure to credit risk in relation to its investments with banks and financial institutions was £5.2m as at 31 March 2023 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 the fund's 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 2023 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 2023 is A-2.

The carrying amount of cash and cash equivalents of £1.7m as at 31 March 2023 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 2023 was £657k. 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. Crown Agents Investment Management Ltd, who manage the Funds' financial instruments, closely monitor the interest rate risk and manage the portfolio duration in line with the investment benchmark.

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. There is an inverse relationship between interest rates and the market value of investments that will result in unrealised losses.

During 2022/23 there were 8 changes to the interest rates (Bank of England – 5 May 2022 1%; 16 June 2022 1.25%; 4 August 2022 1.75%; 22 September 2022 2.25%; 3 November 2022 3%; 15 December 2022 3.5%; 2 February 2023 4%; 23 March 2023 4.25%). These changes resulted in an overall unrealised loss of £240,820.

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 2023.

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 2022/23 Financial Statements, there are no non-adjusting events.



AUDIT ST HELENA
External Auditors

MANAGEMENT LETTER

FINANCIAL STATEMENTS 2022-23

To the Saint Helena Currency Commissioners

26 March 2024

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INTRODUCTION

As the Chief Auditor for St Helena, I am required by section 22 of the Currency Ordinance to report to the Commissioners of Currency my findings from the audit of the financial statements of the Saint Helena Currency Fund.

The purpose of this report is to summarise for the Commissioners of Currency the key issues arising from my audit of the financial statements for the year ended 31 March 2023 and report any material weaknesses in the accounting and internal controls that have come to my attention during the audit.

FINANCIAL REPORTING FRAMEWORK

The financial statements of the Currency Fund are prepared in accordance with the International Public Sector Accounting Standards (IPSAS).

AUDIT OBJECTIVES

The main objective of the audit is to form an opinion as to whether the financial statements of the Currency Fund present fairly the financial position of the Fund at 31 March 2023 and of its financial performance and cash flows for the year then ended, and confirm that the financial statements are prepared in accordance with the Currency Ordinance.

As part of my audit I carry out the following work:

- Examine, on a test basis, evidence relevant to the amounts and disclosures in the financial statements.
- Assess any significant estimates and judgements made by the Fund in the preparation of the financial statements.
- Assess whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed.
- Evaluate the overall adequacy of the presentation of information in the financial statements to ensure compliance with International Public Sector Accounting Standards (IPSAS).
- Report to you my opinion that the financial statements present fairly, in all material respects, the financial position of the Fund, as at the accounting date and its financial performance for the year then ended.
- Report to you such other information as I consider necessary or appropriate to assist you in your consideration of the Fund's accounts for that financial year.
- Submit for your consideration a Management Letter covering the audit undertaken.

My methodology for the collection of audit evidence is based on the Financial Audit Manual of Audit St Helena, which has been developed to reflect International Auditing Standards (ISAs).

Although I am required under ISAs to consider the risk of material misstatement arising from fraud, the purpose of my audit is not for the detection of fraud. Responsibility for the prevention and detection of fraud rests with the Fund who should not rely on the external audit function to discharge these responsibilities.

AUDITOR INDEPENDENCE

I confirm that myself as Chief Auditor, and the audit engagement team, have complied with relevant ethical requirements regarding independence under the Code of Ethics issued by the International Ethical Standards Board for Accountants (the IESBA Code).

There are statutory protections enshrined in the St Helena Constitution, in which the Chief Auditor, and staff acting on his behalf, are not subject to the direction or control of the Governor, the Executive Council or any other person or authority.

My staff have completed declarations of interest, and where there is an identified conflict, appropriate safeguards are applied. Through these ethical policies and specific threat mitigation measures I am satisfied as to the independence and objectivity with which the audit is conducted.

INDEPENDENT AUDITOR'S REPORT

QUALIFIED OPINION

At the conclusion of the audit I issued my Independent Auditor's Report (my Report) on the financial statements – the auditor's report is the key output of the audit process. The form of my Report is prescribed by ISA 700 (Revised) – *Forming an Opinion and Reporting on Financial Statements*.

I based my opinion on the detailed audit work carried out in accordance with International Standards on Auditing. My opinion is qualified on that basis that it was not possible for me to obtain reasonable assurance that royalties on commemorative coin revenue is complete.

My report includes an 'Emphasis of Matter' to highlight the continued judgment applied by management in the interpretation of the Currency Ordinance regarding determination of the surplus on the Fund.

A copy of my Independent Auditor's Report is included in Appendix D.

SIGNIFICANT ISSUES ARISING FROM THE AUDIT

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICE

ACCOUNTING TREATMENT OF INVESTMENTS

As disclosed in note 1.10, IPSAS 41, Financial Instruments will be effective for periods beginning on or after 01 January 2023. With this statement not being effective at the 31 March 2023 reporting date the requirements of IPSAS 29, Financial Instruments: Recognition and Measurement, were in force. At 31 March 2023 the Fund held a material amount of its total assets in Investments amounting to £5,269,250 as recognised in the Statement of Financial Position with further details being provided in note 10, Investments and note 20, Nature and extent of risks arising from financial instruments.

As it relates to the valuation of the Currency Fund's Investments the Fund has elected to fair value the Investments through surplus or deficit for financial reporting purposes. In practice

this requires that the Investments are priced to existing markets at each reporting period with this profit or loss being reflected in unrealised gains/ (losses) in the Statement of Financial Performance.

Given the expected benefit to external users of the Fund pricing the Investments at the market price of Investments at the financial reporting date, and having satisfied the requirements of Section 10 of IPSAS 29, this accounting policy of providing for the fair value of Investments through the Fund's surplus/(deficit), on a fair value basis, is determined to be appropriate.

SIGNIFICANT MATTERS THAT REMAIN UNRESOLVED

The matter outlined below remains unresolved at the point of reporting the audit. Until action is taken by Commissioners to address the related open recommendation the issue will repeatedly present as an emphasis of matter and other matter in the audit reporting on the Fund.

DETERMINATION OF STATUTORY SURPLUS

The statutory surplus of the Fund for any financial year is determined in accordance with section 18(1) of the Currency Fund Ordinance. Section 18(1) specifies the inclusion of dividends, interest or other revenue derived from investments of the Fund, or from the employment in any manner of the moneys of the Fund and all commissions paid to the Commissioners in accordance with section 12 (being commission charged on any conversion to sterling). But there is ambiguity in the meaning of the provision with reference to 'moneys' and 'employed' resulting in arguable interpretation as to what is permitted to be included within the calculation of the statutory surplus.

Management have interpreted section 18(1) to include all revenues, other than changes in the value of investments which are excluded under section 19(2). Accordingly the surplus before loss on investments, as reported in the Statement of Financial Performance and reckoned in the Statement of Changes in Net Assets and Reserves, includes income from royalties, sale of coins and other income in addition to interest, dividends and commission.

Section 17 then determines the distribution of the surplus on the Fund. Providing section 17(a) and 17(b) are met the statutory surplus is required to be transferred to the Currency Fund General Reserve (previously to the General Reserves of St Helena) in accordance with 17(c). These distributions amounted to £555,044 in 2022/23 (2021/22: £436,216).

Statutory interpretation is a complex matter and the intention of section 18 is arguable. Judgment has been used by management in determining the accounting policy for the calculation of the surplus as set out in Note 1.7 to the account. Given the statutory ambiguity I have concluded the management judgment and resultant accounting policy is not unreasonable in the circumstances. However, its application has potential material impact on the Statement of Net Assets and Reserves and transfers to the General Reserve and therefore I raise an emphasis of matter in my Independent Auditor's Report.

ROYALTIES ON COMMEMORATIVE COIN SALES

The Currency Fund has entered into an agreement with the East India Collections Company (EICC) whereby EICC would sell precious metal bullion coins which are deemed to be legal tender on St Helena. In return the Currency Fund receives royalties based on the number of coins sold. The royalty income has increased dramatically since 2018/19 wherein only £24,610 was accrued to the Currency Fund to its current level of £526,826 (2021/22: £386,731) as recorded in the financial year to year end 31 March 2023.

In recording the royalty income the Currency Fund places assurance on sales statements provided by EICB. In the absence of controls, implemented by the Currency Fund, I have not been able to determine, even by alternative means, that these sales returns reflect all commemorative coin sales and, in turn, that royalty income is complete. My audit report in Appendix A is modified in respect of this matter.

FREQUENCY OF MEETINGS OF THE COMMISSIONERS

Section 5(3) of the Currency Ordinance requires that Commissioners may meet as often as they consider necessary for the performance of the functions of the Currency Fund but a period greater than 6 months must not lapse between meetings.

Our review of the minutes of meetings of Commissioners determined that a formal meeting had not occurred between the dates of the 15th of July 2022 and the 14th of July 2023 being a period in excess of that as set out in Section 5(3) of the Currency Ordinance. Furthermore, Section 5(1) of the Currency Regulations requires that the proceedings of Commissioner's meetings be recorded in minutes which are then approved in a prescribed manner.

Recommendation 1: Commissioners amend their scheduled meetings to meet formally, at a minimum, within a period as prescribed by Section 5(3) of the Currency Fund Ordinance. The proceedings of these meetings should be recorded in minutes which are reviewed by Commissioners and approved by the Chair as required by Section 5(1) of the Currency Regulations.

SIGNIFICANT MATTERS THAT WERE RESOLVED

CORRECTED MISSTATEMENTS

All of the other issues identified during the audit were satisfactorily resolved with management and appropriate adjustments made to the financial statements. However, the adjustments required were not material.

WRITTEN REPRESENTATIONS

Written representations were requested and received from the Currency Officer in line with those required by Auditing Standards. This included a specific representation in regard to currency inventory held in sealed boxes.

GOING CONCERN

I have considered and reviewed management's assessment that the Fund is a going concern. I am satisfied that this assessment is appropriate based on discussions with the Currency Officer as well as consideration of the Financial Position of the Fund, with positive net assets of £1.619m after demand liabilities. In addition, the Currency Ordinance in section 20 makes provision for the St Helena Government to provide the appropriate relief measures, should the total assets of the fund be less than its liabilities.

FINANCIAL MANAGEMENT AND INTERNAL CONTROL

Overall responsibility for maintaining adequate financial reporting systems and systems of internal control, as well as for the prevention and detection of fraud, irregularities, and other errors, rests with the Currency Commissioners.

The matters described in this section came to our attention during the normal course of my audit, the purpose of which was to express an opinion on the financial statements. The audit included consideration of internal control relevant to the preparation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

MONITORING OF THE RISK REGISTER

The publication by the Foreign & Commonwealth Office of *The Good Practice in effective oversight of public finance in the UK Overseas Territories* provides a benchmark by which entities in UK Overseas Territories can evaluate their activities. An activity which has been ascribed to those in governance is that there exists a corporate governance framework that is supported by a risk register that is updated regularly.

During the conduct of the audit it was determined that the risk register had not been updated for the duration of the 2022/23 financial year.

Recommendation 2: The agenda of Commissioner's meetings be amended to include as a standing item the review of the Currency Fund's risk register.

ACCRUED INCOME IN RESPECT OF COMMEMORATIVE COIN SALES

As mentioned above the East India Collections Company (EICC) sells commemorative coins for which the Fund receives royalties. The EICC provides the Fund a quarterly statement of commemorative coin sales which have occurred during the period of the statement. In turn the Currency Fund then invoices the EICC for the royalty amount due from the coin sales as set out in the EICC statement.

The statement of coin sales for January to March 2023, which amounted to royalty income of £120,043, was accrued in the financial statements of the Fund as at 31 March 2023. However, the invoice for the royalties due to the Currency Fund, for this period, was only issued to EICC in March 2024.

Recommendation 3: Management amend the policies and procedures of the Currency Fund to ensure that accrued income is invoiced timeously. Furthermore, the account receivable balance from EICC should be reported at each meeting of the Commissioners.

FOLLOW UP OF PREVIOUS ISSUES

We have also followed-up previous audit recommendations. The table below sets out the summary position on these recommendations in terms of those raised and those either closed or remaining open and requiring further management response.

Financial statement	Recommendation open – action required	Recommendation closed – action completed
2018/19	2	0
2019/20	1	0
Total	3	0

We have reported those open recommendations from prior periods requiring further attention from management in Appendix C to this report.

ACKNOWLEDGEMENT

I acknowledge and thank the Currency Officer and Corporate Finance team for their assistance and co-operation during the course of the statutory audit.



Brendon Hunt
Chief Auditor
Audit St Helena

26 March 2024

APPENDIX A – SCHEDULE OF ADJUSTMENTS

Table 1: Adjustments to financial note disclosures

Description of correction	Note affected	Value of the error
Rewording of the Funds and Reserves accounting policy to clarify the fact that the General Reserve will be distributed even if it is less than 10% and also clarity on the location of the securities mentioned.	1.7 Funds and Reserves	N/A
Disclosure of the pre-approval conditions attached to expenditure of an exceptional nature as defined by section 18(1) of the Currency Ordinance.	1.7 Funds and Reserves	N/A
Disclosure of the conditions met by the Currency Fund to categorise its investments as held at fair value through surplus/ deficit in accordance with IPSAS 30.	1.3 Investments	N/A
Rewording of the Payables accounting policy to remove ambiguity on the basis on which currency and commemorative coins are valued and mention of the source reference of such valuation in line with the Currency Ordinance.	1.6 Payables	N/A
Presentational amendments on the description and use of brackets in movements in Receivables, Currency in Circulation and Payables on the Statement of Cash Flows.	Statement of Cash Flows	N/A
Amendments to the Commissioners of Currency Report to ensure consistency with the financial statements.	Commissioners of Currency Report	N/A
Removal of ambiguities related to the bullion values estimation disclosures.	1.11 Key estimation Assumptions	N/A
Clarity in disclosures regarding the Fund's interest rate risk mitigation strategies.	20.3 Market Risk	N/A

APPENDIX B – FOLLOW UP OF OPEN RECOMMENDATIONS

No	Observation	Recommendation	Priority	Follow-up
1	The chosen investment strategy has failed to maintain the real value of the fund over the past 8-years and has fallen short of comparative benchmarks over the past 5-year period.	Review investment strategy in the context of the historical performance of the fund as compared to inflation and benchmark indices and make changes as appropriate to preserve fund value in real terms.	M	Open Not yet implemented. Plans being made for this to be addressed in Qtr 1 2024/25.
2	The Currency Ordinance is silent on the subject of commemorative coins and how they should be dealt with in monetary and accounting terms. Whilst regulations in section 7 enable the Commissioners to appoint officers and agents to perform functions on their behalf there is no specific power which allows any other person to issue currency.	In the absence of specific legislative provisions the Commissioners obtain legal opinion to support their practice of authorizing the issue of commemorative coins through licensed agents. The scope of the opinion should also be requested to address the outstanding issue of ambiguity in section 18(1) regarding royalty income.	H	Open Currently part of the 2022-23 legislative programme as Priority 3 (Low Priority) so no confirmed date for action has been agreed by ExCo. We are planning to have drafting instructions to AG's Chambers by the end of May 2024, in readiness to progress should this move higher up the priority list.
6	The Ordinance in section 18 is ambiguous and the interpretation arguable as to what is permitted to be included within the calculation of the statutory surplus. Management have applied judgment in the calculation of the surplus under section 18(1) to include all ordinary revenues, excepting losses and gains on investments under section 19(2). (first raised in 2018/19)	An amendment should be considered to the Currency Fund Ordinance to give clarity over the determination of the statutory surplus for distribution under section 18(1).	H	Open Currently part of the 2022-23 legislative programme as Priority 3 (Low Priority) so no confirmed date for action has been agreed by ExCo. We are planning to have drafting instructions to AG's Chambers by the end of May 2024, in readiness to progress should this move higher up the priority list.

Definition of Priorities

HIGH	Immediate risk of error, loss of cash or other assets or significant non-compliance with relevant Ordinances or regulations. Action should be taken on these within 2 months.
MEDIUM	Issues identified which would improve the quality of financial reporting and/or internal control systems. Action should be taken on these within 6 months, or by the end of the next financial reporting period, whichever is the earliest.



AUDIT ST HELENA
External Auditors

St Helena Currency Fund
Financial Statements for the year ended 31 March 2023

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 2023, 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 2023, 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 include royalties on commemorative coins revenue of £526,826 (2021/22: £386,731) over which limited controls exist and which have been implemented by the Fund, prior to the royalties being recorded in the Fund's accounting records. There were no practical procedures available to us to confirm the completeness of this revenue, and accordingly, we were unable to obtain sufficient appropriate evidence in this regard. Consequently, we were unable to determine whether any adjustments to the amount of royalties on commemorative coins revenue recorded was 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 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.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Except for the matters described in the above Emphasis of Matter and the Basis for Qualified Opinion sections of the report, I have determined there are no other key audit matters to communicate in my report.

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.

Brendon Hunt CA(SA)
Chief Auditor

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

22 March 2024

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.

