



Bank of St. Helena Ltd.

[www.sainthelenabank.com](http://www.sainthelenabank.com)



# Directors' Report & Audited Financial Statements:

## Financial Year 2020 - 21



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Bank of St Helena Ltd



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|                           |  |
|---------------------------|--|
| <b>DIRECTORS:</b>         | Josephine George<br>Leeanne Henry<br>Glenn Owen<br>Paul Hickling<br>Brian Deadman<br>John Isaac<br>Michael Bird<br>Anne Dillon |
| <b>REGISTERED OFFICE:</b> | Market Street<br>Jamestown<br>St Helena Island<br>STHL 1ZZ   |
| <b>REGISTERED NUMBER:</b> | 95   |
| <b>AUDITORS:</b>          | Lindeyer Francis Ferguson Limited<br>North House<br>198 High Street<br>Tonbridge<br>Kent<br>United Kingdom<br>TN9 1BE          |

The Directors present their report with the financial statements of the company for the year ended 31 March 2021.

## **DIRECTORS**

The Directors shown below have held office during the period from 1 April 2020 to the date of this report.

|                  |  |                       |
|------------------|--|-----------------------|
| Glenn Owen       | Non-Executive Director – Chairman              |                       |
| Josephine George | Managing Director                              |                       |
| Leeanne Henry    | Assistant Managing Director                    |                       |
| Paul Hickling    | Non-Executive Director                         |                       |
| Anne Dillon      | Non-Executive Director                         | Re-joined in May 2020 |
| Brian Deadman    | Non-Executive Director &<br>SHG Representative |                       |
| John Isaac       | Non-Executive Director                         |                       |
| Michael Bird     | Non-Executive Director                         |                       |

During the year Anne Dillon re-joined the Board as Non-Executive Director in May 2020; bringing the total number of Board Members to eight.

## **PRINCIPAL ACTIVITIES**

Bank of St Helena Limited (the Bank/BOSH/the Company) provides banking and financial services within St Helena and via its branch on Ascension Island. From providing basic customer accounts when the Bank took over the running of the Government Savings Bank in 2004, the Bank now offers a wide variety of services including international remittances, Local Debit Card services and Online Banking, together with a number of lending products and services.

## **REVIEW OF BUSINESS**

During the year, the Bank continued to work towards the agreed strategic objectives outlined in the Bank's Strategic Plan. Key Performance Indicators (KPI's) were set in line with these objectives to monitor and review the Bank's performance throughout the year, and whilst most of these were achieved during this reporting period, the economic climate in St Helena the world pandemic COVID-19, has played a significant role in creating variances to targets set at the outset of 2020-21.

It was envisaged that the Lending Portfolio would have grown by 1% during 2020-21, but this has not materialised to date, with a decrease of 0.1% for the year. Whilst increases were seen in housing and commercial lending, personal lending and overdraft facilities have decreased compared to the previous year. One of the biggest achievements continues to be the uptake of Local Debit Cards by customers and the number of businesses that now offer St Helena Pay. This system allows for a more automated service which in turn allows customers more control of their banking. Online Banking and the Local Debit Card usage has more than doubled over the financial year and included the introduction of the online remittance service. Work continued on the International Prepaid Debit Card service, which had a number of setbacks throughout the year; and despite best efforts, no further progress has been made to date. The Tourist Card Project is nearing completion and will be launched in the new financial year to coincide with any plans the Island has to welcome tourists back to the Island. Networking with other Banks and financial institutions outside of St Helena has been achieved which continues to enhance the Bank's ability to tap into support current services and the introduction of new products and services.

## **Global Environment**

During the year, Bank of St Helena and the Island as a whole has continued to feel the effects of the uncertainty surrounding Brexit as well as the implications of the Coronavirus Pandemic (COVID-19). Despite St Helena's geographic isolation, the Island is not immune to the global economic environment. The Bank has been fortunate to have an investment strategy and Investment Managers who have helped soften the blows of Brexit. COVID-19, has had a significant impact on the global economy and St Helena has felt the effects with the closing of international airports around the world, causing the Island's tourism industry to come to a 'stand still'. Over this period the value of the GBP Sterling has continued to fluctuate which has had an impact on matters relating to foreign currency exchange.

## **Local Environment**

The performance of the Bank is very much influenced by the current economic climate which includes customer deposits, revenue generated and the Lending Portfolio. The rate of inflation has decreased to 0.4%<sup>1</sup>, a decrease of 1.3% compared to March 2020. Customer balances have increased by 5.4% and it is hoped that this can be retained for the year ahead as international travel beings to resume.

## **Financial Performance**

The Bank made an operating profit of £188,643 for the year 2020-21 which was a decrease of £440,134 (70%) from 2019-20, with a 6.5% net profit margin and a cost to income ratio of 91%. The decrease in profit is the result of the increase in provisions for lending customers, and is largely attributed to the current economic climate and the threat of COVID-19.

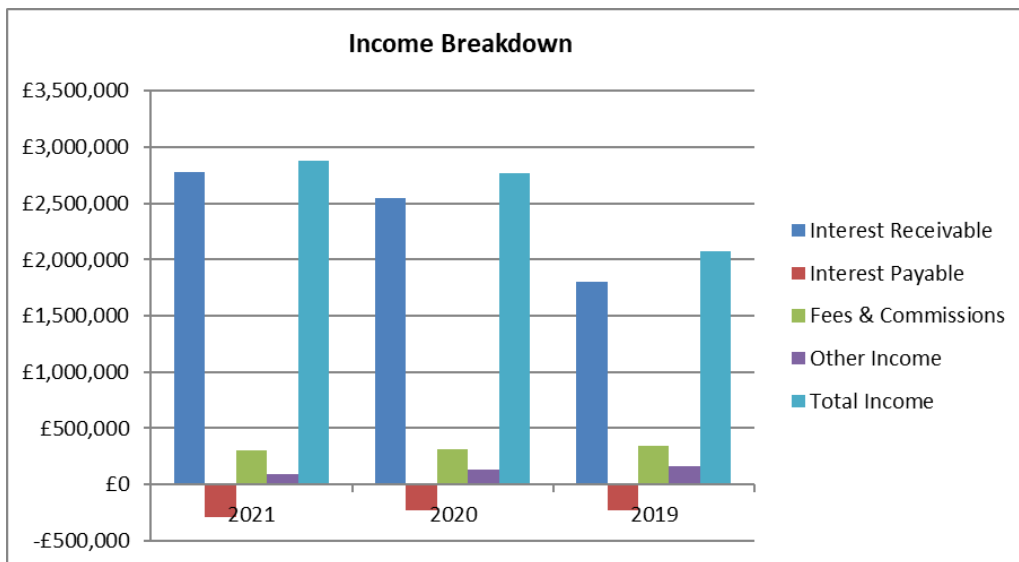
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<sup>1</sup> St Helena Government Statistics Office

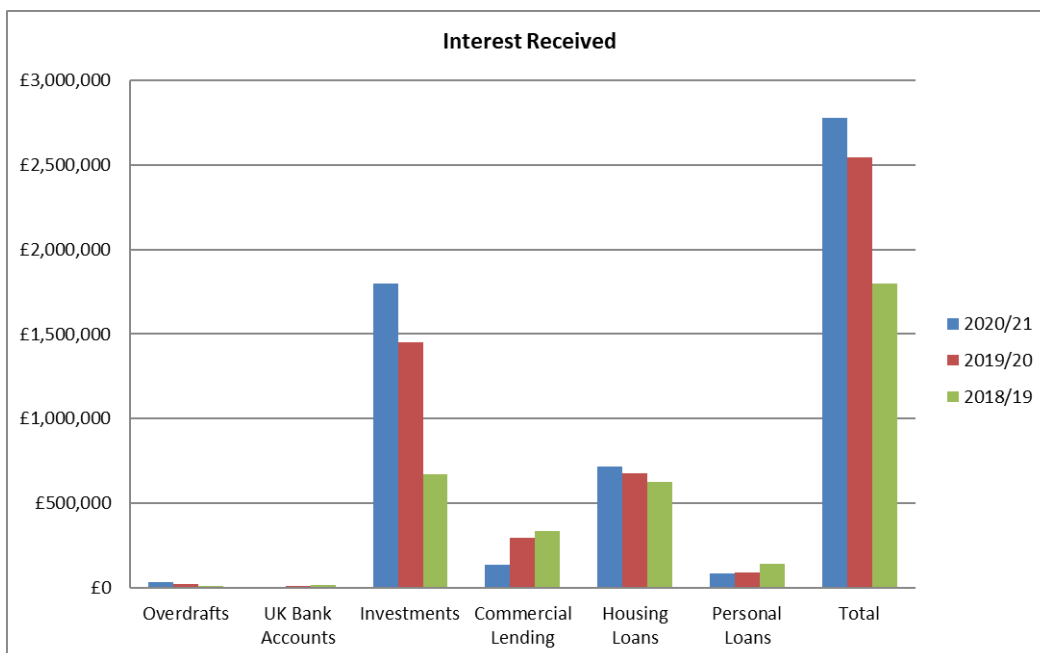
**1. Income - £2,883,462 (2020: £2,766,303)**

The Bank's total income, net of interest payable, continued to grow this year with an increase of £117,159 (4.2%). Interest received increased by £232,690(9.1%) from £2,544,635, to £2,777,325, which was largely due to the additional investments made during the year; whilst interest payable increased by £62,322 to £291,214 following the increase in interest rates for Child Bond and New Life Accounts. Fees and commissions decreased by £9,845 (3.1%) this year following the reduction in commissions collected from credit cards and foreign exchange due to the lack of access to the Island and decreased tourist numbers. Other income also decreased this year by £43,364 (32.3%) from 2019-20; being largely due to the fluctuation of foreign currency during the year. The Bank is aware of its exposure to foreign exchange risk and whilst payments will always need to be made, the Bank tries to minimise this exposure by reducing foreign cash holdings whilst still maintaining sufficient funds to service customer requests. Chart 1 below depicts the split of income.

**Chart 1 – Split of income 2019-2021**



**Chart 2 – Split of Interest Received 2019-2021**



The split of interest received in Chart 2 shows interest received on investments has increased by £349,825 (24.1%) compared to 2019-20 which is the result of the new investments made during the year. Interest received on loans decreased by £108,070 (10%) from 2019-20, with the Bank introducing a number of initiatives to assist both personal and business customers affected by COVID-19. As the Lending Portfolio continues to decline, the Bank relies heavily on the income received from offshore investments and will continue to invest additional funds when the opportunity arises. Whilst reinvestments are made at the most competitive rates possible, the Bank remains prudent and with consideration given to operational and regulatory requirements.

## **2. Expenditure £2,622,110 (2020: £2,122,846)**

Total expenditure increased by £499,264 (24%), which is largely due to the increase in provisions for lending, however, the majority of the Bank's other costs remained relatively similar to the previous year as the Bank continues to have a high proportion of fixed costs.

Employee costs have increased by £15,432 (2%) to £774,955 and equates to 30% of total costs. As automation continues to rise, this is expected to reduce in future years as the Local Debit Card reduces the need for manual input.

## **3. Investments - £60,989,648 (2020: £56,361,021)**

The Capital Value of the Bank's investments has increased by £4,628,627 (8%) for 2020/21. All funds are invested in fixed income instruments ranging from 1.375% to 6%. Investments are initially recorded at cost and subsequently measured at fair value with changes in fair value recognised in the income statement. The interest income from investments for the year ended 31 March 2021 was £1,801,333. The Bank monitors its cash holdings and operational requirements closely and additional funds will be invested when it is deemed appropriate. An additional £5m was invested during 2020/21.

## **4. Fixed Assets - £471,058 (2020: £453,990)**

For 2020-21 there were only small additions made to the Bank's fixtures and fittings, hardware and software. The Bank's assets are reviewed on a regular basis and no impairments were identified in the year.

## **5. Lending - £15,235,645 (2020: £15,944,925)**

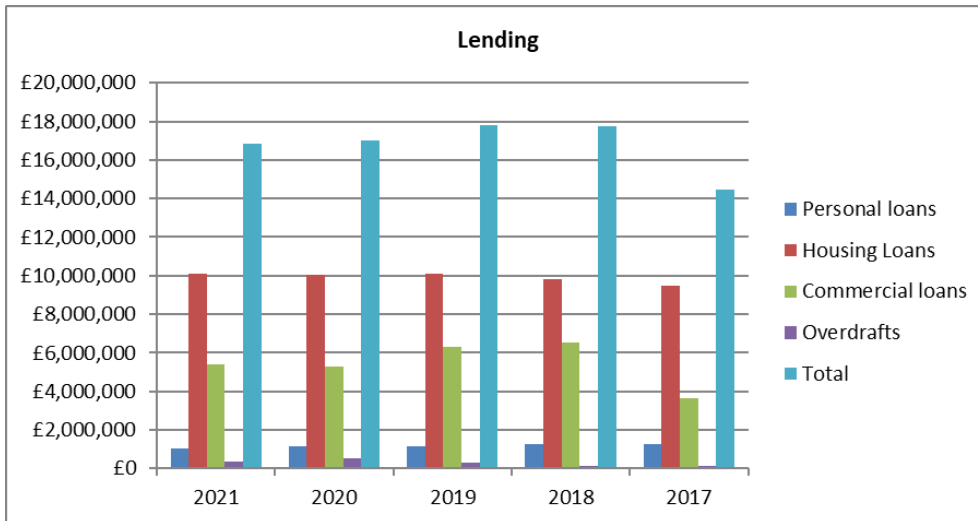
Growth in the Lending Portfolio has not materialised as anticipated due to the current economic climate which has been heavily influenced by the COVID-19 Pandemic, and as a result the Loan Portfolio has decreased further this year. This was largely due to the decrease of £139,704 (12%) in personal lending, with overdrafts also decreasing by £147,520 (29.6%); however commercial and housing loans increased by £96,112 (1.8%) and £60,608 (0.6%) respectively.

Given the current economic climate mentioned above, the Bank has also seen a noticeable increase in those that struggle to honour their commitments for both personal and business customers. The Bank's debts are closely monitored and managed in line with the Bank's policies and procedures but additional specific provisions were made in the year where there are doubts over repayment.

The Bank operates well within its capital and liquidity limits set by the Financial Services Regulatory Authority (FSRA) and the Bank is in a position to facilitate future growth in lending. Chart 3 below depicts the trend in the total Lending Portfolio over the last 5 years.



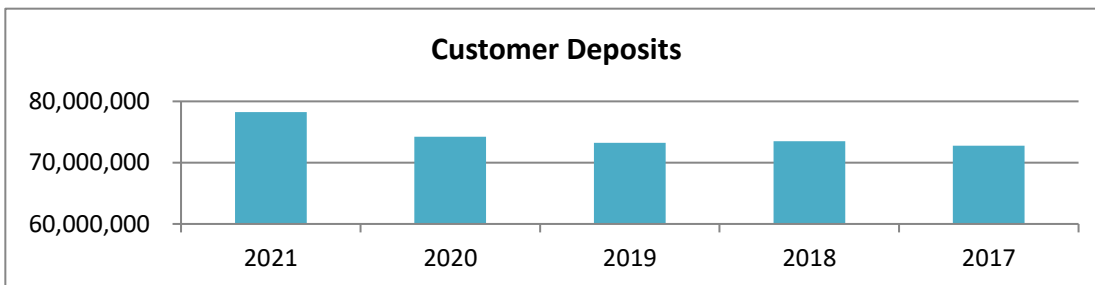
**Chart 3 – Lending 2017-2021**



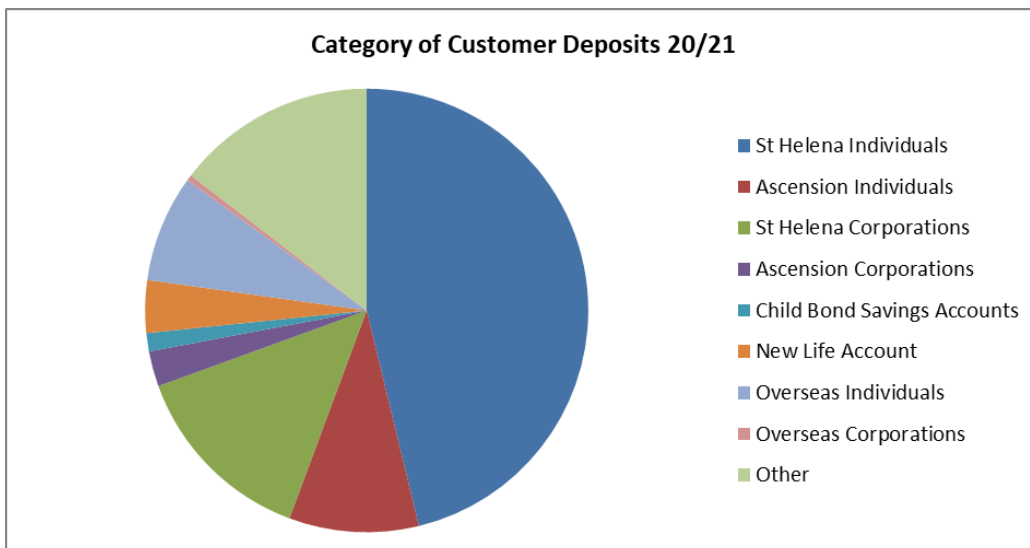
**6. Customer Deposits £78,256,170 (2020: £74,208,253)**

Customer monies held by the Bank showed an increase of £4,017,897 (5.4%) at the end of 2020-21; with the Bank’s higher earning interest accounts, Child Bond and New Life continuing to be popular with growth of 6% and 21% respectively for the year; however the largest increase was in the accounts of St Helena Individuals, which increased by £3,973,537 (12.3%) during 2020/21.

**Chart 4 – Customer Deposits 2017-2021**



**Chart 5 – Deposits per Category 2020-21**



## **LOOKING AHEAD**

The Bank developed a new Strategic Plan for 2021-24 which will guide its products and services for the next year. The Bank is optimistic that over this period much will be achieved with the support of Shareholder, FSRA and various Stakeholders. For the year 2021-22, International Prepaid Debit Cards and Tourist Cards remain the top priority. International Prepaid Cards will allow the Bank's customers, who do not have access to international bank accounts, to travel abroad without the need for physically carrying large amounts of cash. The Bank is also acutely aware of the need for international payment solutions on Island for visitors and has carried out extensive work on the feasibility of certain options. In the interim, development for Tourist Cards has also been undertaken which will allow visitors to use the St Helena Pay infrastructure. The majority of work has been completed for this project which will allow safer transit of money for visitors and will benefit the Island's economy as it will provide visitors with another spending option as an alternative to physical cash.

The cessation of flights due to COVID-19 has directly affected the operations and income of all businesses on the Island, particularly those related to the tourism industry. The Bank introduced a number of initiatives to assist where possible and will continue to support its customers during this unprecedented time.

The Local Debit Card and its uptake remain essential to reducing risk and improving the service for the Bank and its customers. Greater automation of transactions is allowing the Bank to realise benefits moving forward in the form of improving the efficiency and effectiveness for personal and business customers, reduced operational risk, reduced costs, and improved performance. It is also hoped that the Bank's Investment Portfolio will continue to grow which will allow the Bank to continue to invest in new products and services which will benefit customers, the stakeholder, shareholders, the Bank and the Island's economy.

## **RISK MANAGEMENT**

Being a financial institution, the Bank is exposed to a number of risks, however, the Bank is aware of these and they are appropriately managed. The Audit & Risk Management Committee, comprising of Non-Executive Directors and an Independent Member, has oversight and input into all risk management policies and reports directly to the Board. The Bank's Risk Register is regularly reviewed and will be revised this year in line with the Strategic Plan 2021-2024.

The Internal Auditor also reports to this Committee as they regularly review the Bank's systems and processes as well as compliance with policies and procedures. Internal audit reports are reviewed by management and appropriate action is taken where recommendations have been made. Independent and objective assurance on the year-end financial statements is provided by an External Audit Service.

The primary risks identified are detailed below and the Bank has a number of policies and internal procedures to manage these.

### ***Credit Risk***

The offering of lending services exposes the Bank to credit risk. Credit risk is the risk of financial loss due to a borrower or counterparty defaulting on their contractual obligations relating to repayments resulting in losses for the Bank. Credit risk has been the major cause of bank failures and losses in the world to date. To manage and mitigate its exposure to risk the Bank periodically reviews its Credit Policy which ensures that due diligence is carried out for every application to ensure responsible lending, and staff receive training to ensure skills are refreshed in these areas. It is the Bank's policy to ensure that risk is spread across the portfolio, and within commercial lending, split across different business sectors hence seeking to balance the risk and return. Loans

are collateralised where practicable, and proof of insurance on this security is also requested to further reduce risk. As with the previous year, at year end over 90% of loans were secured.

Loans are closely monitored and where it is identified that a customer is, or will be in default, from an agreed loan service plan, Senior Management and the Board are notified and the loan assessed as to its recoverability. Where it is deemed prudent to do so, a provision will be made against part or the full outstanding balance.

### ***Liquidity Risk***

Liquidity risk is the risk of having insufficient cash to meet financial obligations as they come due. This includes ensuring that the Bank has readily available sources of liquidity to cover unanticipated withdrawals of deposits, large wire transfers and loan draw downs.

### ***Market Risk***

Market risk is the risk of financial loss in our investment and currency portfolios from changes in market factors which include interest rates, foreign exchange rates, equity and commodity prices.

By holding foreign currency and investing in UK markets the Bank is exposed to market risk, and in particular foreign exchange risk and interest rate risk respectively.

To minimise foreign exchange risk the Bank only holds sufficient foreign currency to cover its operational needs. The St Helena Pound (SHP) is on parity with Sterling (GBP), however, the fluctuating GBP has had an impact on the Euro and Rand holdings and associated foreign currency differences arising through trade and on translation.

Moving forward, the Bank will also review its Investment Policy to ensure that returns are maximised whilst ensuring customer deposits remain safe.

### ***Operational Risk***

This is the risk associated with the day to day operations of the Bank, and can include losses due to personnel input errors, inadequate IT systems, security failures and possible inefficiencies and failures of internal processes and procedures.

The Bank regularly reviews its operating processes and procedures and manages risk through internal controls. Emphasis is also placed on training for staff in areas such as Know Your Customer (KYC), Anti-Money Laundering (AML) and Fraud Detection and Prevention to reduce risk through awareness.

A disaster recovery plan is in place and this has been successfully tested, with reviews being undertaken of hardware, software and levels of security, protection and compliance throughout. The Bank operates within the regulations set by the Financial Services Regulatory Authority and compliance is essential to the continuing operation of the Bank. All international payments are sent via the SWIFT platform for safe and secure transmission to other financial institutions.

With the introduction of Local Debit Cards and Online Banking services, the volume of transactions manually processed by the Bank has decreased hence minimising the inherent risk of human error by the Bank; however, as this is still a risk, the Bank mitigates this with a triple tiered level of checking.

The Bank recognises the importance of its staff to operations and is focused on recruiting, retaining and developing a high-quality workforce.

### **Reputational Risk**

Reputational risk can arise as a result of operational risk but also as consequence of any action or inaction perceived by stakeholders as inappropriate or unethical.

The Bank embraces its wider role as a responsible citizen and gives back to the community through project funding and donations, whilst ensuring the Bank's mission statement is upheld – to develop and deliver banking products and services which are appropriate, affordable and accessible to all.

The Directors, Managers and staff all undertake periodic training in ethical behaviour to make sure due regard is given to any arising situation. Customer and employee feedback are also regularly reviewed to inform improved ways of conducting business and to minimise reputational risk.

### **Business Risk**

Business risk refers to the possibility of losses or lower profits as a result of certain factors, and encompasses strategic risk, operational risk, compliance risk and reputational risk. Operational risk, which highlights compliance risk, and reputational risk have been detailed above.

The level of business risk is dependent on the decisions made by Management and the Board. The Bank is fully aware of the rising expectations of customers and a strategic plan is in place which identifies strategic priorities and how these will be achieved.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Bank and its Directors continue to place great importance on corporate social responsibility, and allocates a budget each year for community projects. The Bank supports projects which will benefit the Island and its community, and also makes a number of donations and sponsorships for the same purpose. The year 2020-21 saw an increase in requests with £4,688 donated to community projects and £3,185 for donation and sponsorships, which includes the Bank being the lead sponsor for the New Horizons Youth Games and Bank of St Helena Golf Competition, and also includes donations to the Yellowfin Swimming Club, St Helena Judo Club, St Helena Football Association, Jamestown Rifle Club and Miss St Helena.

## **FINANCIAL SERVICES REGULATORY AUTHORITY**

The oversight and regulatory body for the Bank is the Financial Services Regulatory Authority (FSRA). The Bank must comply with the requirements set by the FSRA in the Financial Services Ordinance 2008, as amended 2017, and the Financial Services Regulations 2017. Monthly reports are sent to the FSRA as per the Regulations, with key ratios also monitored. The FSRA sets limits for capital requirements and associated risk weighted assets; these are shown in table 4 below, where it can be seen that the Bank complied with all the requirements during the year 2020/21.

*Table 4 – Key Management Ratios*

|   | <b>Capital &amp; Liquidity<br/>Regulatory Limit</b> | <b>Average<br/>Achieved</b> | <b>Minimum<br/>Recorded</b> | <b>Maximum<br/>Recorded</b> |
|---|---|-----------------------------|-----------------------------|-----------------------------|
| Risk Weighted Assets                                | 15%   | 25.1%                       | 24.2%                       | 26.1%                       |
| Total Liquid Assets in St Helena: Total Liabilities | 0.5%  | 3%                          | 1.9%                        | 3.8%                        |
| Total Liquid Assets: Total Liabilities              | 25%   | 70.2%                       | 69.4%                       | 71.1%                       |

**AUDITOR**

Lindeyer Francis Ferguson Limited was appointed as auditor to the company for a fourth consecutive year, with a contract for an additional two years thereafter.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Report of the Directors and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors have prepared the Financial Statements in accordance with the Companies Ordinance 2004, Financial Services Ordinance 2008, as amended 2017, Financial Services Regulations 2017 and United Kingdom Generally Accepted Accounting Practice including the use of FRS102. The Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

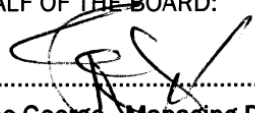
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Ordinance 2004, Financial Services Ordinance 2008, as amended 2017, and the Financial Services Regulations 2017. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information (as defined by Section 146 of the Companies Ordinance 2004) of which the Company's Auditors are unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Auditor of the Company is aware of that information.

This report has been prepared in accordance with the provisions set out in the Companies Ordinance 2004, Financial Services Ordinance 2008, as amended 2017, and the Financial Services Regulations 2017.

ON BEHALF OF THE BOARD:

  
.....  
Josephine George - Managing Director

Date: 29/07/21 .....

  
.....  
Glenn Owen - Chairman

Date: 29/07/21 .....

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BANK OF ST HELENA LIMITED**

### **Opinion**

We have audited the financial statements of Bank of St Helena Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended; and
- have been properly prepared in accordance with applicable law and the United Kingdom Generally Accepted Accounting Practice, including FRS 102 The Financial Reporting Standard applicable in the UK

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are responsible for assessing the company'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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

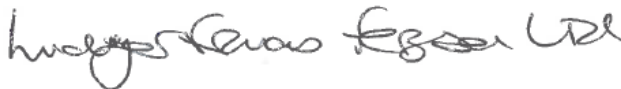
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory framework applying to the company, and the procedures that management adopt to ensure compliance;
- We assessed the susceptibility of the company's financial statements to material misstatement, including considering how fraud might occur;
- We obtained the Board's assessment of fraud risk and enquired as to any known or suspected instances of fraud; and
- We designed and performed audit procedures to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations, including enquiry of the Board, review of correspondence, and review of the completeness and accuracy of disclosures made in the financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with our terms of engagement. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Jonathan Healey FCA (Senior Statutory Auditor)**  
for and on behalf of **Lindeyer Francis Ferguson Limited**



.....

**Chartered Accountants  
Statutory Auditor**

North House  
198 High Street  
Tonbridge  
Kent  
TN9 1BE

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2021**

|   | Note | 2021<br>£        | 2020<br>£        |
|---|------|------------------|------------------|
| <b>Income</b>                                   |      |                  |                  |
| Interest Receivable                             | 5    | 2,777,325        | 2,544,635        |
| Interest Payable                                | 6    | (291,214)        | (228,892)        |
| Net Interest Income                             |      | 2,486,111        | 2,315,743        |
| Fees & Commissions                              |      | 306,347          | 316,192          |
| Other Income                                    | 7    | 91,004           | 134,368          |
| <b>Total Income</b>                             |      | <b>2,883,462</b> | <b>2,766,303</b> |
| <b>Expenditure</b>                              |      |                  |                  |
| Employee Costs                                  | 8    | 774,955          | 759,523          |
| Premises Costs                                  |      | 60,858           | 72,667           |
| Investment Management Fees                      |      | 129,099          | 102,178          |
| Investment Amortisation                         | 27   | 492,573          | 442,567          |
| Depreciation Tangible Fixed Assets              |      | 76,798           | 87,024           |
| Depreciation Intangible Fixed Assets            |      | 38,591           | 47,213           |
| Provisions                                      | 22   | 465,196          | 92,225           |
| Audit Fees                                      |      | 13,742           | 35,000           |
| Financial Services Authority Fees               |      | 24,000           | 22,000           |
| Other Expenditure                               | 9    | 546,298          | 462,449          |
| <b>Total Expenditure</b>                        |      | <b>2,622,110</b> | <b>2,122,846</b> |
| Profit before gain on financial assets          |      | 261,352          | 643,457          |
| <b>Gain on financial assets</b>                 |      |                  |                  |
| Change in fair value of financial assets        |      | -                | 138,813          |
| Profit on ordinary activities, before taxation  |      | 261,352          | 782,270          |
| Taxation  | 10   | (187,703)        | (157,568)        |
| Deferred Taxation                               | 21   | 114,994          | 4,075            |
| <b>Profit on ordinary activities, after tax</b> |      | <b>188,643</b>   | <b>628,777</b>   |

The income statement has been prepared on the basis that all operations are continuing operations.



**STATEMENT OF FINANCIAL POSITION  
 AS AT 31 MARCH 2021**

|                                     | Note | 2021<br>£                | 2020<br>£                |
|-------------------------------------|------|--------------------------|--------------------------|
| <b>Fixed Assets</b>                 |      |                          |                          |
| Tangible Fixed Assets               | 11   | 407,422                  | 358,013                  |
| Intangible Fixed Assets             | 12   | 63,636                   | 95,977                   |
|                                     |      | <u>471,058</u>           | <u>453,990</u>           |
| <b>Current Assets</b>               |      |                          |                          |
| Cash                                | 16   | 1,056,499                | 884,191                  |
| Bank Balances                       | 17   | 3,872,911                | 4,822,149                |
| Investments                         | 14   | 60,989,648               | 56,361,021               |
| Other Assets                        | 15   | 3,952,056                | 3,015,932                |
| Lending                             | 13   | 15,235,645               | 15,944,925               |
|                                     |      | <u>85,106,759</u>        | <u>81,028,218</u>        |
| <b>Total Assets</b>                 |      | <b><u>85,577,817</u></b> | <b><u>81,482,208</u></b> |
| <b>Liabilities</b>                  |      |                          |                          |
| Customer Current & Deposit Accounts | 18   | 78,256,170               | 74,208,253               |
| Other Liabilities                   | 19   | 414,261                  | 398,018                  |
| <b>Total Liabilities</b>            |      | <b><u>78,670,431</u></b> | <b><u>74,606,271</u></b> |
| <b>TOTAL NET ASSETS</b>             |      | <b><u>6,907,386</u></b>  | <b><u>6,875,937</u></b>  |
| <b>REPRESENTED BY:</b>              |      |                          |                          |
| Share Capital                       | 23   | 3,219,285                | 3,219,285                |
| Retained Earnings                   | 24   | 3,688,101                | 3,656,652                |
| <b>Total Equity</b>                 |      | <b><u>6,907,386</u></b>  | <b><u>6,875,937</u></b>  |

The financial statements on pages 14 to 28 were approved and authorised for issue by the Board on 29 July 2021 and were signed on its behalf by:

*G. B Owen*  
 .....  
 Chairman

Date: *29/07/21*  
 .....

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2021**

|  | 2021               | 2020             |
|--|--------------------|------------------|
|  | £                  | £                |
| <b>Cash Flows from Operating Activities</b>          |                    |                  |
| Profit on Ordinary Activities before Taxation        | 261,352            | 782,270          |
| Depreciation Charge                                  | 115,389            | 134,237          |
| Movement on Provisions                               | 459,977            | 16,301           |
| Movement in Fair Value of Assets                     | -                  | (138,813)        |
| Decrease/(Increase) in Lending                       | 244,084            | 550,582          |
| (Increase) in Other Assets                           | (821,130)          | (533,776)        |
| Increase/(Decrease) in Customer Deposits             | 4,047,917          | 986,947          |
| (Decrease)/Increase in Other Liabilities             | (24,560)           | 32,181           |
| Taxation Paid  | (141,681)          | (162,249)        |
| Dividend Paid  | (157,194)          | -                |
| <b>Net Cash Flows from Operating Activities</b>      | <b>3,984,154</b>   | <b>1,667,680</b> |
| <b>Cash Flows from Investing Activities</b>          |                    |                  |
| Sale of Fixed Income Instruments                     | (4,628,627)        | 336,267          |
| Purchase of Fixed Assets                             | (132,457)          | (55,612)         |
| <b>Net Cash Flows from Investing Activities</b>      | <b>(4,761,084)</b> | <b>280,655</b>   |
| Net (Decrease)/Increase in Cash and Cash Equivalents | (776,930)          | 1,948,335        |
| Cash and Cash Equivalents at beginning of year       | 5,706,340          | 3,758,005        |
| Cash and Cash Equivalents at end of year             | <b>4,929,410</b>   | <b>5,706,340</b> |

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2021

|   | Called Up<br>Share Capital<br>£ | Retained<br>Earnings<br>£ | Total Equity<br>£ |
|---|---------------------------------|---------------------------|-------------------|
| At 1 April 2019                               | 3,219,285                       | 3,027,875                 | 6,247,160         |
| Total Comprehensive Income for the year 19/20 | -                               | 628,777                   | 628,777           |
| At 31 March 2020                              | <b>3,219,285</b>                | <b>3,656,652</b>          | <b>6,875,937</b>  |
| Total Comprehensive Income for the year 20/21 | -                               | 188,643                   | 188,643           |
| Dividend Paid During 20/21                    | -                               | (157,194)                 | (157,194)         |
| At 31 March 2021                              | <b>3,219,285</b>                | <b>3,688,101</b>          | <b>6,907,386</b>  |

## **1. COMPANY INFORMATION**

Bank of St Helena Ltd is a company incorporated and registered in St Helena. The principal place of business and registered office is Market Street, Jamestown, St Helena Island, STHL 1ZZ.

The Shareholder Certificate is held by the Attorney General who holds the certificate on behalf of St Helena Government. St Helena Government has 100% shareholding.

## **2. BASIS OF PREPARING THE FINANCIAL STATEMENTS**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Ordinance 2004, the Financial Services Ordinance 2008, as amended 2017, and the Financial Services Regulations 2017.

The financial statements have been prepared on a going concern basis using the historical cost convention, except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below. Whilst the Bank has been affected by the threat of COVID-19, at the time of approving the financial statements, the Directors have a reasonable expectation the company has adequate resources to continue in operational existence for the foreseeable future. However, the Bank will continue to operate with prudence to minimise the impact of the Bank as a going concern. The Directors have therefore continued to adopt the going concern basis of accounting in preparing these financial statements.

The financial statements are presented in St Helena Pounds, rounded to the nearest pound.

## **3. JUDGEMENTS AND KEY ESTIMATES**

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these significant judgements and estimates have been made include:

### **Specific Provisions**

Specific provisions relate to loans where there is uncertainty over the recovery of the balance. Management monitor bad debts closely and assess the likelihood of repayment on a regular basis. Where management consider it likely that the terms and conditions of repayment will not be met, a specific provision will be made against a loan balance.

## **4. ACCOUNTING POLICIES**

### **Income**

Interest receivable is credited to the income statement as it is accrued on investments and loans throughout the year.

Fees and commissions are charged by the Bank for services provided and credited to the income statement in the period to which they relate.

The majority of other income relates to the exchange differences arising on foreign currency - see below. All other income relates to non-routine transactions i.e. recovery of bad debts, and is charged to the income statement as appropriate in the reporting period.

### **Leases**

The Bank pays rent under a number of operating leases. Rents are charged to the income statement on a straight-line basis over the lease term.

### **Foreign currency**

All Cash and Bank Balances held in foreign currencies are converted and presented in St Helena Pounds, using the adopted mid rates derived from current market mid rates at the reporting date.

Exchange differences are recognised in the income statement in the period in which they arise.

### **Provisions**

Provisions are made when specific debts are not being serviced in accordance with their terms and conditions, therefore, the likelihood of full recovery of the loan is doubtful. Provisions reduce the carrying amount of the Lending Portfolio.

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

The Bank also made a general provision during the year to take into account the impact of the threat of COVID-19 as it is acknowledged that the lack of visitors to the Island into the foreseeable future will affect the Island's ability to grow the economy, thereby potentially impacting a large percentage of clients who will struggle to meet their loan commitments with the Bank.

Movements in provisions are charged to the income statement in the period in which they arise.

### **Taxation**

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

### **Fixed assets**

Tangible and intangible assets are measured at cost less accumulated depreciation.

Depreciation is calculated to write down the cost of all fixed assets over their expected useful lives using a straight-line method. The rates applicable are:

|  |            |
|--|------------|
| – Buildings                                | 20 years   |
| – Plant, Equipment, Furniture and Fittings | 5-10 years |
| – Computer and Software                    | 3-5 years  |

The Bank maintains a capitalisation threshold of £1,000; therefore, any assets with a cost less than this amount will be expensed through the profit and loss account. The land element of land and buildings is not depreciated.

### **Cash & Cash Equivalents**

Cash and cash equivalents are stated in the Statement of Financial Position at cost value, with foreign currency balances converted and presented in St Helena Pounds, using the adopted mid rates derived from current market mid rates at the reporting date.

### **Lending**

Lending pertains to all loans made to customers. Balances at the year-end represent the remaining capital payments due less any undrawn amounts and/or any specific provisions made against a loan.

Lending procedures are stringent with all large exposures being reviewed on a regular basis by the Board and the FSRA. Where it is identified that the recovery of any debt is in doubt a specific provision will be made against the loan. The difference between the carrying value and expected recoverable value is charged to the profit and loss account as it is identified.

Interest is accrued at the applied rate and charged to the income statement.

All fees relating to the administration of loans are charged to the income statement in the period they arise.

**Investments**

The Bank held Sterling Bonds in the Investment Portfolio during the year. Investments are initially recorded at cost and subsequently measured at fair value with changes in fair value recognised in the income statement.

**Inventories**

The Bank holds stock only in relation to its own operations. Stock items are held at cost, being the purchase price plus the allocated cost of freight and customs duty. The cost of stock is recognised in the income statement when it is issued from stock for use in operations.

| <b>5. INTEREST RECEIVABLE</b>  | <b>2021</b>             | <b>2020</b>             |
|--------------------------------|-------------------------|-------------------------|
|                                | <b>£</b>                | <b>£</b>                |
| Interest on Overdrafts         | 33,978                  | 19,157                  |
| Interest on UK Bank Accounts   | 228                     | 9,292                   |
| Interest on Investments        | 1,801,333               | 1,451,508               |
| Interest on Commercial Lending | 137,783                 | 297,043                 |
| Interest on Housing Loans      | 718,843                 | 675,361                 |
| Interest on Personal Loans     | 85,160                  | 92,274                  |
|                                | <u>2,777,325</u>        | <u>2,544,635</u>        |
|                                | <u><u>2,777,325</u></u> | <u><u>2,544,635</u></u> |
| <br>                           |                         |                         |
| <b>6. INTEREST PAID</b>        | <b>2021</b>             | <b>2020</b>             |
|                                | <b>£</b>                | <b>£</b>                |
| Interest on Current Accounts   | 72,229                  | 69,145                  |
| Interest on Deposit Accounts   | 218,985                 | 159,747                 |
|                                | <u>291,214</u>          | <u>228,892</u>          |
|                                | <u><u>291,214</u></u>   | <u><u>228,892</u></u>   |
| <br>                           |                         |                         |
| <b>7. OTHER INCOME</b>         | <b>2021</b>             | <b>2020</b>             |
|                                | <b>£</b>                | <b>£</b>                |
| Foreign Exchange               | 65,101                  | 101,963                 |
| Profit on Sale of Investment   | -                       | 28,851                  |
| Other                          | 25,903                  | 3,554                   |
|                                | <u>91,004</u>           | <u>134,368</u>          |
|                                | <u><u>91,004</u></u>    | <u><u>134,368</u></u>   |
| <br>                           |                         |                         |
| <b>8. EMPLOYEE COSTS</b>       | <b>2021</b>             | <b>2020</b>             |
|                                | <b>£</b>                | <b>£</b>                |
| Staff Costs                    | 756,004                 | 748,148                 |
| Directors' Remuneration        | 18,951                  | 11,375                  |
|                                | <u>774,955</u>          | <u>759,523</u>          |
|                                | <u><u>774,955</u></u>   | <u><u>759,523</u></u>   |

The Bank currently contributes to a Cash Roll Up scheme for employees. In 2021 the Bank contributed £68,180 (2020: £51,822) to the scheme on behalf of employees.

Directors' remuneration includes only Non-Executive Directors.

The average monthly number of staff in the year was 44 (2020: 44)

**9. OTHER EXPENDITURE**

|                          | <b>2021</b>    | <b>2020</b>    |
|--------------------------|----------------|----------------|
|                          | <b>£</b>       | <b>£</b>       |
| Licence Fees             | 111,592        | 109,350        |
| Communication Expenses   | 128,337        | 101,778        |
| Bank Charges             | 17,119         | 11,058         |
| Computer & Equipment     | 98,268         | 46,733         |
| Other Fees               | 90,968         | 103,226        |
| Other Operating Expenses | 100,014        | 90,304         |
|                          | <u>546,298</u> | <u>462,449</u> |

**10. TAXATION**

| <b>Charge</b>   | <b>2021</b>      | <b>2020</b>     |
|---|------------------|-----------------|
|   | <b>£</b>         | <b>£</b>        |
| <i>Current tax</i>  |                  |                 |
| Profit on ordinary activities, before tax   | 261,352          | 782,270         |
| Profit on ordinary activities multiplied by standard rate of corporation tax of 25% | 65,338           | 195,567         |
| Non-allowable deduction - provisions  | 114,994          | 4,075           |
| Change in fair value of financial assets  | -                | (34,703)        |
| Claim for investment tax credit   | 7,371            | (7,371)         |
|   | <u>187,703</u>   | <u>157,568</u>  |
| <i>Deferred Tax</i>   |                  |                 |
| Origination of timing differences   | <u>114,994</u>   | <u>4,075</u>    |
| <b>Liability</b>  |                  |                 |
| Tax Calculated as Due at 1 April  | 56,340           | 61,021          |
| Total Tax Due for year  | 187,703          | 157,568         |
| Less Tax Paid in year   | (141,681)        | (162,249)       |
| Tax (Asset) as at 31 March  | <u>(102,362)</u> | <u>(56,340)</u> |

**11. TANGIBLE FIXED ASSETS**

|                                    | Land &<br>Buildings | Plant, Equipment,<br>Fixtures & Fittings<br>and Computers | Total   |
|------------------------------------|---------------------|---|---------|
|                                    | £                   | £   | £       |
| <b>COST</b>                        |                     |   |         |
| At 1 April 2020                    | 416,580             | 429,691   | 846,271 |
| Additions                          | -                   | 126,207   | 126,207 |
| At 31 March 2021                   | 416,580             | 555,898   | 972,478 |
| <b>DEPRECIATION AND IMPAIRMENT</b> |                     |   |         |
| At 1 April 2020                    | 192,514             | 295,744   | 488,258 |
| Charge for year                    | 20,684              | 56,114  | 76,798  |
| At 31 March 2021                   | 213,198             | 351,858   | 565,056 |
| <b>NET BOOK VALUE</b>              |                     |   |         |
| At 31 March 2021                   | 203,382             | 204,040   | 407,422 |
| At 31 March 2020                   | 224,066             | 133,947   | 358,013 |

**12. INTANGIBLE FIXED ASSETS**

|                                    | Software | Total   |
|------------------------------------|----------|---------|
|                                    | £        | £       |
| <b>COST</b>                        |          |         |
| At 1 April 2020                    | 522,927  | 522,927 |
| Additions                          | 6,250    | 6,250   |
| At 31 March 2021                   | 529,177  | 529,177 |
| <b>DEPRECIATION AND IMPAIRMENT</b> |          |         |
| At 1 April 2020                    | 426,950  | 426,950 |
| Charge for year                    | 38,591   | 38,591  |
| At 31 March 2021                   | 465,541  | 465,541 |
| <b>NET BOOK VALUE</b>              |          |         |
| At 31 March 2021                   | 63,636   | 63,636  |
| At 31 March 2020                   | 95,977   | 95,977  |



**13. LENDING**

|                              | 2021                     | 2020                     |
|------------------------------|--------------------------|--------------------------|
|                              | £                        | £                        |
| Personal Loans               | 1,021,545                | 1,161,249                |
| Housing Loans                | 10,101,493               | 10,040,885               |
| Commercial Loans             | 5,392,230                | 5,296,118                |
| Overdrafts                   | 351,084                  | 498,604                  |
|                              | <u>16,866,352</u>        | <u>16,996,856</u>        |
| Less: Undrawn Loan Balance   | <u>(609,914)</u>         | <u>(496,334)</u>         |
| Total Lending                | 16,256,438               | 16,500,522               |
| Less Provisions              | <u>(1,020,793)</u>       | <u>(555,597)</u>         |
| Total Net Realisable Lending | <u><u>15,235,645</u></u> | <u><u>15,944,925</u></u> |

**Lending Maturity Analysis**

|                                 |                   |                   |
|---------------------------------|-------------------|-------------------|
| Maturing in less than 1 year    | 972,431           | 2,213,203         |
| Maturing between 1 to 3 years   | 1,834,387         | 1,333,422         |
| Maturing between 3 to 7 years   | 3,798,504         | 3,329,897         |
| Maturing between 7 to 15 years  | 7,726,217         | 7,325,449         |
| Maturing between 15 to 20 years | 2,534,813         | 2,794,885         |
|                                 | <u>16,866,352</u> | <u>16,996,856</u> |

**14. INVESTMENTS**

|                                      | 2021                     | 2020                     |
|--------------------------------------|--------------------------|--------------------------|
|                                      | £                        | £                        |
| Crown Agents Sterling Bonds          | <u>60,989,648</u>        | <u>56,361,021</u>        |
|                                      | <u><u>60,989,648</u></u> | <u><u>56,361,021</u></u> |
| <b>Investments Maturity Analysis</b> |                          |                          |
| Maturing within 1 year               | 11,751,737               | -                        |
| Maturing within 2 years              | 21,752,345               | 8,803,694                |
| Maturing within 3+ years             | <u>27,485,566</u>        | <u>47,557,327</u>        |
|                                      | <u><u>60,989,648</u></u> | <u><u>56,361,021</u></u> |

At the year-end date the nominal value of these investments was £60,240,000 (2020: £55,240,000).

All investments may be cashed on demand.

**15. OTHER ASSETS**

|   | 2021             | 2020             |
|---|------------------|------------------|
|   | £                | £                |
| Accrued Interest Receivable                   | 1,295,713        | 1,197,725        |
| Debtors (Balance held with SHG)               | 1,950,131        | 1,381,111        |
| Prepayments                                   | 148,062          | 119,294          |
| Items in the course of collection from Lloyds | 7,579            | 16,340           |
| Stock   | 284,552          | 150,437          |
| Deferred Tax                                  | 266,019          | 151,025          |
|   | <u>3,952,056</u> | <u>3,015,932</u> |

**16. CASH BALANCES**

|                    | 2021             | 2020           |
|--------------------|------------------|----------------|
|                    | £                | £              |
| St Helena Currency | 445,761          | 577,667        |
| Other Currencies   | 610,738          | 306,524        |
|                    | <u>1,056,499</u> | <u>884,191</u> |

**17. BANK BALANCES**

|                           | 2021             | 2020             |
|---------------------------|------------------|------------------|
|                           | £                | £                |
| Crown Agents: Cash & Call | 2,558,879        | 4,247,442        |
| Lloyds: Currency Accounts | 27,210           | 38,933           |
| Lloyds: GBP Account       | 1,286,822        | 535,774          |
|                           | <u>3,872,911</u> | <u>4,822,149</u> |

**18. CUSTOMER CURRENT & DEPOSIT ACCOUNTS**

|                                      | 2021              | 2020              |
|--------------------------------------|-------------------|-------------------|
|                                      | £                 | £                 |
| Balance at 1 April                   | 74,208,253        | 73,221,306        |
| Interest On Depositors' Accounts     | 291,214           | 228,892           |
| Less SHG Withholding Tax             | (16,979)          | (12,238)          |
| Net deposits/withdrawals in the year | 3,773,682         | 770,293           |
| Balance at 31 March                  | <u>78,256,170</u> | <u>74,208,253</u> |
| <b>Comprising:</b>                   |                   |                   |
| St Helena Individuals                | 36,165,345        | 32,191,808        |
| Ascension Individuals                | 7,402,452         | 7,225,052         |
| St Helena Corporations               | 10,788,629        | 12,714,912        |
| Ascension Corporations               | 2,016,738         | 1,290,610         |
| Child Bond Savings Accounts          | 1,045,209         | 987,121           |
| New Life Account                     | 3,000,854         | 2,472,234         |
| Overseas Individuals                 | 6,095,236         | 5,456,584         |
| Overseas Corporations                | 335,662           | 409,553           |
| Other <sup>2</sup>                   | 11,406,045        | 11,460,379        |
|                                      | <u>78,256,170</u> | <u>74,208,253</u> |

**19. OTHER LIABILITIES**

|                                    | 2021           | 2020           |
|------------------------------------|----------------|----------------|
|                                    | £              | £              |
| Leave Pay Provision                | 43,282         | 48,501         |
| General Accruals                   | 33,062         | 19,966         |
| Tax Due                            | 102,361        | 56,340         |
| Accrued Bonus Payable              | 13,755         | 33,866         |
| Accrued Investment Management Fees | 24,000         | 24,357         |
| Audit Fees                         | 25,417         | 37,125         |
| Accrued Interest Payable           | 54,703         | 51,690         |
| SHG Withholding Tax                | 16,979         | 12,238         |
| Other liabilities                  | 100,702        | 113,935        |
|                                    | <u>414,261</u> | <u>398,018</u> |

<sup>2</sup> Other deposits consist of any other Organisations, Societies and Charities

**20. OTHER FINANCIAL COMMITMENTS**

The Bank has agreed, in principal, loans and overdrafts of which only a portion may have been drawn by the customer. The undrawn balance at 31 March represents a financial commitment of the Bank in the amount of:

|                      | <b>2021</b>    | <b>2020</b>    |
|----------------------|----------------|----------------|
|                      | <b>£</b>       | <b>£</b>       |
| Undrawn Loan Balance | 609,914        | 488,485        |
| Deferred Loans       | 5,018          | 9,049          |
| Undrawn Overdrafts   | 216,948        | 77,252         |
|                      | <u>831,880</u> | <u>574,786</u> |

**21. DEFERRED TAX**

|                             | <b>Bad &amp; Doubtful<br/>Debts</b> | <b>Leave Pay</b> | <b>Total</b>   |
|-----------------------------|-------------------------------------|------------------|----------------|
|                             | <b>£</b>                            | <b>£</b>         | <b>£</b>       |
| Balance at 1 April 2019     | 134,049                             | 12,901           | 146,950        |
| Movement in the year        | 4,849                               | (774)            | 4,075          |
| Balance as at 31 March 2020 | <u>138,898</u>                      | <u>12,127</u>    | <u>151,025</u> |
| Movement in the year        | 116,299                             | (1,305)          | 114,994        |
| Balance as at 31 March 2021 | <u>255,197</u>                      | <u>10,822</u>    | <u>266,019</u> |

**22. PROVISIONS**

|                             | <b>Bad &amp;<br/>Doubtful<br/>Debts</b> | <b>Leave Pay</b> | <b>Operational<br/>Losses</b> | <b>Total</b>     |
|-----------------------------|---|------------------|-------------------------------|------------------|
|                             | <b>£</b>                                | <b>£</b>         | <b>£</b>                      | <b>£</b>         |
| Balance at 1 April 2019     | 476,803                                 | 51,598           | 59,396                        | 587,797          |
| Movement in the year        | 78,794                                  | (3,097)          | (59,396)                      | 16,301           |
| Balance as at 31 March 2020 | <u>555,597</u>                          | <u>48,501</u>    | <u>-</u>                      | <u>604,098</u>   |
| Movement in the year        | 465,196                                 | (5,219)          | -                             | 459,977          |
| Balance as at 31 March 2021 | <u>1,020,793</u>                        | <u>43,282</u>    | <u>-</u>                      | <u>1,060,075</u> |

**23. SHARE CAPITAL**

|                       |          | 2021      | 2020      |
|-----------------------|----------|-----------|-----------|
|                       |          | £         | £         |
| Issued and fully paid |          |           |           |
| Number:               | Class:   |           |           |
| 3,219,285             | Ordinary | 3,219,285 | 3,219,285 |

Share capital in St Helena has no nominal value; the value above represents the value of the net assets transferred from the Government Savings Bank to Bank of St. Helena on 1 April 2004 and subsequently converted into Share Capital when Bank of St. Helena was incorporated on 30 March 2016.

Per the Articles of Incorporation, the company has Authorised share capital of 6,000,000 ordinary shares, all of which have the same voting rights.

**24. RESERVES**

| Retained Earnings                             | 2021      | 2020      |
|---|-----------|-----------|
|   | £         | £         |
| At 1 April                                    | 3,656,652 | 3,027,875 |
| Profit in year                                | 188,643   | 628,777   |
| Dividend paid in respect of prior year profit | (157,194) |           |
| At 31 March                                   | 3,688,101 | 3,656,652 |

As per Shareholder direction, a Dividend payment of 4.8829 pence per share for the year ended 31 March 2020 was made to St Helena Government during the year.

**25. LEASE COMMITMENTS**

The Bank's future minimum lease payments are as follows:

|                   | 2021  | 2020  |
|-------------------|-------|-------|
|                   | £     | £     |
| Within one year   | 1,560 | 4,348 |
| Two to five years | 3,015 | 60    |
|                   | 4,575 | 4,408 |

## 26. RELATED PARTY TRANSACTIONS

The Bank's shareholder, St Helena Government (SHG), holds current accounts with the Bank to make and receive payments, and to account for cash held by SHG on behalf of the Bank. At the year end the net balance of these accounts was £1,950,131 (2020: £1,381,111) being due to the Bank. No interest is payable or receivable on these accounts.

All Directors and Senior Management are considered key management personnel. Total remuneration paid to these individuals in the year was £293,728 (2020: £264,931).

Personal and housing loans may be granted to Senior Management at a rate of 2% above the base rate (currently 4%). Previously this was 0.5% above the base rate, of which some loans are still being repaid at this interest rate. Interest on staff overdrafts is charged at 4% above the base rate. Loans granted to Non-Executive Directors are done so based on normal market terms and conditions. At the year end the value of loans outstanding, overdrafts and advances due from Senior Management, and loans due from Non-Executive Directors was £319,115 (2020: £330,521).

## 27. Investment Amortisation

|                         | 2021           | 2020           |
|-------------------------|----------------|----------------|
|                         | £              | £              |
| Investment Amortisation | 492,573        | 442,567        |
|                         | <u>492,573</u> | <u>442,567</u> |

All investments which are bought at a premium price are amortised monthly, and this, being a real cost to the Bank has been included in the expenditure for the year.





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Established and regulated under the Financial Services Ordinance, 2008, the Financial Services Regulations, 2017 and the Company Ordinance, 2004