Companies House

REGISTERED NUMBER: 03470348

# THE LONDON MINT OFFICE LIMITED

# STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

# FINANCIAL STATEMENTS

# FOR THE YEAR ENDED 31 DECEMBER 2016

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# FOR THE YEAR ENDED 31 DECEMBER 2016

## COMPANY INFORMATION
## FOR THE YEAR ENDED 31 DECEMBER 2016

| | |
|---|---|
| **DIRECTORS:** | J Deeny<br>P C Mortensen<br>G Prosser |
| **SECRETARY:** | W K Corporate Services Ltd |
| **REGISTERED OFFICE:** | The London Mint Office Limited<br>1 Carew Street<br>London<br>SE5 9DF |
| **REGISTERED NUMBER:** | 03470348 |
| **AUDITOR:** | BDO LLP<br>55 Baker Street<br>London<br>W1U 7EU |
| **BANKERS:** | HSBC<br>54 Clarence Street<br>Kingston Upon Thames<br>Surrey<br>KT1 1NS |

The directors present their strategic report for the year ended 31 December 2016.

**Objectives and Strategy**

The London Mint Office Ltd is a wholly owned subsidiary of the Samlerhuset Group, a pan-European organisation specialising in the marketing and distribution of commemorative and historical coins and medals to collectors. The company was incorporated in the United Kingdom and the company registration number is 03470348.

New customers are obtained through direct response advertising and telemarketing and offered a variety of products, drawn from national and private mints throughout the world, mainly on a single sales basis by means of a variety of marketing channels and techniques. The company's objective is to create new coin collectors in the market not just service existing numismatists and to provide long-term customer value over many years and thereby establish the business as a market leading distributor of collectible coins.

With effect from January 2016, the business has acquired 100% of the shares in its longest serving business partner Claret Securities Limited. Claret provides telemarketing sales, logistics and customer care support services to the business. This acquisition has enabled the company to reduce its telemarketing, logistics and customer care costs significantly. As a result of the insourcing of these capabilities the business generated EBITDA of £0.9 million in 2016 compared to -£0.8 million in 2015 thus an increase of around £1.7 million in 2016 and expects to continue generating profits going forward. EBITDA in the context of the company's accounts is defined as being profit before tax, adjusted for interest, depreciation, amortisation, group costs and foreign exchange movements.

The business continues to strive to overcome the difficult macro-economic climate in the UK which has affected consumer confidence and spending on non-essentials; and to minimise the impact of fluctuations in precious metal prices - the majority of our sales being in silver and gold. The business is subject to further external influences, as new customer acquisition is chiefly driven by major national events - particularly relating to the monarchy and military anniversaries - although significant product development breakthroughs have been achieved in recent years to lessen reliance on such events to drive business growth.

The most critical issue in maximising profitability surrounds our customer relationships - encouraging coin collection, and minimising returns - by delivering high quality products and optimum customer service and providing a broad palette of attractive new product offerings at a range of price levels. Significant investment has been - and will continue to be - made in the standard of our customer service infrastructure and data profiling techniques together with maintaining strong relationships with all our key suppliers.

**Business performance and key performance indicators**

Our success in achieving our objectives is constantly measured according to a variety of key performance indicators - the most important being gross margin % (defined by the company as gross profit less marketing costs , divided by gross turnover net of bad debt costs"), returns rates % (customer returns as a percentage of gross sales which was 18.7% In 2016 against 20.7% in the year 2015), cost per new customer acquired (marketing spent divided by the new names/customers acquired), as well as traditional profit and loss and working capital measurements.

Results for the 2016 financial year reflect the impact of the acquisition of the company's longest serving business partner and growing customer confidence in the products of the company. This is reflected in the results as despite the fact that the turnover was slightly less from 2015, the Gross margin that was just under 15% in 2015 increased to over 39% in 2016. There has been a significant decrease in the Marketing spent by more than £3 million due to the effect of the acquisition. However, linking to acquisition, the personnel costs increased by just over £2 million though overheads were almost at the same level as in 2015. The year saw a lot of currency fluctuation due to change in the economic condition in the United Kingdom that resulted in unrealised foreign exchange loss of around £1.7 million and as a result the business made an operating loss of £1.6 million.

In the year 2017, the company aims to influx further capital to the value of approximately £7 million by issuing fully paid up equity shares that would be fully subscribed by the holding company. This will result in company's total Shareholder's equity to be over £1 million which on the date of financial statement is negative and just under £6 million.

**FINANCIAL INSTRUMENTS**
**Financial risk management**

The company's operations expose it to certain financial risks such as currency fluctuation, interest rate risk and credit risk. These risks are mitigated by the use of the Samlerhuset Group financing facility provided by the Group's bankers.

**Currency fluctuation**

As with borrowings, foreign exchange risk is managed at the Group level. However, in the year 2016 the company incurred a significant unrealised foreign exchange loss on the Group loan facility availed by the company. That was the result of poor performance of GBP against Euro post Brexit results. The company plans to reduce its Group facility borrowing significantly in the year 2017 by issuing further shares and mitigating further foreign exchange exposure on this loan facility by doing so (see note 22).

**Liquidity risk**

As the company is a wholly owned subsidiary it relies upon group support and has a share in a group financing facility.

The company has received confirmation of the ongoing support of its parent company for the foreseeable future.

**Credit risk**

The company manages credit risk through the implementation of credit limits to customers based upon credit scores for them provided by a third party.

The board is confident that the marketing investment in 2016 which has achieved significant growth in new customer acquisition, combined with the acquisition of Claret Securities Limited in January 2016, should continue to achieve profitable results in 2017 and future years.

**Interest rate risk**

Interest rate risk is controlled at the level of Samlerhuset Group through providing the financing facility on a Group basis. Facility interest costs are borne by the Samlerhuset Group.

**ON BEHALF OF THE BOARD:**

........................................................................

G Prosser - Director

Date: 19/09/17

# REPORT OF THE DIRECTORS
# FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

**PRINCIPAL ACTIVITY**
The London Mint Office Limited is a wholly owned subsidiary of the Samlerhuset Group, a pan-European organisation specialising in the marketing and distribution of commemorative and historical coins and medals to collectors.

**DIVIDENDS**
No dividends will be distributed for the year ended 31 December 2016.

**DIRECTORS**
The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

J Deeny
P C Mortensen

Other changes in directors holding office are as follows:

G Prosser - appointed 1 November 2016

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 Act 2006. 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 the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**SUBSEQUENT EVENTS**

After the year end, a decision was made by management of the company to recapitalise the business with additional equity from Samlerhuset Group B.V., by route of the immediate parent, International Coins B.V. More detail is given in note 22.

**AUDITOR**

The auditor, BDO LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

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G Prosser - Director

Date: 19/09/17

We have audited the financial statements of The London Mint Office Limited for the year ended 31 December 2016 which comprise the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16of the Companies Act 2006. 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.

## Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

Nicholas Carter-Pegg (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
W1U 7EU

Date: 21/9/17

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## INCOME STATEMENT
## FOR THE YEAR ENDED 31 DECEMBER 2016

| | Notes | 2016 £ | 2016 £ | 2015 £ | 2015 £ |
|---|---|---|---|---|---|
| **TURNOVER** | | | **17,702,148** | | 18,479,976 |
| Cost of sales | | | **8,957,680** | | 10,733,024 |
| **GROSS PROFIT** | | | **8,744,468** | | 7,746,952 |
| Distribution costs | | **1,243,492** | | 4,350,872 | |
| Administrative expenses | | **9,062,091** | | 4,027,793 | |
| | | | **10,305,583** | | 8,378,665 |
| **OPERATING LOSS** | 5 | | **(1,561,115)** | | (631,713) |
| Interest payable and similar expenses | 6 | | **59,725** | | 11,553 |
| **LOSS BEFORE TAXATION** | | | **(1,620,840)** | | (643,266) |
| Tax on loss | 7 | | - | | - |
| **LOSS FOR THE FINANCIAL YEAR** | | | **(1,620,840)** | | (643,266) |

All amounts relate to continuing activities

There was no other comprehensive income in the year

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

| | Notes | 2016 £ | 2015 £ |
|---|---|---|---|
| **LOSS FOR THE YEAR** | | **(1,620,840)** | (643,266) |
| **OTHER COMPREHENSIVE INCOME** | | **-** | - |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **(1,620,840)** | (643,266) |

# BALANCE SHEET
## 31 DECEMBER 2016

| | Notes | 2016 £ | 2016 £ | 2015 £ | 2015 £ |
|---|---|---|---|---|---|
| **FIXED ASSETS** | | | | | |
| Intangible assets | 8 | | 2,702,070 | | - |
| Tangible assets | 9 | | 14,658 | | 41,956 |
| Investments | 10 | | 200 | | 200 |
| | | | 2,716,928 | | 42,156 |
| **CURRENT ASSETS** | | | | | |
| Stocks | 11 | 1,951,252 | | 1,388,598 | |
| Debtors | 12 | 6,304,757 | | 6,081,387 | |
| Cash at bank | | 564,784 | | 412,632 | |
| | | 8,820,793 | | 7,882,617 | |
| **CREDITORS** | | | | | |
| Amounts falling due within one year | 13 | 16,019,377 | | 12,267,589 | |
| **NET CURRENT LIABILITIES** | | | (7,198,584) | | (4,384,972) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | (4,481,656) | | (4,342,816) |
| **CREDITORS** | | | | | |
| Amounts falling due after more than one year | 14 | | (1,482,000) | | - |
| **NET LIABILITIES** | | | (5,963,656) | | (4,342,816) |
| **CAPITAL AND RESERVES** | | | | | |
| Called up share capital | 17 | | 11,483,993 | | 11,483,993 |
| Retained earnings | | | (17,447,649) | | (15,826,809) |
| **SHAREHOLDERS' FUNDS** | | | (5,963,656) | | (4,342,816) |

The financial statements were approved by the Board of Directors on 19/09/17 and were signed on its behalf by:

G Prosser - Director

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2016

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|---|---|---|---|
| **Balance at 1 January 2015** | 11,483,993 | (15,183,543) | (3,699,550) |
| **Changes in equity** | | | |
| Total comprehensive income | - | (643,266) | (643,266) |
| **Balance at 31 December 2015** | 11,483,993 | (15,826,809) | (4,342,816) |
| **Changes in equity** | | | |
| Total comprehensive income | - | (1,620,840) | (1,620,840) |
| **Balance at 31 December 2016** | 11,483,993 | (17,447,649) | (5,963,656) |

## 1. ACCOUNTING POLICIES

**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 UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

In preparing these financial statements, advantage has been taken of the following disclosure exemptions available under FRS 102 because equivalent disclosures are made in the consolidated financial statements of Proof Holding AS (see related party exemption policy below):

- No cash flow statement has been prepared as per FRS 102 paragraph 1.12 (b)
- Certain disclosures required about financial instruments have not been prepared as per FRS 102 paragraph 1.12 (c)

The financial statements are presented in sterling (£) which is also the functional currency for the company.

**Going concern**
The financial statements have been prepared on the going concern basis, despite the net current liabilities of £7,198,584 and net liabilities of £5,963,656, which the directors believe to be appropriate for the following reason. The company is reliant for its working capital on funds provided by Samlerhuset Group B.V. that has provided the company with an undertaking that it will, for at least 12 months from the date of approval of these financial statements, continue to make available such funds as are needed by the company. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe it will not do so.

In preparing these financial statements, the directors have given consideration to the above and on this basis they believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the going concern basis of preparation not being appropriate.

**Related party exemption**
The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries with the group.

Consolidated financial statements, within which this company is included, are available from Proof Holding AS, at the address Rosenholm Campus, Rosenholmveien 25, 1414 Trollasen, Kolbotn, Norway.

**Turnover**
Turnover representing net invoiced sales of goods, excluding value added tax is recognised on the despatch of goods to customers. All turnover arose wholly in the United Kingdom.

**Intangible fixed assets**
Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

All charges for amortisation are included in the income statement under administrative expense.

Amortisation is charged to write off the cost of the intangible assets less their residual values over their estimated useful lives on a straight line basis. The intangible assets are written off over the following useful economic lives:

| | |
|---|---|
| Business names and trademarks | - 5 years |
| Goodwill | -10 years |
| Computer Software | -3 – 4 years |

If there are indicators of a significant movement in the useful life or residual value of the asset, amortisation is revised prospectively to reflect this.

1. **ACCOUNTING POLICIES - continued**

**Tangible fixed assets**
Plant and Equipment is measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation has been computed to write off the cost of the plant and equipment over their useful expected lives using the following rates:

| | |
|---|---|
| Fixtures and fittings | - 25% on cost |
| Computer equipment | - 25% - 33% on cost |

At each reporting date, plant and equipment is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Income Statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment is recognised immediately in the Income Statement.

During the year expenditure on Coin Dies was recorded in the Income Statement as incurred.

**Stocks**
Stocks have been valued at the lower of cost and the estimated selling price less costs to sell, after making allowance for obsolete and slow moving items.

**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 tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against future taxable profits or against the reversal of deferred tax liabilities.

Deferred tax relating to a non-depreciable asset that is measured using the revaluation model, or to investment properties measured at fair value, is measured using the tax rates and allowances that apply to the sale of the asset.

Deferred tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date that are exacted to apply to the reversal of the timing difference.

**Trade and other receivables**
Trade and other receivables are measured at transaction price less any impairment unless the arrangement constitutes a financing transaction in which case the transaction is measured at the present value of the future receipts discounted at the prevailing market rate of interest . Loans are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method less any impairment.

**Trade and other payables**
Trade and other payables are measured at their transaction price unless the arrangement constitutes a financing transaction in which case the transaction is measured at present value of future payments discounted at prevailing market rate of interest. Other financial liabilities are initially measured at fair value net of their transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**Foreign currencies**
Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Income Statement.

**Pension costs and other post-retirement benefits**
The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

1. **ACCOUNTING POLICIES - continued**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged to the Income Statement.

**Fixed asset investments**
Investments in subsidiary undertakings are stated at cost (less any impairments).

**Leasing commitments**
Rentals payable under operating leases are charged in the Income Statement on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

2. **Judgements and key sources of estimation uncertainty**
In preparing these financial statements, the directors have made the following judgements and estimates:

- Determined whether there are indicators of impairment of the group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

- Use of estimates and judgements

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Write down of inventories: the inventory provision is based on the estimated proceeds to be received from stock items on a line by line basis. Significant estimation uncertainty arises in the determination of whether the cost at which those inventories are held exceeds the net realisable value of that stock and then what net realisable value is likely to be. This provision as at the year-end was £756,277 (2015: £374,681).

- Impairment of trade receivables: trade debtors' provision is based on the ageing and past history of the recoverability of the Debtors. Significant uncertainties that are taken into account in determining this and open to material uncertainty are variances of actuals against the historic profile applied to the debtors and whether the debts are potentially recoverable through other channels. The provision against these trade debtors as at the end of the year was estimated at £716,143 (2015: £829,988)

- Sales returns provision: the sales return provision is based on actuals in the first month of the following year as per the company policy and not highly susceptible to material variances given the use of actual data post-year end. The returns provision of £462,473 (2015: £514,100) at year end was calculated using this methodology.

- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3. **EMPLOYEES AND DIRECTORS**

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Wages and salaries | **3,052,675** | 1,153,168 |
| Social security costs | **300,859** | 128,494 |
| Other pension costs | **86,448** | 55,313 |
| | **3,439,982** | 1,336,975 |

4. **EMPLOYEES AND DIRECTORS - continued**

The average monthly number of employees during the year was as follows:

| | 2016 | 2015 |
|---|---|---|
| Sales | 32 | 10 |
| Back Office /Administration | 67 | 10 |
| | 99 | 20 |

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Directors' remuneration | 261,326 | 251,907 |
| Directors' pension contributions to money purchase schemes | 18,875 | 18,625 |

The number of directors to whom retirement benefits were accruing was as follows:

| | | |
|---|---|---|
| Money purchase schemes | 2 | 1 |

Information regarding the highest paid director is as follows:

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Emoluments etc | 235,738 | 251,907 |
| Pension contributions to money purchase schemes | 18,625 | 18,625 |

5. **OPERATING LOSS**

The operating loss is stated after charging/(crediting):

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Depreciation - owned assets | 25,342 | 24,742 |
| Goodwill amortisation | 292,717 | - |
| Computer software amortisation | 20,547 | - |
| Auditor's remuneration | 33,995 | 35,403 |
| Foreign exchange losses /(gains) | 1,737,209 | (607,036) |
| Operating Lease Cost- (Land and Buildings) | 181,880 | 157,089 |

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Bank interest | 59,725 | 11,553 |

7. **TAXATION**

**Analysis of the tax charge**
No liability to UK corporation tax arose for the year ended 31 December 2016 nor for the year ended 31 December 2015.

7. **TAXATION - continued**

**Reconciliation of total tax charge included in profit and loss**
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Loss before tax | **(1,620,840)** | (643,266) |
| Loss multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.250%) | **(324,168)** | (130,261) |
| Effects of: | | |
| Expenses not deductible for tax purposes | **67,548** | (989) |
| Capital allowances in excess of depreciation | **(11,240)** | (5,135) |
| Unutilised taxation losses carried forward | **267,860** | 136,385 |
| Total tax charge | **-** | - |

8. **INTANGIBLE FIXED ASSETS**

| | Goodwill | Business names and trade marks | Computer software | Totals |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **COST** | | | | |
| At 1 January 2016 | - | 74,611 | - | 74,611 |
| Additions | 2,927,170 | - | 49,997 | 2,977,167 |
| Reclassification/transfer | - | - | 896,999 | 896,999 |
| At 31 December 2016 | 2,927,170 | 74,611 | 946,996 | 3,948,777 |
| **AMORTISATION** | | | | |
| At 1 January 2016 | - | 74,611 | - | 74,611 |
| Amortisation for year | 292,717 | - | 20,547 | 313,264 |
| Reclassification/transfer | - | - | 858,832 | 858,832 |
| At 31 December 2016 | 292,717 | 74,611 | 879,379 | 1,246,707 |
| **NET BOOK VALUE** | | | | |
| At 31 December 2016 | 2,634,453 | - | 67,617 | 2,702,070 |
| At 31 December 2015 | - | - | - | - |

## 9. TANGIBLE FIXED ASSETS

| | Fixtures and fittings £ | Computer equipment £ | Totals £ |
|---|---|---|---|
| **COST** | | | |
| At 1 January 2016 | 4,709 | 1,217,011 | 1,221,720 |
| Additions | 214 | 13,743 | 13,957 |
| On Acquisition | 62,630 | 58,950 | 121,580 |
| Reclassification/transfer | - | (896,999) | (896,999) |
| At 31 December 2016 | 67,553 | 392,705 | 460,258 |
| **DEPRECIATION** | | | |
| At 1 January 2016 | 1,199 | 1,178,565 | 1,179,764 |
| Charge for year | 4,326 | 21,016 | 25,342 |
| On Acquisition | 59,503 | 39,823 | 99,326 |
| Reclassification/transfer | - | (858,832) | (858,832) |
| At 31 December 2016 | 65,028 | 380,572 | 445,600 |
| **NET BOOK VALUE** | | | |
| At 31 December 2016 | 2,525 | 12,133 | 14,658 |
| At 31 December 2015 | 3,510 | 38,446 | 41,956 |

## 10. FIXED ASSET INVESTMENTS

| | Shares in group undertakings £ |
|---|---|
| **COST** | |
| At 1 January 2016 and 31 December 2016 | 200 |
| **NET BOOK VALUE** | |
| At 31 December 2016 | 200 |
| At 31 December 2015 | 200 |

The company's investments at the Balance Sheet date in the share capital of companies include the following:

**The Crown collections Limited**
Registered office: The London Mint Office Limited, 1 Carew Street, London, United Kingdom, SE5 9DF
Nature of business: Dormant

| Class of shares: | % holding |
|---|---|
| Ordinary | 100.00 |

**London Mint Limited**
Registered office: The London Mint Office Limited, 1 Carew Street, London, United Kingdom, SE5 9DF
Nature of business: Dormant

| Class of shares: | % holding |
|---|---|
| Ordinary | 100.00 |

**Claret Securities Limited**
Registered office: Claret House, Gelliarael Road, Gilfach Goch, Porth, CF39 8SY
Nature of business: Dormant

| Class of shares: | % holding |
|---|---|
| Ordinary | 100.00 |

## 10. FIXED ASSET INVESTMENTS - continued

**Claret Marketing Limited**
Registered office: Claret House, Gelliarael Road, Gilfach Goch, Porth, CF39 8SY
Nature of business: Dormant

| Class of shares: | % holding |
|---|---|
| Ordinary | 100.00 |

**Claret Logistics Limited**
Registered office: Claret House, Gelliarael Road, Gilfach Goch, Porth, CF39 8SY
Nature of business: Dormant

| Class of shares: | % holding |
|---|---|
| Ordinary | 100.00 |

## 11. STOCKS

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Finished goods | **1,951,252** | 1,388,598 |

Stock recognised in cost of sales during the year as an expense was £8,483,191 (2015: £9,769,521).

An impairment loss of £641,931 (2015: £869,253) was recognised in administrative expenses due to slow moving and obsolete stock.

## 12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Trade debtors | **4,357,886** | 4,107,542 |
| Amounts owed by group undertakings | **1,755,393** | 1,228,814 |
| Prepayments | **61,393** | 332,782 |
| Other Debtor | **130,085** | 412,249 |
| | **6,304,757** | 6,081,387 |

An impairment loss of £1,035,901 (2015: £734,715) was recognised against trade debtors.

## 13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Bank loans and overdrafts (see note 15) | **8,409,652** | 6,369,385 |
| Trade creditors | **1,634,775** | 1,762,042 |
| Amounts owed to group undertakings | **4,572,394** | 3,504,259 |
| Social security and other taxes | **78,395** | 48,211 |
| Other creditors | **747,993** | - |
| Accruals and deferred income | **576,168** | 583,692 |
| | **16,019,377** | 12,267,589 |

## 14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Other creditors | **1,482,000** | - |

## 15. LOANS

An analysis of the maturity of loans is given below:

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Amounts falling due within one year or on demand: | | |
| Bank loans | **8,409,652** | 6,369,385 |

The overdraft with the bank is secured by way of offset against the group balances held by the bank. The company has a share of a group financing facility dated 17 October 2012. The total group facility amounts to €5.5million, consisting of a €4.0million overdraft facility and a €1.5million guarantee facility.

**Financial Instruments**

The company's operations expose it to certain financial risks such as currency fluctuation, interest rate risk and credit risk. These risks mitigated by the use of the Group financing facility provided by the Group bankers.

## 16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Within one year | **19,620** | 150,777 |
| Between one and five years | **24,902** | - |
| | **44,522** | 150,777 |

## 17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 2016 | 2015 |
|---|---|---|---|---|
| | | | £ | £ |
| 1,000 | Ordinary shares | 1 | **1,000** | 1,000 |
| 11,482,993 | Preference shares | 1 | **11,482,993** | 11,482,993 |
| | | | **11,483,993** | 11,483,993 |

Called up share capital - this represents the nominal value of shares that have been issued. The preference shares rank paripassu with the ordinary shares, both classes have attached to them full voting rights.

## 18. ULTIMATE PARENT COMPANY

The immediate parent company is International Coins BV, a company registered in The Netherlands. The ultimate parent company is Proof Holdings AS, a company incorporated in Norway.

In the opinion of the Directors there is no ultimate controlling party.

## 19. RELATED PARTY DISCLOSURES

**Key Management Personnel Compensation**

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Total remuneration in respect of those individuals is £710,486 (2015: £588,656).

## 20. DEFERRED TAXATION

The company had an unrecognised deferred taxation asset of £2,841,002 (2015: £3,112,926). This relates to the net tax effect of losses available and timing differences on capital allowances and has not been recognised due to uncertainty over the timing of future profits.

## 21. Business Combinations

*Acquisition of Claret Securities Limited*

On 2 March 2016 the company acquired 100% of the ordinary share capital of Claret Securities Limited for £5,178,821 in cash, split between consideration payable upon completion and deferred consideration to be settled in future years. The acquisition also indirectly led to the acquisition of Claret Securities Limited's 100% subsidiaries, Claret Logistics Limited and Claret Marketing Limited (see note 10).

In calculating the goodwill arising on acquisition, the fair value of net assets of £2,413,703 has been assessed and no material adjustments from book value were necessary to reflect the fair value of these assets at the acquisition date.

| | **Book and fair value** |
|---|---|
| | **£** |
| **Fixed assets** | |
| Tangible fixed assets | 216,896 |
| **Total fixed assets** | **216,896** |
| **Current assets** | |
| Debtors due within one year | 1,878,871 |
| Cash at bank and in hand | 1,101,496 |
| **Total current assets** | **2,980,367** |
| **Total assets** | **3,197,623** |
| **Current liabilities** | |
| Creditors due within one year | **783,560** |
| **Net assets** | **2,413,703** |
| **Goodwill (see note 8)** | **2,927,170** |
| **Total consideration (including directly attributable expenses of £162,052)** | **5,340,873** |

21. **Business Combinations** (continued)

| | |
|---|---|
| Purchase consideration settled in cash, as above | 2,955,821 |
| Deferred consideration payable within one year (included within "other creditors") | 741,000 |
| Deferred consideration payable in more than a year (included within "other creditors") | 1,482,000 |
| **Cash outflow on acquisition** | **5,178,821** |

The useful economic life of goodwill has been estimated to be 10 years, based on the estimated cash flows that will be derived from the use of the business going forward.

Immediately following the date of acquisition, the trade and assets of Claret Securities Limited and its subsidiaries were hived up into the London Mint Office Limited.

As a result of this hive up, the post-acquisition turnover and result for the year are no longer separately identifiable from the other components of the London Mint Office Limited and therefore no disclosure is made of these figures here.

22. **Subsequent events**

On the 7th September 2017, management made the decision to recapitalise the business with additional equity from Samlerhuset Group B.V., by route of the immediate parent, International Coins B.V. The current financial impact is an injection of additional equity of €8m into the business through issue of redeemable ordinary share capital. In turn, promissory notes were issued that relieved the loans to an equivalent value of €8m (approximately £7,314,240 at the 7th September 2017 exchange rate) that are payable to Samlerhuset Group B.V. (see note 13). This has reduced the company's current reliance on Samlerhuset Group B.V. for making continued business funding available to the company.

## THE LONDON MINT OFFICE LIMITED

## TRADING AND PROFIT AND LOSS ACCOUNT
## FOR THE YEAR ENDED 31 DECEMBER 2016

| | 2016 £ | 2016 £ | 2015 £ | 2015 £ |
|---|---|---|---|---|
| **Sales** | | **17,702,148** | | 18,479,976 |
| **Cost of sales** | | | | |
| Opening finished goods | **1,388,598** | | 996,445 | |
| Purchases | **9,116,789** | | 9,769,521 | |
| Printing and postage | **403,545** | | 527,782 | |
| Logistic services | **-** | | 827,874 | |
| | **10,908,932** | | 12,121,622 | |
| Closing finished goods | **(1,951,252)** | | (1,388,598) | |
| | | **8,957,680** | | 10,733,024 |
| **GROSS PROFIT** | | **8,744,468** | | 7,746,952 |
| **Expenditure** | | | | |
| Marketing | **1,243,492** | | 4,350,872 | |
| Insurance | **21,085** | | 16,039 | |
| Rent and rates | **181,880** | | 157,089 | |
| Directors' salaries | **257,809** | | 251,907 | |
| Directors' pension contributions | **18,875** | | 18,625 | |
| Wages | **2,794,866** | | 901,261 | |
| Social security | **300,859** | | 128,494 | |
| Pensions | **67,573** | | 36,688 | |
| Printing, postage & stationery | **88,126** | | 33,634 | |
| Telephone | **198,544** | | 77,965 | |
| Travelling | **204,863** | | 117,491 | |
| Bad debts | **1,035,901** | | 743,714 | |
| Utilities and building costs | **33,033** | | (30,278) | |
| Management charges | **1,072,893** | | 1,070,700 | |
| Computer costs | **6,247** | | 19,978 | |
| Sundry expenses | **519,961** | | 838,150 | |
| Legal & professional fees | **50,795** | | 67,016 | |
| Auditor's remuneration | **26,230** | | 35,403 | |
| Exchange differences | **1,737,209** | | (607,036) | |
| Amortisation of intangible fixed assets | **313,264** | | - | |
| Depreciation of tangible fixed assets | **25,342** | | 24,740 | |
| | | **10,198,847** | | 8,252,452 |
| | | **(1,454,379)** | | (505,500) |
| **Finance costs** | | | | |
| Bank charges | **106,736** | | 126,213 | |
| Bank interest | **59,725** | | 11,553 | |
| | | **166,461** | | 137,766 |
| **NET LOSS** | | **(1,620,840)** | | (643,266) |

This page does not form part of the statutory financial statements