THE ROYAL MINT LIMITED

CONSOLIDATED ANNUAL REPORT FOR THE YEAR ENDED 31 MARTH 2020

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Company registration number: 6964873

Annual Report 2019-20

The Royal Mint Limited

Directors

Graham Love*
Chairman

Anne Jessopp
Chief Executive

Nicola Howell
Chief Commercial Officer

Andrew Mills
Director of Currency

Martin McDade
Director of Finance

David Morgan*

Xenia Carr-Griffiths*

Cheryl Toner*

Michael Clayforth-Carr*

William Spencer*

Jamie Carter*
Representative of the Royal Mint Trading Fund and HM Treasury as shareholder

*Non-Executive Directors

Executive Management Team

Anne Jessopp
Chief Executive

Andrew Mills
Director of Currency

Nicola Howell
Chief Commercial Officer

Leighton John
Director of Operations

Martin McDade
Director of Finance

Sarah Bradley
Director of HR and SHE

Jonathan McGregor
Chief Marketing Officer

Company Secretary
Christopher Inson

Independent auditors
PricewaterhouseCoopers LLP

Internal auditor
KPMG LLP

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Registered office: The Royal Mint Limited, Llantrisant CF72 8YT
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Website: royalmint.com

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Chairman's Statement

The way we live, work and spend changed dramatically in 2020. The impact of coronavirus fell at the end of the financial year, and saw a significant swing towards digital payments in the UK.

Although it's unclear what the long-term impact will be, we know that a sudden shift to a digital economy can create societal issues. The 'Access to Cash' report reveals that eight million people in the UK consider cash a necessity, and face financial isolation if this payment option is removed. We believe that people should have the *choice* to use cash, and we will continue to work with HM Treasury and the financial sector to ensure this.

As digital payments increase in the UK, we see a decline in demand for new coin – however this is not the same as the 'death of cash'. When people opt for different payment options, currency stays in circulation for longer, and reduces the need to mint new coins. In light of this, The Royal Mint has been reducing its reliance on UK coin production for several years, and we are now firmly delivering our strategy of reinvention.

In February we were involved with launching our first listed product – a gold backed Exchange Traded Commodity (ETC) – on the UK stock exchange. The Royal Mint Physical Gold ETC Securities (RMAU) offers investors a new way to gain exposure to gold and has become one of the fastest growing gold-backed ETCs in Europe.

We delivered strong international growth across all key divisions; increasing our share of the precious metals market and achieving record overseas orders for currency. Our Collector Services division sourced and sold Britain's first £1 million coin, and our 'Brexit' commemorative range achieved record single day sales. As a result, our revenue for 2019-20 has grown by 35% to £568 million, and we narrowed our loss before tax to £(0.2) million – evidence that our strategy of diversification is working.

As lockdown peaked in spring 2020, we continued to operate safely; selling our full commemorative range online, fulfilling international currency orders, and attracting over 11,000 new customers looking to invest in precious metals. Keen to contribute to the fight against coronavirus, we transformed our visitor attraction – The Royal Mint Experience - into an emergency production line to produce 1.9 million visors to help protect NHS workers.

Like our spending habits, The Royal Mint is evolving. This year we will unveil our new branding and cement our position as a premium British brand, we will continue to grow in the precious metals market, engage new generations of coin collector, and continue to be there for our employees, and our customers. As we have done for 1,100 years.

Graham Love
Chairman

Chief Executive's Report

The Royal Mint delivered another year of strong performance, overcoming wider socio-economic challenges and the impact of coronavirus, to exceed our budget. We are now starting to see the positive impact of our strategy of reinvention and laying the foundations for our future.

We have focused relentlessly on the customer; honing our proposition and experience as a premium British brand. Our Precious Metals division came into prominence; involved with launching our first financially listed product and increasing market share in the UK and overseas. Our traditional businesses performed well internationally; with record overseas orders for our Currency division, and a growth in our share of the precious metals market. The introduction of a new 'Music Legends' commemorative coin series helped deliver a 45% increase in overseas customers for our consumer division.

However, this is set against the backdrop of narrow margins in Precious Metals, a softening market for commemorative coin as general cash use declines, and the need for continued investment in new business areas. We learnt valuable lessons from a jewellery pilot, and continue to enhance our gifting range. Our reinvention strategy forecasts a reduction in profitability in the short term, while we focus on broadening our customer base, and establishing new business ventures.

Summary of the year

Whilst overall revenue increased compared to the prior year at £568.5 million, our Company operating profit reduced to £1.3 million[1] (versus £2.7 million in 2018/19), and our Group consolidated operating profit fell to £0.5 million[1] (versus £1.9 million in 2018/19). These declines were anticipated but represented an improvement against budget. We have been supported by the Board to significantly invest in new business, branding and talent to deliver our reinvention strategy, and this has driven reduced profitability in the short term.

As we focus on reinvention, we know that building a brand with purpose and relevance is key; and this has been a major focus over the last financial year. Although The Royal Mint is a much-trusted household name, many people still associate us with the coins in their pockets. Over the last 12 months we spoke to thousands of new and existing customers to find out what they want from and value about The Royal Mint. It revealed that when people learn about the heritage and authenticity of our brand it makes them highly likely to purchase. To address this, a significant rebrand project has been carried out to identify our unique brand proposition – setting us apart from competitors and raising awareness of our full product range. It will launch in autumn 2020 to engage more customers keen to invest, collect and celebrate with The Royal Mint.

Our Currency division returned to profitability at an operating level and grew its revenue contribution to £134.0 million - testament to our strategy of focusing on technically advanced coins for overseas markets. A key priority going forward is to work with Central Banks and international Treasury departments to convert low denomination banknotes into coins, and during the financial year we secured two such contracts. An investment of £8.4 million in a new brass plating line underpins our commitment to the division, and continuing to be a major employer in South Wales.

Our Consumer business continued to deliver solid results with a contribution to operating profit of £13.6 million[1]. The highlight of the year was a series of coins to mark the UK's departure from the European Union. Widespread publicity ahead of the launch ensured the coin series was highly coveted in the UK and overseas. It led to record sales in a single day, attracting over 20,000 new customers to the business.

Our exclusive 'Mint Marque' programme was relaunched to provide enhanced service, and tiered benefits for our most loyal customers. We also embarked on a range of premium, bespoke items for the luxury sector –

[1] before exceptional items and IFRS 9 adjustments

which included a 5kg gold recreation of 'Una and the Lion' and a 7kg gold coin to commemorate the James Bond movies.

The Precious Metals division celebrated its fifth anniversary, and has grown to become the primary producer of gold coins in the UK. Both revenue and contribution increased as we cemented our position as the home of gold, and pursued a new wealth management strategy through the launch of our gold backed electronically traded commodity (RMAU).

Our emerging Collector Services business, which is included within the Consumer division, attracted global attention with the sale of Britain's first £1 million coin; helping to establish the business as the 'go to' place for historic coins and valuations. A relentless focus on service and helping customers build a "collection with purpose" helped deliver a contribution to operating profit of £1.6 million, which was a 60% increase from prior year.

Now in its fourth year, the Royal Mint Experience increased its footfall, and staged its first 24 hour opening to coincide with the launch of the 'Brexit' coin. The impact of coronavirus led to the temporary closure of the attraction in March 2020, and it was quickly transformed into an emergency production line to help produce 1.9 million medical visors for the NHS.

We continued to play a crucial role in the community, and we were delighted to partner with Llantrisant based charity 2 Wish Upon a Star to raise over £64,000 in the last 2 years in support of bereaved families. We pride ourselves on working with smaller, local charities that resonate with our employees and are delighted to partner with Bobath in the next financial year, to support children with cerebral palsy.

Looking ahead to 2020 -21

This year began in a way none of us could have expected. With over 800 employees at The Royal Mint our first priority was to safeguard them, and then to protect the long term future of our business. Our strong position entering the pandemic meant all employees continued to receive their full pay, without resorting to the government's job retention scheme.

I never cease to be amazed by the passion and dedication of The Royal Mint, and within a few months what we have achieved under difficult circumstances is truly remarkable. Not only did we keep our business safely operating, but we launched education resources for parents, and designed and made 1.9 million medical visors for the NHS.

Many people associate The Royal Mint with the coins in their pockets, but we've been making useful products for the nation for 1,100 years and have a team of skilled designers, engineers and production staff. Keen to play our part in the fight against coronavirus, this talented team developed a prototype medical visor in just one day. After passing initial checks, The Royal Mint medical visors became the first emergency PPE to secure approval under the new government scheme.

Our procurement team worked with a supply chain of over 800 businesses across the UK and internationally to ensure we could continue to operate, and to source the raw materials needed for own products and the manufacture of medical visors. The demand for precious metal investment has been at its highest level in the UK for several years as customers look for safe haven assets, and thanks to our procurement we have been able to continue to supply gold bars and coins – achieving record sales.

We are yet to understand the full economic and social impact of coronavirus on the UK or our business, but I firmly believe that the measures we have put in place to protect employees, and our strategy of reinvention will ensure we continue to succeed.

Anne Jessopp
Chief Executive

Strategic report

Activities and structure
Her Majesty's Treasury ('HM Treasury') owns 100% of the shares of The Royal Mint Limited through an Executive Agency, the Royal Mint Trading Fund. The Royal Mint Limited owns 100% of RM Assets Limited, RM Experience Limited and RM Wynt Limited and has a 23.4% interest in Sovereign Rarities Limited. The Annual Report and financial statements are therefore presented as the consolidated group of The Royal Mint Limited. Throughout the report The Royal Mint refers to the individual company activities of The Royal Mint Limited and The Royal Mint Group refers to the combined results and activities of The Royal Mint Limited and its subsidiary companies and share of its associate company.

The manufacture, marketing and distribution activities of The Royal Mint Limited are based at one site in Llantrisant, South Wales.

Financial performance
The Royal Mint Group generated *an operating profit before exceptional items and* IFRS 9 *adjustments* of £0.5 million (2018–19: £1.9 million). The Group ROACE (Return on Average Capital Employed) was 3.1% for the period ended 31 March 2020 and is measured on a three-year, rolling average basis (2019: 8.1%).

After accounting for exceptional items, IFRS 9 adjustments, financing costs and share of associates profit the Group generated a loss before tax of £(0.2)million (2018-19: loss of £(3.7)million).

The Royal Mint Limited Company
The Royal Mint Limited continues to have three main channels of business: Currency, Consumer and Precious Metals. In addition, The Royal Mint has smaller businesses which are expected to grow in the future including Gifting, Collector Services, The Royal Mint Experience ('RME') and our newly launched gold backed Exchange Traded Commodity (ETC). Whilst being established as businesses, Collector Services and the RME are included in the Consumer results and the ETC business is included within Precious Metals.

Overall revenue increased to £568.5 million (2018–19: £421.6 million). This was predominately driven by a significant increase in the revenue generated by our Precious Metals division.

Operating profit before accounting for the impact of IFRS 9-related items and exceptional items decreased to £1.3 million (2018–19: £2.7 million). The performance of the individual businesses is discussed in more detail on the following pages.

Capital expenditure of £8.0 million (2018–19: £4.5million) reflected our continued investment in the future, mainly across the following areas:

- The development of a new brass plating line set to open in 2021; and
- Develop and launch the new website for Precious Metals business.

RM Experience Limited
RM Experience Limited ('RME') was formed as a wholly owned subsidiary of The Royal Mint Limited during 2017 to operate The Royal Mint Experience visitor attraction which was previously outsourced to an external party. RME made a small profit in the year to 31 March 2020. This profit represents an operator charge to The Royal Mint Limited and is eliminated on consolidation.

RM Wynt Limited
RM Wynt Limited is a wholly owned subsidiary which owns the group's wind turbine which has been providing energy to The Royal Mint since September 2018. RM Wynt made a small operating loss in the year to 31

March 2020, but an improvement on prior year on a like-for-like basis. Income and charges from The Royal Mint Limited are eliminated upon consolidation. As a responsible business, we are investigating additional sustainable energy options for the future.

Sovereign Rarities Limited
The Royal Mint has a 23.4% share in Sovereign Rarities Limited, a historic coin dealership based in London, in order to grow its historic coin business. During the year, Sovereign Rarities made a profit of £1.0 million of which The Royal Mint has included a 23.4% share in its Income Statement.

RM Assets Limited
RM Assets Limited has not traded during the year ended 31 March 2020 but has incurred legacy costs of £(0.7)million (2018-19: £(0.8)million) which are included in the consolidated results.

Consolidated financial position
Net assets decreased by £5.0 million to £51.1 million. The decrease in net assets has resulted from the payment of a £4 million dividend relating to 2018–19 performance; generating a loss after tax of £1.4 million; a loss in the hedging reserve of 1.2 million; partially offset by a reduction in the pension deficit (net of tax) of £1.6 million.

The Royal Mint Group financial results summary

	2019–20 £m	2018–19 £m
Revenue		
Currency		
UK	24.2	28.6
Overseas	109.8	76.7
Total Currency	134.0	105.3
Consumer	76.6	71.3
Precious Metals	356.9	244.3
Other	1.0	0.7
Total	568.5	421.6
Operating profit/(loss)		
Currency	3.4	(0.7)
Consumer	13.6	16.5
Precious Metals	3.9	3.7
New Businesses	(1.0)	(0.1)
Central overheads	(18.6)	(16.7)
Total Royal Mint Limited	1.3	2.7
RM Wynt Limited	(0.1)	-
RM Assets Limited	(0.7)	(0.8)
RM Experience Limited	0.1	-
Operating profit before IFRS 9-related adjustments and exceptional items	0.6	1.9
IFRS 9 related adjustments (note 5)	0.8	(2.4)
Exceptional items (note 5)	(0.3)	(2.2)
Operating profit / (loss)	1.1	(2.7)
Sovereign Rarities Limited	0.2	0.1
Net finance cost	(1.5)	(1.1)
Loss before tax	(0.2)	(3.7)

Currency

Our Currency division sits at the heart of The Royal Mint as the most established area of our business. Over the last financial year, we grew our revenue and returned to profitability at an operating level (before exceptional items and IFRS 9 adjustments). We supplied 3.4 billion coins and blanks to 25 countries around the world, made 400 million coins for the UK, and provided coin reclamation and forecasting services.

We continue to focus on our strategy of designing and producing the world's most intrinsically secure coins, specialising in bi-metallic manufacturing. This approach has ensured we offset a declining domestic market with strong international demand and both maintained a full order book and achieved record overseas sales.

Principal activities:

— the manufacture of UK circulating coins under a contract with HM Treasury; and
— the manufacture and supply of circulating coins and blanks for overseas governments, central banks, issuing authorities and mints.

Objectives and strategies

One of the primary responsibilities of The Royal Mint is the provision and maintenance of UK coinage. The Royal Mint, in conjunction with HM Treasury, is required to produce sufficient quantities of each denomination to meet public demand.

In addition to these responsibilities, the Currency strategic objectives are to:

— create a sustainable, profitable business in a rapidly changing market;
— successfully leverage our High Security Feature technology into the global market, helping us to challenge the coin/banknote boundary and increase the size of the high-value coin market;
— be the global voice and authority on coin security;
— develop our brand and reputation as the world's leading exporting mint;
— continue to innovate and develop unique and attractive products and services;
— increase operational flexibility and efficiency to be able to reduce customer lead times;
— increase operating efficiency to deliver on time in full; and
— continue to enhance The Royal Mint's competitive position through the development of market-led products and services.

Performance

Sales in Currency increased to £134.0 million (2018–19: £105.3 million) and the business delivered an adjusted operating profit of £3.4 million (2018–19: loss of £(0.7) million). Whilst UK sales continued to decline, we are pleased to report a significant increase in overseas sales following our hard work and focus on these opportunities.

Over the reporting year, The Royal Mint issued 588 million coins (2018–19: 632 million) to UK cash centres. Overseas deliveries of coins and blanks amounted to 3.0 billion pieces in 23 countries across all five continents (2018–19: 3.3 billion pieces in 31 countries).

Our Currency division has exceeded its targets for the second year in a row, attracting new customers and offering a full suite of services – from coin design and manufacturing to forecasting and reclamation. Operationally, we continue to drive down our cost per standard hour through efficiency gains and cost reductions, whilst our supply chain team worked with our suppliers to improve the value that they deliver to our business.

We completed clearance work at our Llantrisant site in preparation for the installation of a new £8.4million brass plating line. This state-of-the-art facility will allow us to produce 3,500t of brass product using direct plating technology beginning in early 2021.

During the year significant improvements have been made to our Rolling and Blanking facilities with the introduction of new vision systems that have further improved the accuracy and quality of our products.

Overseas

Overseas sales were at a record breaking level in the year with the coins and blanks produced stretching around the world twice if placed end to end. The quality of the overseas order book continued to improve year on year and within this exceptional performance we signed our largest ever contract with an overseas client. This achievement is also a reflection of the strong role that cash continues to play in many economies around the world.

One of our key strategies is to offer products and services at all points of the currency life cycle and to this end we have signed a global agreement with a metals reclamation company to provide an end of life recycling service for central banks and mints. This service includes circulation coins, blanks, precious metal coins and banknotes with the ability to provide equipment and personnel for in country destruction, adding additional security.

We continued to work with central banks to help ensure they have an efficient currency system that has the optimal number of coin and note denominations. During the year we assisted with the conversion of three low value banknotes to coins; helping achieve longer life spans for the currency and reduce counterfeiting. Of particular note was the introduction of the highly secure two Cedi coin in Ghana, which replaced the two Cedi banknote. This coin, with layered security features, contains three latent images for public recognition in addition to a central bank security feature. The two Cedi coin's security feature will be authenticated in the currency cycle at five central bank cash centres across Ghana.

UK

In the UK we made great progress with forecasting, achieving more than 90% accuracy in forecasting new UK coin demand through close collaboration with UK financial institutions.

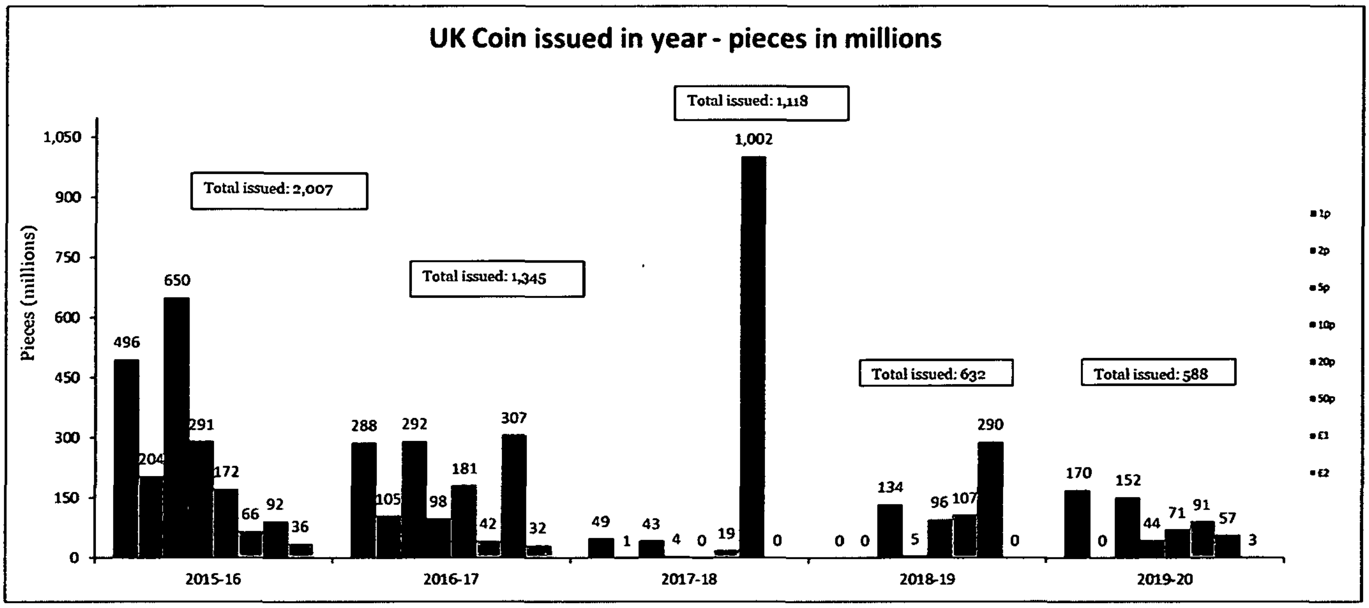
As expected, cash transactions have continued to decline steadily over the past few years and are anticipated to continue to do so with the rise in popularity of contactless payments and other digital payment options. We expect the biggest impact will be from contactless transactions which increased 14% last year. We're yet to see what long-term impact Covid-19 will have on consumer behaviours and whether the limit increase in contactless payments from £30 to £45 will have a significant impact.

We surmise that the biggest effect will come from changing working behaviours as people travel less and work from home more; there will be fewer small transactions. We continue to research consumer views and analyse behaviours to inform any decisions or actions we may need to take.

In the last financial year, we were able to commemorate Brexit with a 50p entering circulation on the 31st January 2020, producing 11 million pieces at the request of the Chancellor of the Exchequer.

A key strategic activity for the past year was increasing our role as a player in the wider cash and finance sector. This has seen us strengthen our relationships with the financial institutions and UK Finance, the trade association for the UK Banking and services sector. In addition, we've built new relationships across cash in transit providers, retailers and those involved in the operation of the ATM network. This activity has boosted our understanding of the cash system, allowing us to contribute more to its effective operation both now and in the future.

In this year the industry has undertaken significant work investigating the possibly of creating a cash utility in the UK, similar to that in other countries faced with declining cash volumes. The Royal Mint has engaged in this work as an observer and continues to use its experience and knowledge gained from its international reach to add value.



Consumer:

Our Consumer division creates world-leading numismatic products and experiences – combining heritage and innovation to engage new generations of collectors. The division comprises Commemorative Coin, Collector Services and The Royal Mint Experience.

Principal Activities

- the design, manufacture, marketing and distribution of commemorative coins and medals for the UK and overseas;
- the operation of a class leading, purpose-built visitor attraction;
- an authentication and valuation service for pre-decimal coins; and
- the marketing of rare and unique historic coins and associated services.

During the year, Consumer revenue increased by 7% to £76.6 million (2018–19: £71.3million). This year the division delivered a number of exciting firsts as we set a new record for the sale of a British coin, launched a new 'masterworks' collection, and achieved our largest volume of sales in a single day. Our popular culture series has also helped to grow our international customer database by 45%.

A lack of significant Royal events, and the early impact of coronavirus saw our contribution to operating profit (before exceptional items and IFRS 9 adjustments) reduce to £13.6 million (2018-19: £16.5 million). The pandemic meant that two major commemorative coin ranges were postponed until the next financial year and led to the temporary closure of The Royal Mint Experience.

We remain focused on improving our customer experience, rewarding loyalty and ensuring that coins from The Royal Mint offer new features and unique details – including our first coloured BU (brilliant uncirculated) coins - to delight collectors.

We continue to engage and inspire new generations of coin collectors though our popular culture series. In February we commemorated iconic rock band Queen as part of a new 'Music Legend series' that will run over the next financial year. We also partnered with the Natural History Museum to bring dinosaurs to life through coloured designs, and augmented reality – combining coin collecting with the latest technology.

In January we released a 50 pence coin to mark the UK's withdrawal from the European Union. Widespread publicity around this once in a lifetime event resulted in unprecedented levels of demand from customers in the UK and internationally. The range attracted over 20,000 new customers to The Royal Mint, and over 2,000 people visited The Royal Mint Experience in a single day to strike their own piece of history.

As part of our premium product strategy, we launched a "Great Engravers" series that will reimagine some of the finest numismatic works of art from our archive. The collection began with William Wyon's 'Una and the Lion' – one of the world's most beautiful coins. It was remade as a 5kg hand finished gold coin – the largest ever made by The Royal Mint. To complement our new premium ranges, we evolved our Mint Marque programme, which offers account management service for our most loyal customers – providing tiered account management, helping customers build a collection with purpose, and unlocking exclusive benefits and access to The Royal Mint.

Our Collector Services division, which specialises in sourcing, selling and caring for historic coins, continues to move from strength to strength. The division recorded a 60% growth in contribution year on year and is uniquely placed to advise collectors on historic British coinage.

In July, the Collector Services team held a ballot for an extremely rare George III Sovereign – offering collectors the chance to secure the item for a fixed price of £100,000. The event created headlines around the world, and over 4,000 prospective candidates registered to take part in the ballot which helped to significantly raise the profile of the business in key historic coin markets globally. In January, we set the record for the sale of a British coin after sourcing a rare Edward VIII Sovereign for a customer. The item – believed to be one of just six in existence – sold for £1 million.

Our tourist attraction, The Royal Mint Experience, recorded a 17% increase in footfall year on year and collected a host of awards including; Welsh Tourist Attraction Award, Autism Friendly Award, and Green Key Accreditation. Over the past year we have focused on creating workshops and experiential activity to accompany the launch of key commemorative ranges. This included opening for 24 hours to let customers strike their own "Brexit" coin as mentioned earlier, holding Peter Rabbit workshops and hosting a temporary exhibition on Wallace and Gromit.

Whilst the impact of coronavirus means The Royal Mint Experience is temporarily closed it has transformed into an emergency production line – producing 1.9 million medical visors to help protect NHS workers.

Precious Metals

The Royal Mint is the original maker of precious metal coins in the UK, with an unrivalled heritage of working with gold and silver. Today, we are the primary producer of bullion coins and bars in Britain, as well as offering digital investment opportunities, safe storage and wealth management.

Principal Activities

- the manufacture, marketing and distribution and sale of precious metal coins, bars and rounds;
- the license of design rights for the manufacture and supply of precious metal coins, bars and rounds; and the secure storage of precious metals.
- A leading provider of physical precious metals backed digital investment products and services.

Building on a successful year in 2018-19, our Precious Metals division increased revenue by 46% to £356.9 million (2018–19: £244.3million) and launched a number of innovative new products. The contribution to operating profit increased to £3.9 million (2018–19: £3.7 million), and we grew our market share in key international markets such as the US and Europe. The impact of Brexit and coronavirus led investors to diversify into 'safe haven' assets such as precious metals, and this led to our busiest period on record at the start of 2020-21.

In February we were involved with the launch of our first financial services listed product – a gold backed Exchange Traded Commodity (ETC), offering investors a new opportunity to gain exposure to gold. The Royal Mint Physical Gold ETC Securities (RMAU) was developed with HANETF and listed on the UK and German stock exchanges. By April it reached the $200 million assets under management milestone, becoming one of the fastest growing gold-backed ETCs in Europe.

We continued to cement our position as a leading precious metal provider in the UK by creating innovative new products and services. Our first Diwali campaign generated a 56% uplift in revenue during the campaign period (on a like-for-like basis to prior year) whilst a new range of 1g gold bars sold out in time for Christmas and featured in a range of luxury gift guides. Drawing on our unique expertise of working with precious metals, we partnered with Mastercard and Accomplish Finance to make the world's first hallmarked precious metals payment card. The prestigious 18kt gold Raris card is personalised for each Raris accountholder, with their name and signature directly engraved into the precious metal.

Key Performance Indicators (KPIs)

The Royal Mint Limited's performance indicators are the key Ministerial targets details of which can be found below. Non-financial performance indicators relating to sustainability are set out within the Sustainability Report.

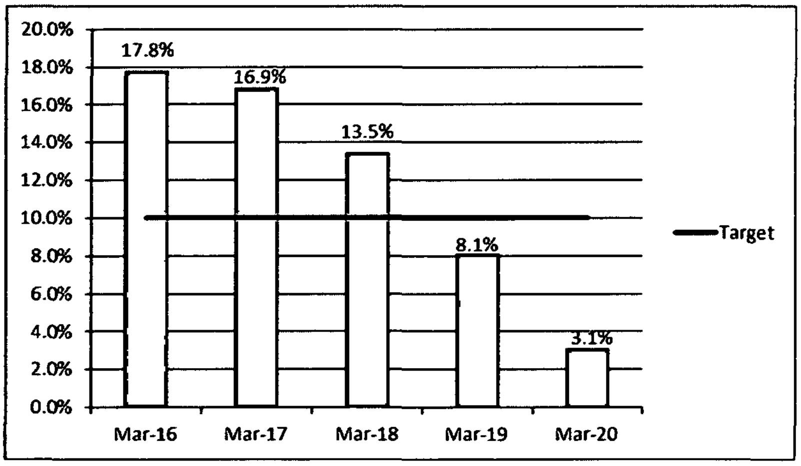
Target 1

Return on Average Capital Employed (ROACE)

ROACE for The Royal Mint Group is calculated by expressing operating profit as a percentage of its average monthly capital employed.

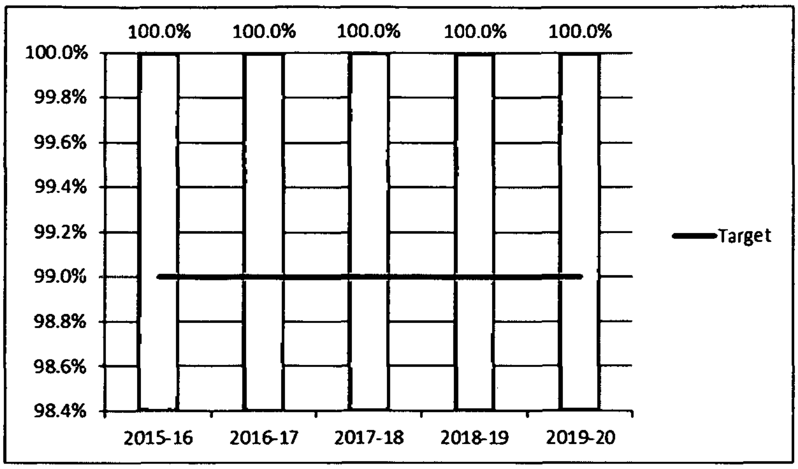
Operating profit has been modified to exclude IAS 19 Employee Benefits and IFRS 9 Financial Instruments related adjustments as well as Exceptional Items.

From 2016-17 the Ministerial Target is measured on a three- year rolling, average basis and was 3.1% for the three years ending 31 March 2020.



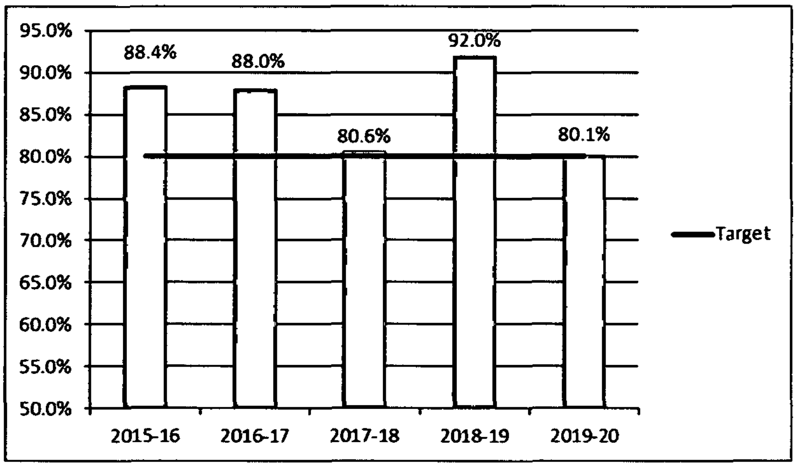
Target 2
UK Circulating Coin

Delivery of accepted orders from UK banks and post offices within 11 days.



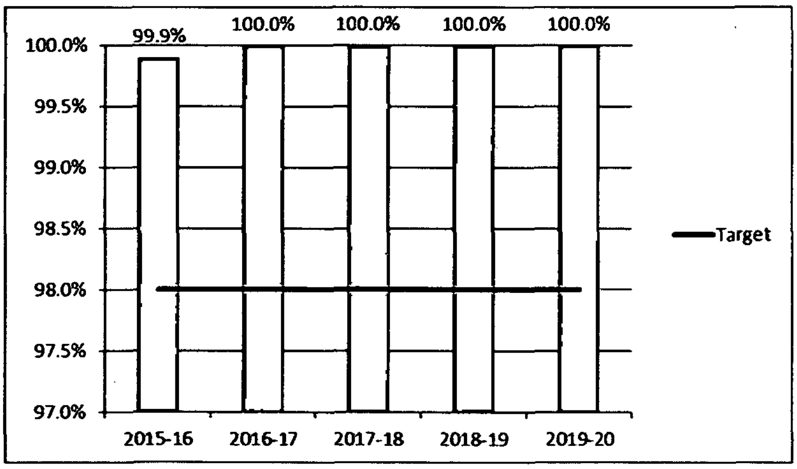
Target 3
UK Consumer Coin

Delivery of orders to individual UK customers within three days, measured from the receipt of order or published due date.



Target 4
Medals

Orders delivered by the agreed delivery date.



Directors' statement of compliance with duty to promote the success of the Company

The directors of the Company, as those of all UK companies, must act in accordance with a set of duties. These duties are detailed in section 172 of the UK Companies Act 2006, which is summarised as follows:
"A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholder as a whole and, in doing so have regard (amongst other matters) to;

- The likely consequences of any decisions in the long-term;
- The interest of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and environment; and
- The desirability of the Company maintaining a reputation for high standards of business conduct."

All of our directors are briefed on their duties by the Company secretary and if necessary they can seek professional advice from an independent advisor / expert. The following paragraphs summarise how the directors fulfil their duties.

<u>Risk management</u>
The Executive Management Team meets at least three times a year to assess risks facing the organisation, and reports to the Audit Committee which briefs the Board as appropriate. The aims of the risk meetings are to:

- Ensure there are plans in place to recover the situation should a known risk materialise.
- Ensure that adequate and efficient processes are in place to identify, report and monitor risks.
- Raise risk awareness and ensure there is appropriate risk management within the organisation.
- Establish policies for risk management.
- Ensure that the most effective procedures are put in place to mitigate any risks identified.

For further details on risk management, please refer to the Corporate Governance report.

<u>Our people</u>
The Company embraces responsibility for its actions and encourages a positive impact on all of its people. It is important to us that our day to day activities run in line with the expectations of our people. Our people are our employees, customers, suppliers, shareholders, community and society as a whole. We meet these expectations through continuous training and development of our employees, to ensure they are able to meet their full potential.

Supporting our people has been more important than ever this year. At the peak of the coronavirus pandemic, around 40% of our employees were set up to work from home, enabling the manufacturing division to operate safely and at a distance. Our IT division worked tirelessly to set up remote working, provide essential equipment and the cyber security to support a remote workforce. We continued to pay full salaries to all employees, and have offered a range of wellbeing support to help during this challenging period – including mental health, financial and health assessments. As we manage the phased return to work, we are conscious that each of our employees has different personal circumstances and we are committed to supporting them as effectively as possible.

For further details on our people, please refer to the Directors' report.

<u>Business relationships</u>
In order for us to achieve our reinvention strategy, we must maintain and develop strong business relationships. We have numerous long-standing relationships with our suppliers whom are extremely valued by the Company and are key to us achieving our strategy.

For further details on our working practices with key suppliers, please refer to the Sustainability report.

Community and Environment
The local and wider communities with which we interact with are at the heart of the Company. As a large employer in the local community we provide sustainable employment. We also raise money for a local charity every year, and we are currently producing medical visors for the NHS in response to the recent coronavirus outbreak. To minimise our environmental footprint, we employ sustainable business practices and operate within our environmental permit and our status as an upper-tier COMAH site.

For further details on our environmental impact, please refer to the Sustainability Report.

Principal risks and uncertainties

The Royal Mint Group's risk priorities in 2019–20 were in the following areas:

- cyber security;
- a key operational failure;
- political and economic instability of overseas customers;
- physical security and health and safety;
- failure in the management of key projects; and
- Covid-19 pandemic in the last quarter of the year. The virus is a potential risk to global supply chains, ability to travel and movement of goods along with the health and safety of our people. We are closely monitoring our people's health and safety requirements. We have implemented extensive hygiene control and prevention measures on site to enable our workforce to continue working.

The Group's overall risk management approach is highlighted on page 31.

The above risks are all managed by members of the Executive Management Team with actions in place to reduce to inherent risk associated to the risk appetite that has been assessed by the Board. They are discussed at Risk Management Committee meetings and an update is also provided to the Audit Committee at their meetings. Each risk is reviewed by the Board as a separate agenda item at least once a year.

Financial risk management

Derivative financial instruments

The Group operates a prudent hedging policy and uses various types of financial instruments to manage its exposure to market risks that arise from its business operations. The main risks continue to arise from movements in commodity metal prices and exchange rates.

Metal prices

The majority of the raw materials purchased by the Group are metals. Prices can be subject to significant volatility and the Royal Mint seeks to limit its commercial exposure to these risks.

Currency

Non-ferrous metals: copper, nickel and zinc are all commodities traded on the London Metal Exchange (LME). The business largely avoids exposure to volatility through its hedging programme. Where possible, selling prices are determined on the basis of the market prices of metals at the date a contract or order is accepted. The Royal Mint seeks to hedge its exposure to subsequent movements in metal prices by securing forward contracts for the sourcing of metal at the same time as the selling price to the customer is fixed.

Ferrous metals: with the growing demand for aRMour® coins and blanks, the volume of steel used by the business is increasing. Steel is procured using pricing based on six-month contracts to try to avoid volatility over the short term. The Royal Mint is continually looking at alternative strategies to protect its longer-term position for this increasingly important commodity used in our business.

Consumer
Proof products: coins are manufactured for sale through The Royal Mint's various sales channels. Metal costs are secured by making quarterly commitments at agreed fixed prices. Selling prices are adjusted to reflect these costs, thereby minimising the impact of fluctuations in metal prices on future transactions and cash flows. The level of commitment is determined by the Executive Management Team and the risk is managed to achieve The Royal Mint's objective that its financial performance is not exposed to significant market fluctuations in metal prices.

Precious Metals
Precious metals: selling prices are quoted based on the prevailing market rates of the precious metals. They are specifically purchased to satisfy each order thereby avoiding exposure to risk on metal cost by the use of consignment arrangements to provide for inventory and work-in-progress requirements.

Premiums: premiums on many of our gold products are calculated as a percentage of the gold price, and as such are subject to fluctuation.

Foreign exchange
The Group minimises its exposure to exchange rate movements on sales and purchases by making sales and purchases via sterling-denominated contracts wherever possible. Where this is not the case, the Group reduces exposure by using forward exchange contracts.

Effects of commodity hedging
Under IFRS 9, hedge accounting rules have been adopted where appropriate. The ineffective portion of the gain or loss on the hedging instrument (as defined under the accounting rules of IFRS 9) is recorded as other gains/(losses) in the Income Statement.

The objective of the Group's hedging policy is to mitigate the impact of movements in the price of metal commodities, where appropriate, over time. For accounting purposes, the impact will be reflected in different accounting periods depending on the relevant ineffectiveness assessment under IFRS 9 rules. The accounting treatment in this area is therefore not necessarily a reflection of the economic impact of the Group's hedging policy but represents the respective accounting impact of hedging ineffectiveness under IFRS 9.

The combined impact of this, together with open forward foreign currency exchange contracts, has been highlighted separately in the Income Statement. In 2019–20, the year-end impact was a profit of £0.8 million (2018–19: £(2.4) million loss). Financial risk management disclosures are set out in note 24 to the financial statements.

Safety, Health and Environment (SHE)
The Royal Mint's position as a trusted and authentic brand is supported by the vision of the Safety, Health and Environment (SHE) team:

Apart from our duty of care to all employees and the community in which we live, we are proud of the culture we have within the Mint whereby we support each other towards improving SHE performance through nurturing and learning together without blame.

To deliver this vision, The Royal Mint works to minimise the impact of its business on the health, safety and environment of its employees and neighbours, by striving to achieve high standards of business ethics and having a commitment to meeting its moral responsibilities, which go over and above legal compliance.

The vision is implemented through the following strategies:

- Improving SHE culture through high impact coaching and awareness for everyone

- SHE systems improvements for ensuring compliance
- Protecting and enhancing the environment, through sustainable projects looking at designing out the use of plastics in product design, responsible sourcing and waste management; and
- Improving the health of our people through the introduction of 'In MINT Condition' Health & Wellbeing initiative.

We have progressed well against these strategies during the past year and introduced new mechanisms for learning through a new eLearning system for SHE compliance

The Royal Mint continues to demonstrate its commitment to its legal obligations, including operating within its environmental permit, as regulated by Natural Resources Wales and its status as an upper-tier Control of Major Accident Hazard (COMAH) site, overseen by the Competent Authority.

Outlook

The Royal Mint has a 1,100-year history and has survived by changing as society has changed. As circulating coin usage changes, it is important that The Royal Mint continues to invest in reinvention to build a business for the future. This will impact our performance in the near term, as we are supported by the board to continue reinvesting in new business, talent and marketing.

Like most UK businesses we expect a challenging year ahead as coronavirus continues to impact the way we live, work and spend. We have already postponed two major commemorative coin launches as a result of the pandemic and expect consumer demand to weaken over the next 12 months. In contrast, our Precious Metals business has been buoyed by volatility in the financial markets as investors turn to safe haven assets such as gold.

Approved by the Board of Directors and signed on its behalf

Anne Jessopp

Anne Jessopp
Chief Executive
19 August 2020

Directors' Report

The Directors present their report and the audited consolidated financial statements for the year ended 31 March 2020.

Statement of Directors' Responsibilities
The Directors are responsible for preparing the Consolidated Annual 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 prepared the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 Group and Company and of the profit or loss of the Group and Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs, as adopted by the European Union, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and as regards the Group financial statements, Article 4 of the IAS regulation.

They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and

- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors
The Directors of the Company who were in office during the year and up to the date of signing of the financial statements, unless as noted below, are shown on page 2.

Nicola Howell was appointed as a Director on 1 November 2019.

William Spencer was appointed as a Non-Executive Director on 18 May 2020.

Dividends

No dividends relating to 2019-20 have been proposed. Dividends relating to 2018–19 earnings of £4.0 million were paid during the year Dividends relating to 2017-18 earnings of £4.0 million were paid during the prior year.

Research and development

At The Royal Mint, we have continued to develop our technological capabilities. In an increasingly competitive market, this is critical for us to stand apart from our competitors. We will continue to focus on technologies that can support our business and reduce the environmental footprint of our operations.

Creditor payment policy

The Royal Mint always seeks to comply with agreed terms and a total of 92% (2018–19: 90%) of invoices were paid within the agreed period. We are pleased to report this is an improvement on the prior year and we will continue to work with our suppliers and further develop our internal processes and systems in order to deliver further improvement in this measure.

People

Our people continue to be a key part of our business and everyone has a part to play in delivering the overall business strategy. The Royal Mint's values continue to guide the way in which we all do our jobs and shape what it means to work as part of The Royal Mint team.

Following the site wide launch of our new vision and associated 3-year strategy in 2018, we continue to embed our strategy deployment processes so that everyone, at all levels of the organisation, understands the direction of travel for the organisation as well as what part they play in delivering the overall strategic objectives.

We are now into the fourth cycle of The Royal Mint chosen charity initiative. Over the course of the last two years, our staff raised over £64,000 for 2WishUponAStar, a local charity providing much needed services to families who suddenly lose a child or young person. In February 2020 our employees voted to support Bobath Children's Therapy Centre, a local charity that gives support to children with Cerebral Palsy to improve the quality of life for children so that they can participate in everyday life to the best of their ability. We are delighted to be able to support this charity over the next two years.

Our apprenticeship scheme is still an important part of our future development plans within the Company and our standards remain very high. Following a successful scheme, 3 of our apprentices graduated in August 2019. Our apprenticeship scheme is accredited by the Institute of Engineering & Technology (IET) and is an excellent framework for apprentices to follow. As a business, we are delighted to be securing the young talent and helping them develop in their chosen careers and continue to explore opportunities with local education providers to develop sustainable skills for our business

Consultation with employees or their representatives has continued at all levels. Our aim is to ensure that individuals' views are taken into account when making decisions that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Group as a whole.

In 2018 we introduced the Best Companies Index (BCI) engagement survey as an additional way to regularly understand and monitor employees' experience of working at the Royal Mint. Our second BCI survey completed in June 2019 showed increased participation with and improvements across a range of areas. Pride in working for The Royal Mint continues to be one of our highest scores.

Diversity

The Royal Mint is committed to having a diverse workforce with a culture that values the benefits that diversity brings.

As well as a fair and transparent recruitment process, access to training and development opportunities for all, and family friendly policies, we have also taken opportunities throughout the year to highlight and celebrate our diversity. For example, we have been proud to celebrate with our LGBT colleagues during PRIDE week, highlighted our Gender Pay Gap report in favour of women on International Women's Day, and continued to build on the Autism Friendly Award presented to The Royal Mint Experience by the RCT Branch of the National Autistic Society.

However, in light of recent global events, The Royal Mint recognises that we need to do more to drive and support diversity and inclusion, both internally and externally. Sponsored by our CEO, we have formed a diverse group of employees to help us further develop our Diversity and Inclusion strategy and action plan. Our aim is to engage all our employees in the conversation, increase awareness and gather ideas which will result in a strategy and action plan that everyone in The Royal Mint can take ownership of and feel proud to be a part of.

Directors' third-party indemnity provision

As permitted by the Articles of Association, the Directors have the benefit of an indemnity that is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Sickness absence

The annual sickness absence rate for 2019 – 20 was 3.3% showing a further reduction from 3.9% in 2018-19 and 4.3% in 2017–18.

Independent Auditors

PricewaterhouseCoopers LLP has indicated its willingness to continue in office and a resolution to confirm its appointment will be proposed at the Annual General Meeting.

Future developments and financial risk management

These areas are dealt with in the Strategic Report.

Authority of issue of financial statements

The Directors gave authority for the financial statements to be issued on 19 August 2020. Neither the entity's owner nor others have the power to amend the financial statements after issue.

Approved by the Board of Directors and signed on its behalf,

Martin McDade
Finance Director
19 August 2020

Group Financial Summary

	2019-20 £m	2018–19 £m	2017–18 £m	2016–17 £m	2015–16 £m
UK revenue	204.8	182.6	197.1	241.8	118.1
Overseas revenue	363.7	239.0	218.8	264.6	242.5
Total revenue	568.5	421.6	415.9	506.4	360.6
Operating profit before IFRS 9-related items and exceptionals	0.5	1.9	6.5	14.4	13.1
IFRS 9-related items (note 5b)	0.8	(2.4)	2.2	0.8	(0.6)
Exceptional items (note 5a)	(0.3)	(2.2)	(5.7)	(0.2)	(0.2)
Operating profit / (loss)	1.1	(2.7)	3.0	15.0	12.3
Net finance cost	(1.5)	(1.1)	(0.6)	(0.6)	(0.4)
Share of profit of associate	0.2	0.1	0.1	-	-
(Loss)/Profit before tax	(0.2)	(3.7)	2.5	14.4	11.9
Tax	(1.2)	0.7	(1.9)	(3.0)	(2.3)
(Loss)/Profit after tax	(1.4)	(3.0)	0.6	11.4	9.6
Net assets as at 31 March	51.1	56.1	62.6	65.8	62.9

Sustainability Report

The Royal Mint is committed to being a responsible business and considerate neighbour, demonstrated through its actions:

- Supporting each other towards improving Safety Health and Environmental performance through nurturing and learning together without blame; and
- Ensuring we are at the forefront of employing sustainable business practices in order to minimise our environmental footprint.

Managing risk

The Royal Mint's systems have led to the identification and management of environmental risks across our business activities. These systems have identified the Royal Mint's significant environmental risks, which include:

- Energy Consumption;
- Water consumption;
- Waste Generation and Disposal; and
- The potential to impact on nearby watercourses, ground and ground water.

Accreditations

The Royal Mint holds the following International Organization for Standardization standards:

- ISO14001 (2015) Environmental Management System; and
- ISO50001 (2011) Energy Management System.

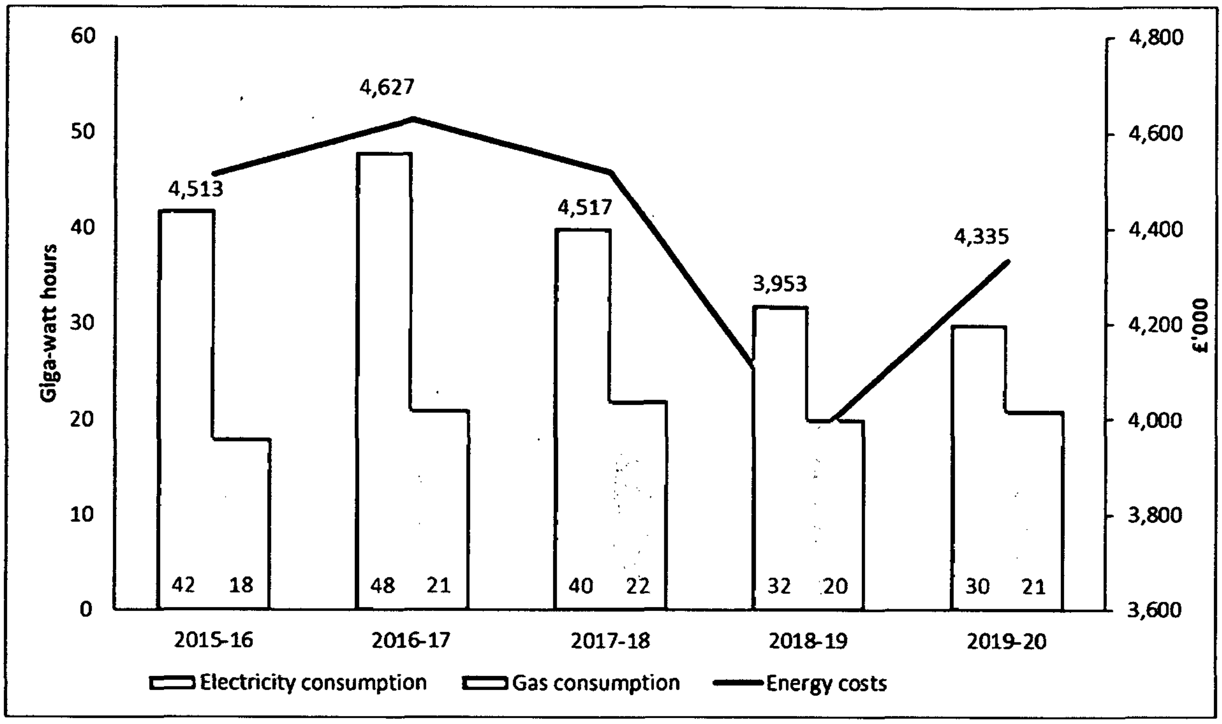
During the year the Royal Mint has put in place a plan to convert to the 2018 version of ISO50001.

Greenhouse-gas emissions and energy consumption

Under the UK Stream-lined Energy and Carbon Reporting (SECR) April 2019 requirements, we are required to report our UK energy use and associated greenhouse gas ('GHG') emissions.

The use of energy continues to be a significant aspect of the organisation's environmental impact. The Royal Mint continually explores opportunities to improve energy efficiency throughout its activities and supply chain. This includes process improvements, investment in more energy efficient equipment, and the development of new technologies.

The change in the electricity consumption profile, for the last two years, is in part the result of process changes including the removal of non-ferrous casting on site.

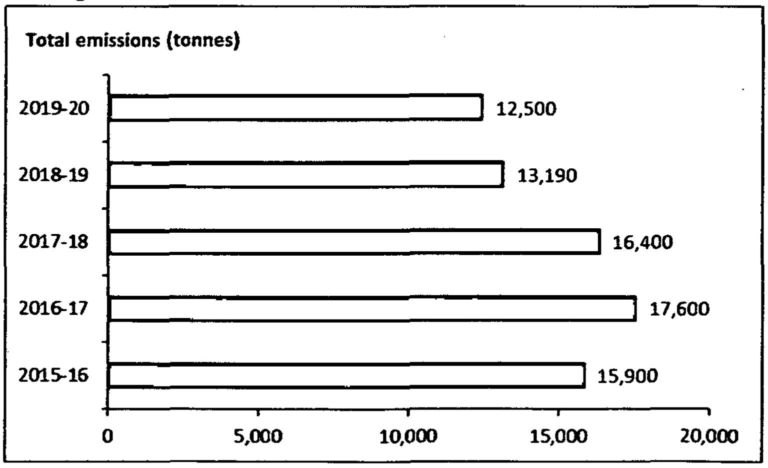


The energy consumption figures include both consumed grid energy and 'on site' generated energy. The significant change in energy consumption per tonne for the last two years is in part a result of the removal of onsite casting of non-ferrous metals.

Energy Consumption per Tonne Currency

2019-20	2,300 Kwh/tonne
2018-19	2,600 Kwh/tonne
2017-18	3,200 Kwh/tonne
2016-17	3,000 Kwh/tonne
2015-16	3,000 Kwh/tonne

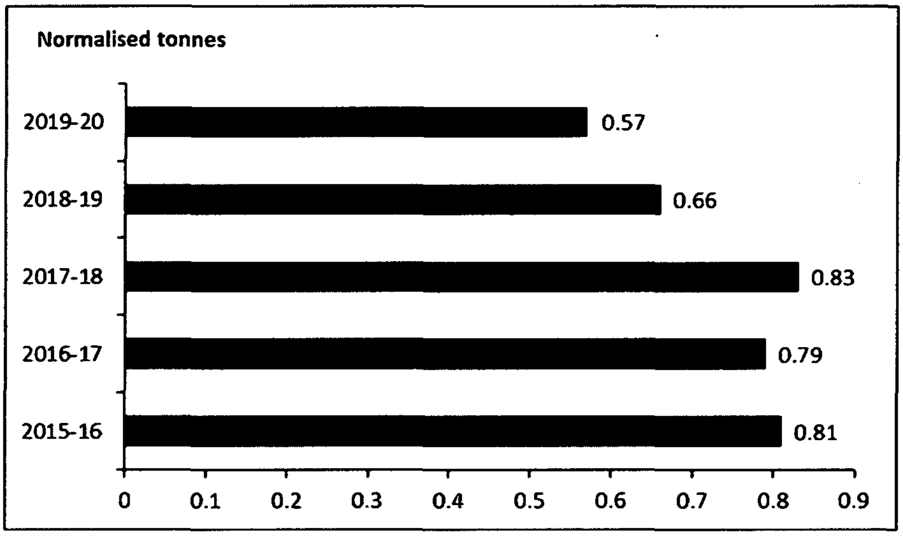
Based on the 2019 Greenhouse gas reporting - Conversion factor for electricity and gas, the CO2 equivalent emissions for this and previous years is as per the following tables. Total emissions for 2019-20 were 12,500 tonnes of CO2 equivalent. The reduction in total emissions are in part due to reduced electrical usage on site, increased generation of renewable energy during 2019/20 but again mainly due to the removal of onsite casting of non-ferrous metals.



The Royal Mint recognises in moving the production of non-ferrous metal to purchased goods / services, that its greenhouse gas emissions move from scope 1 and 2 (direct emissions) to scope 3 emissions (indirect emissions due to the activities of the Royal Mint). The Royal Mint has not calculated these scope 3 emissions in compiling this report.

The Royal Mint measures 'normalised tonnes' (calculated as tonnes of CO_2 equivalent per tonne of Circulating Coin manufactured) as a key indicator of energy efficiency.

For 2019-20 normalised tonnage was 0.57 CO_2 equivalent per tonne of Circulating Coin. The reduction in normalised emissions are also due to the reasons above.



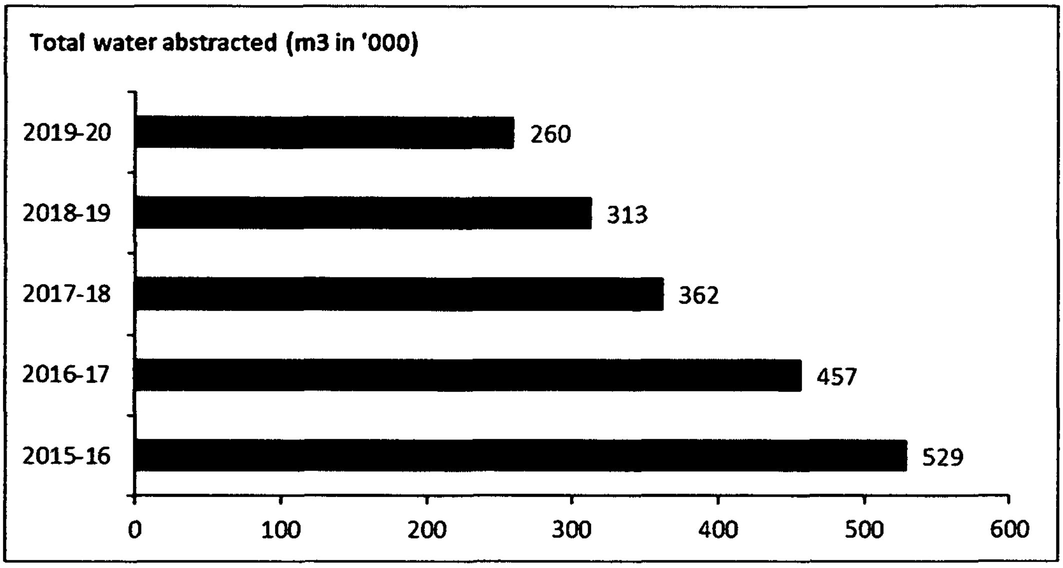
Renewable Energy

The wind turbine, that feeds directly into the Royal Mint site generated 800,000 kWh during 2019/20. Additionally, the installed photovoltaic (solar panel) systems generated 28,000 kWh.

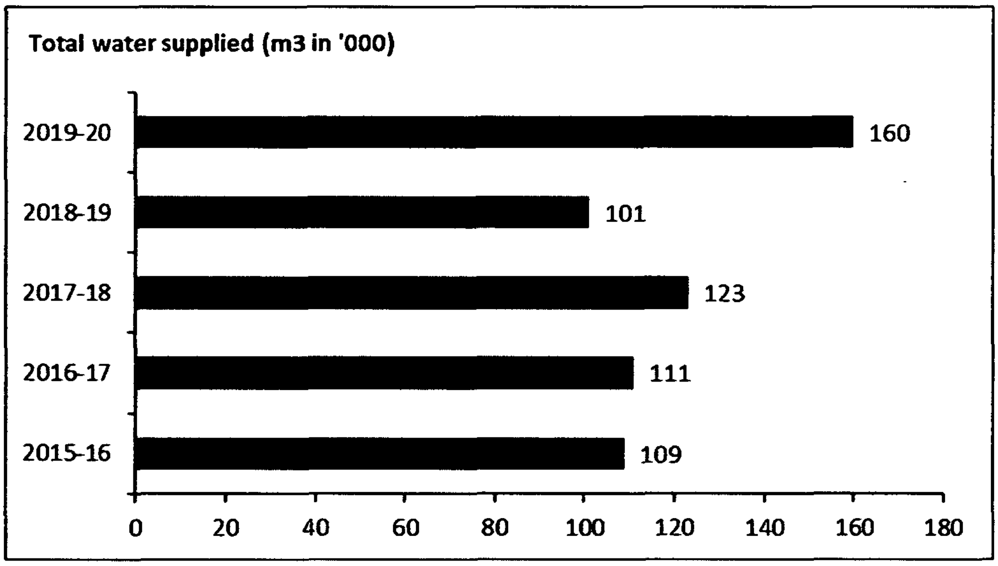
Water consumption

A large volume of water is consumed within the coin manufacturing process and as such the Royal Mint uses both potable (mains) and abstracted water in its processes.

The Royal Mint continues to review its processes to identify opportunities to reduce water consumption.

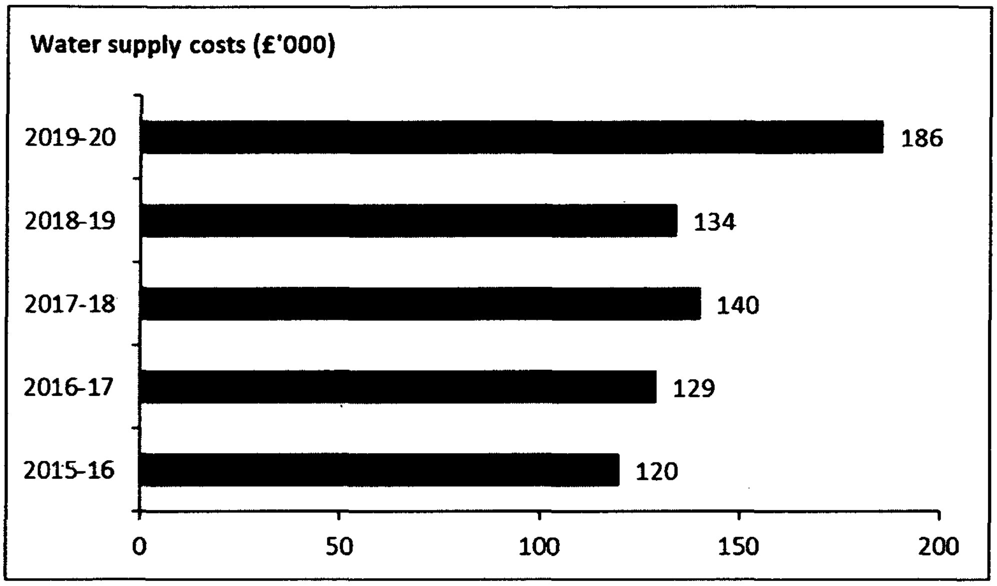


Over the last 5 years, changes in processes and equipment have resulted in reduced amounts of abstracted river water being used on site. During the financial year 96,000 m^3 of the abstracted river water was returned to the river a few hundred metres downstream from the abstraction point.

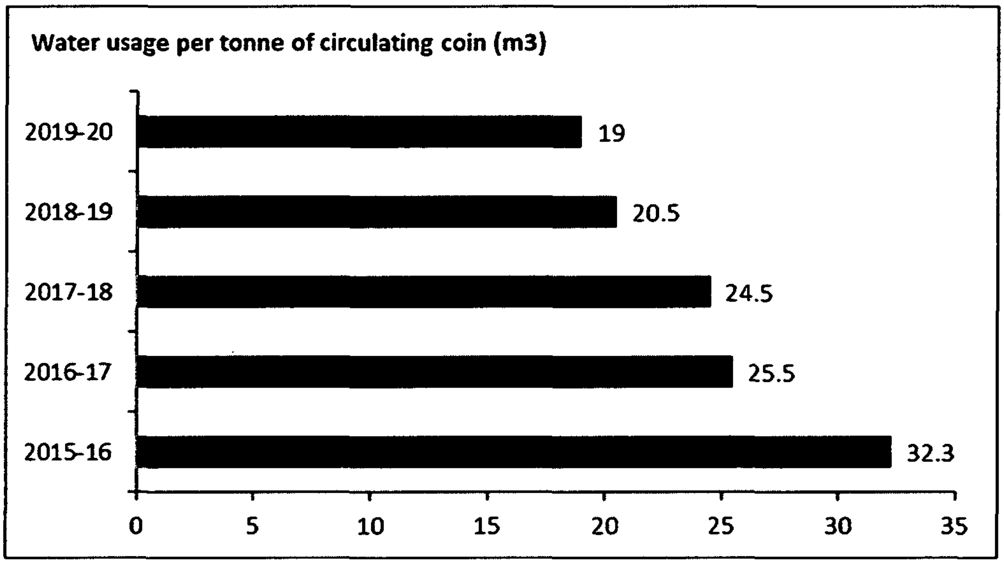


The high mains water usage during 2019-20 was due to an onsite leak that occurred during the period October 2019 to January 2020. It is calculated that the leak resulted in approximately an additional 69,000 m^3 of water distributed to site but not utilised.

Monitoring of the water distribution system and the water usage takes place on a daily and monthly basis to identify when leaks are occurring. On this occasion whilst the leak was known about, the particular location of the leak was difficult to determine. Once the exact location of the leak was identified, the repair was carried out swiftly to minimise further water loss.

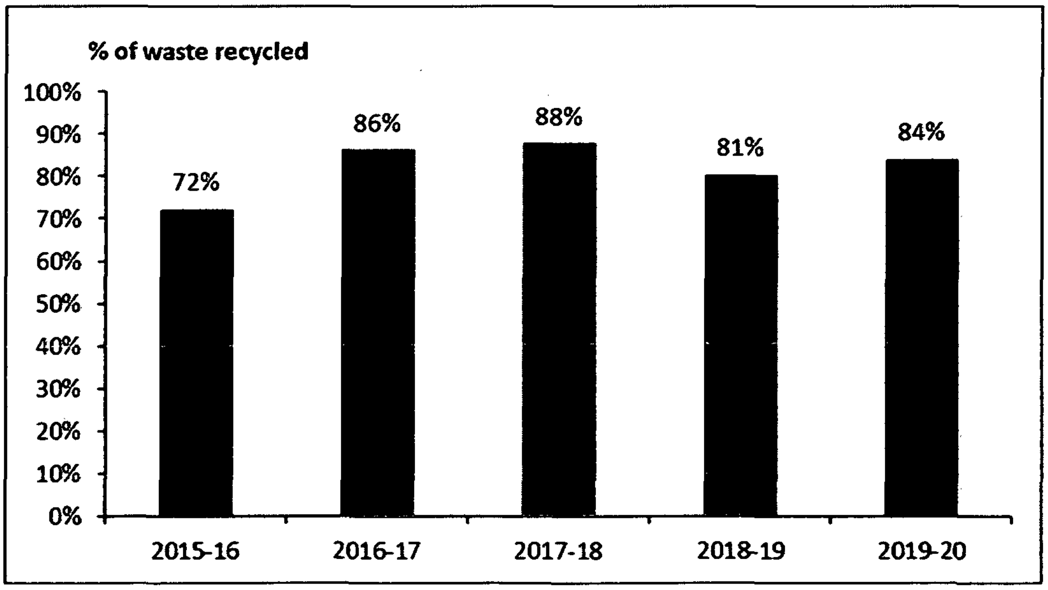


Water supply costs (£'000)
2019-20
2018-19
2017-18
2016-17
2015-16
186
134
140
129
120
0
50
100
150
200



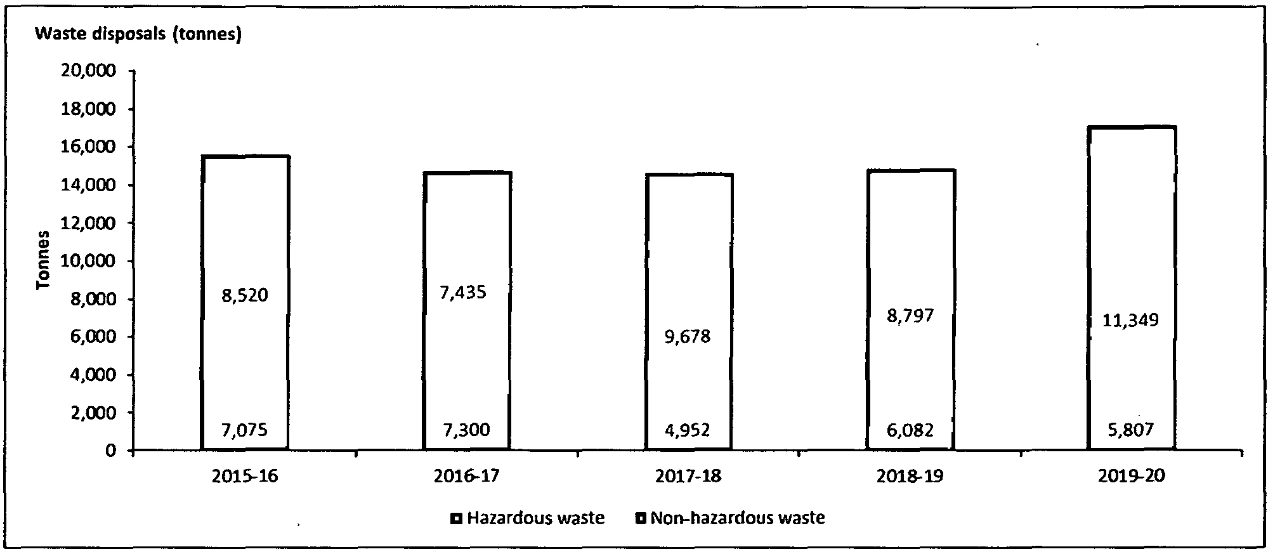
Water usage per tonne of circulating coin (m3)
2019-20
2018-19
2017-18
2016-17
2015-16
19
20.5
24.5
25.5
32.3
0
5
10
15
20
25
30
35

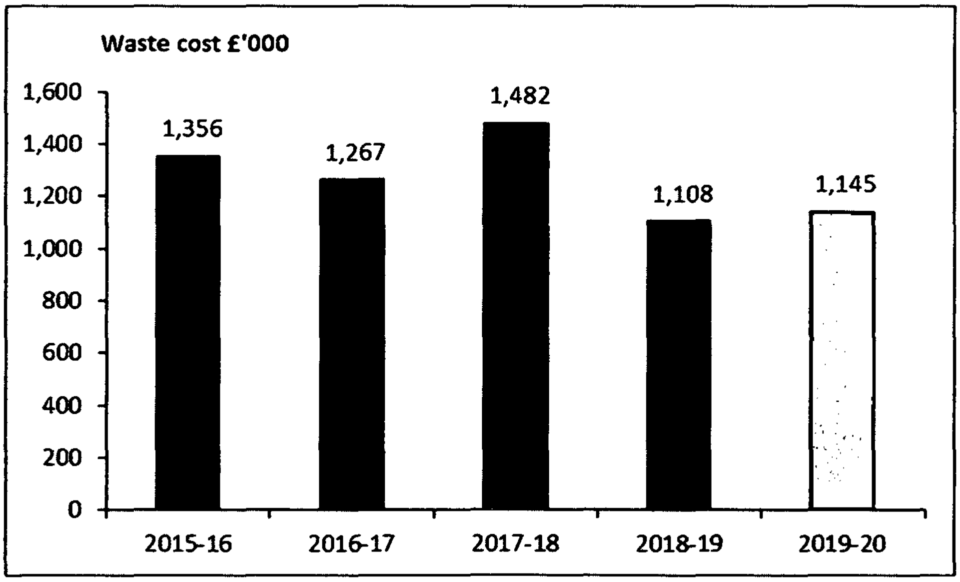
Waste



% of waste recycled
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
72%
86%
88%
81%
84%
2015-16
2016-17
2017-18
2018-19
2019-20

The Royal Mint continually seeks opportunities to recycle as much waste as possible and recycled 84% of its waste in 2019-20 (2018-19: 81%).





The waste figures are calculated from data supplied by internal weighing and information supplied by the Royal Mint's principal waste contractors as of 14 April 2020.

The 2019/20 increase in non-hazardous waste is due to the closure of the casting process during the prior year. Non-ferrous webbing would previously have been recast on site, and therefore not appear as waste.

The 2019/20 reduction in hazardous waste is in part a result of process improvements which are aimed are reducing the amount of waste produced for treatment off site.

Scope analysis

Tonnes of CO_2eq		2015-16	2016-17	2017-18	2018-19	2019-20
Scope 1	Natural Gas Usage (Heating and Furnaces)	3,280	3,830	4,110	3,740	3,890
	Use of Royal Mint owned vehicles	2	1	1	1	1
	Process emissions from the Furnace Stack	2	2	2	0	0
	Fugitive Emissions (e.g. air conditioning and refrigeration leaks)	2	2	16*	9*	10
Scope 2	Electricity Usage	11,700[1]	13,000[1]	11,200[1]	8,760[1]	8,190
Scope 3	Business Travel	663	530	740	402	280
	Water Supply	38	38	42	35	55
	Water Treatment (off site)	95	95	72	70	69
	Waste disposal	133	176	228	142	252

* The fugitive emissions from air conditioning and refrigeration leaks figure has been calculated from losses / removal identified during the six-month routine maintenance inspections multiplied by the global warming potential of the gas replaced. The 2019-20 figure is the result of a leak of SF_6 gas used in electrical switching equipment.

Finite resources

The Royal Mint recognises that its products in the majority are produced from finite resources and there is a rising demand for those limited resources. To reduce its impact, the Royal Mint endeavours to apply the waste hierarchy wherever possible and looks for recycling opportunities for its waste streams.
The Royal Mint operates a zero waste to landfill policy.

Protecting and enhancing the natural environment

The Royal Mint operates from a single site that is regulated under the Control of Major Accident Hazards Regulations 2015 (COMAH) and Environmental Permitting Regulations 2016.

It is recognised that the way the site operates can have an impact on people, animals and habitats therefore control measures to address identified scenarios are in place.

The Royal Mint strives to treat the natural world around us with respect, care and sensitivity through its values shared with employees.

To give something back to the community and the environment, The Royal Mint, in September 2019 undertook a beach clean event whereby 20 members of staff volunteered to spend their day cleaning up a local beach (Ogmore-by-sea). In total, 21 bags of waste were collected which included items such as; fishing wire, crisp packets and takeaway cartons.

Working with the supply chain

The Royal Mint has introduced an ethical and sustainable purchasing policy with key suppliers. The policy encourages key suppliers to have an ethical sourcing policy or be members of a recognised responsible sourcing organisation or equivalent body.

This encourages suppliers to obtain materials from sustainable sources, minimise their impact on the environment and encourage the achievement of standards such as ISO 14001 the Environmental Management Standard and ISO 50001 the Energy Management Standard.

The policy also promotes waste reduction and the use of recycled materials to minimise the use of secondary materials and land fill for waste disposal. Suppliers are urged to assess their carbon footprint and have in place action plans to reduce and monitor emissions.

The Royal Mint encourages suppliers to attend Royal Mint supplier workshops, where the above ethos is promoted.

Reporting and data

Data collection is taken from records of meter readings for gas, electricity, mains supplied water and abstracted water.

For transport, the mileages of Royal Mint vehicles are monitored along with data supplied by taxi companies. The carbon dioxide emissions from air travel and car hire are supplied by contractors' who supply each service. The Royal Mint gathers data on water use and transport in calculating the scope 3 emissions.

For the purpose of this report The Royal Mint has used the UK Government Conversion Factors for Greenhouse Gas (GHG) reporting Condensed Set for Most Users 2019 this data remains valid until 31 July 2020.

[1] The UK electricity factor is prone to fluctuate from year to year as the fuel mix consumed in UK power stations (and auto-generators) and the proportion of net imported electricity changes.

These annual changes can be large as the factor depends very heavily on the relative prices of coal and natural gas as well as fluctuations in peak demand and renewables. Given the importance of this factor, the explanation for fluctuations will be presented here henceforth.

In the 2018 GHG Conversion Factors, there was a 19% decrease in the UK electricity CO2e factor compared to the previous year because there was a decrease in coal generation and an increase in gas generation in 2016 (the inventory year for which the 2018 GHG Conversion Factor was derived). In this 2019 update, the CO2e factor has decreased again (compared with 2018) by 10% due to a decrease in coal generation and an increase in renewable generation.

Corporate Governance

Internal control
The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of The Royal Mint Group's policies, aims and objectives. It is also designed to evaluate the likelihood of those risks being realised, the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has been in place throughout the year and up to the date of approval of the Annual Report. It accords with HM Treasury guidance and the UK Corporate Governance Code where appropriate.

The system of internal control is based on a framework of regular management information, administrative procedures (including the segregation of duties) and a system of delegation and accountability.

In particular, it includes:
- comprehensive budgeting systems with an annual operating plan and budget which is reviewed and agreed by the Board;
- regular reviews by the Board of periodic and annual reports, which indicate performance against the budget and latest forecast;
- setting targets and Key Performance Indicators to measure financial and other performance;
- risk management framework as detailed below;
- clearly defined capital investment control guidelines; and
- formal physical and information security arrangements.

Executive Directors provide the Board with annual written confirmation in relation to the effectiveness of the system of internal control in their area of responsibility.

There were no lapses of data security in the year that were reportable to the Information Commissioner's Office.

Risk management
Under the guidance of the Board and Audit Committee, The Royal Mint Group's risk management process is undertaken by the Executive Management Team. It focuses on the identification and management of the key risks which could impact on the achievement of The Royal Mint Group's policies, aims and strategic objectives. As part of its oversight process, the Board has input into the broader risk management approach and undertakes a review of risk management at least annually. It also reviews each major risk as a separate agenda item at least once a year.

The Risk Management Committee is responsible for overseeing the effective establishment and maintenance in operation of a management framework within which risk is evaluated and managed. The Committee's membership comprises the Executive Management Team of The Royal Mint Group and the Financial Controller who is also the Chair of the Committee. The Head of Internal Audit (or delegate) also attends all meetings. The Risk Management Committee meets at least three times a year and reports to the Audit Committee which briefs the Board as appropriate and at least annually.

The Royal Mint Group's risk management framework and practice aim to follow guidance issued by HM Treasury and are included for review in the annual internal audit plan.

A register of key corporate risks is maintained, together with a series of operational risk registers covering each of the areas of responsibility of the Executive Management Team. These registers are updated regularly and evolve as new risks are identified and formally elevated to the risk register.

The Royal Mint Group's risk priorities in 2019–20 are detailed on page 16.

Internal Audit

The Royal Mint Group operates internal audit arrangements to standards defined in the Public Sector Internal Audit Standards. During 2019/20 this function was undertaken by KPMG LLP. Their annual audit plan and the results of their audit, including recommendations for improvement, are reported to the Director of Finance and presented to the Audit Committee. They also provide an independent opinion on the adequacy of The Royal Mint Group's system of internal control.

KPMG LLP did not report any issues concerning the internal controls that require inclusion in this statement. In addition, none of the reports received during the year reported an 'unsatisfactory' conclusion.

The Board and its committees

During the year, the Board of Directors comprised the Chairman, five Non-Executive Directors and four Executive Directors (the Chief Executive, Director of Finance, Director of Currency and Chief Commercial Officer (from 1 November 2019). The Board met 10 times in 2019/20 (2018/19: nine times). Attendance by members at the Board and Committee meetings is set out below in relation to how many meetings they attended whilst in office:

	Board	Audit Committee	Remuneration Committee	Nominations Committee
Anne Jessopp	10	n/a	n/a	n/a
Andrew Mills	10	n/a	n/a	n/a
Martin McDade	9	n/a	n/a	n/a
Nicola Howell	5	n/a	n/a	n/a
Graham Love	10	n/a	6	1
David Morgan	10	3	6	1
Xenia Carr-Griffiths	10	3	6	1
Michael Clayforth-Carr	10	3	6	1
Cheryl Toner	9	3	5	1
Jamie Carter	10	3	6	1
Number of meetings	10	3	6	1

Nicola Howell was appointed as a Director on 1 November 2019.

Jamie Carter has a seat on the Board as a representative of the Royal Mint Trading Fund and HM Treasury as shareholder and is a member of the Audit Committee, Remuneration Committee and Nominations Committee.

The Role of the Board

The Board's role is to provide entrepreneurial leadership of the Group to enhance and preserve long-term shareholder value in line with HM Treasury policy and within a framework of prudent and effective controls that enables risk to be assessed and managed.

The roles and responsibilities of the Board are to:

- develop the future strategy of the business required to realise the strategic objectives;
- review, as appropriate, the strategic objectives and agree them with the shareholder;
- ensure a three to five-year plan is in place in order to realise the strategic objectives;
- ensure that the necessary management structure, financial and human resources are in place in order to achieve the agreed plan;
- determine the risk appetite of the organisation in furtherance of achieving the strategic objectives and ensure there is a robust on-going process to identify and appropriately manage strategic and significant operational risks;
- regularly review objectives and management performance against annual plan and associated business KPIs;
- ensure the Group operates with appropriate values and standards and ensure that its obligations to its shareholders and others are understood and met;
- review, approve or propose strategic investment in line with investment authority limits as agreed with the shareholder;
- ensure that the Group operates at all times within applicable laws and regulations and within an appropriate procedural framework; and
- ensure that the Board fulfils its duties in the Memorandum and Articles of Association of the Company, functions and any frameworks which may be agreed with the shareholder.

Quality information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively. At each Board meeting the Directors receive a report from the Chief Executive covering all areas of the business and a Finance Report detailing performance against forecasts. There is a rolling Board agenda which also ensures the Board receives formal papers, inter alia, on the Annual Budget, Annual Report and the reforecast of the Budget at the half year. All Directors have access to independent professional advice, at The Royal Mint Limited's expense, if required.

The Board of Directors confirms that it considers the Consolidated Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary to assess the Group's performance, business model and strategy.

The Board reviews its effectiveness in a number of ways including commissioning external reviews in line with good corporate practice. The last external review took place in 2016/17 and reported positively on the effectiveness of the Board. No significant areas of concern were highlighted during the course of the 2019/20 internal review and it was noted that action had been taken to address points arising from previous internal reviews. For example, specific skills have been sought in non-executive appointments to complement the breadth of activities undertaken by The Royal Mint, and additional focus on strategy has also been undertaken.

Audit Committee

The Audit Committee comprises no fewer than three independent Non-Executive Directors. The Committee invites the Chairman, Chief Executive, Director of Finance and senior representatives of both the internal and external auditors to attend meetings. Jamie Carter is deemed by the Board to be independent for the purposes of the Audit Committee. The Chair of the Audit Committee has recent and relevant financial experience.

The Audit Committee monitors and reviews the effectiveness of the internal control systems, accounting policies and practices, financial reporting processes, risk management procedures, as well as the integrity of the financial statements. It also closely monitors and oversees the work of the internal auditors as well as ensuring the external auditors provide a cost-effective service and remain objective and independent. It has provided assurance to the Board by giving scrutiny to the Annual Report and Financial Statements, reviewing the results of work carried out by Internal and External Audit, supporting the development of the risk assurance approach and monitoring key risks and issues significant to the Group.

Remuneration Committee

The Committee is made up of no fewer than three Non-Executive Directors and meets at least twice a year. Remuneration decisions are guided by a Directors' Remuneration Framework that was agreed with HM Treasury at the time of the Company's vesting. The Committee's primary role is to determine, in reference to this Framework, the remuneration and performance-related incentive schemes of the Directors and Executive Management Team, subject to the consent of the UK Government Investments (UKGI) where applicable. The Terms of Reference for the Committee are available on The Royal Mint Limited's website, and the Remuneration Report is set out on page 36.

Nominations Committee

The Nominations Committee comprises all Non-Executive Directors of the Group and meets as and when necessary. The Committee works with UKGI to appoint Board members on the following basis:

- the Chairman is appointed by the HM Treasury Minister on advice from HM Treasury and UKGI, in consultation with the Chief Executive and the Nominations Committee;
- the Chief Executive appointment is approved by the HM Treasury Minister, on advice of the Chairman, HM Treasury and UKGI and in consultation with the Nominations Committee; and
- other Board appointments are made by the Nominations Committee in consultation with UKGI and with UKGI's consent.

The Board values the varied contribution which the diverse nature of the Board members brings and is supportive of the principle of boardroom diversity, of which gender is an important, but not the only, aspect. It is considered that the ratio of men : women should be at most 75:25 and our Board exceeds this at 56:44.

The Nominations Committee ensures that all Board recruitment seeks to build on this diversity and all roles are recruited using both advertisements and search.

Executive Management Team

The Chief Executive has primary responsibility for the day-to-day management of the business. She discharges her responsibilities through an Executive Management Team, whose membership is made up from the Executives leading the main functions of the business. The Executive Management Team formally meets on a regular basis and no fewer than ten times a year.

The roles and responsibilities of the Executive Management Team are:

- the implementation of the plan and efficient operation of the business;
- the development and subsequent implementation of a long-term strategy in conjunction with the Board;
- the development of an annual budget, for approval by the Board;
- the approval of capital expenditure over £20,000 and major contracts that don't require Board approval (significant expenditure not approved in the annual budget is brought to the Board's attention);
- the preparation of a risk register and subsequent reviews and mitigating actions;
- the development and implementation of performance improvement programmes;
- the establishment, maintenance and development of operating procedures; and
- with reference to the Remuneration Committee develop remuneration systems for staff, including performance-related pay.

Going concern

The group meets its day-to-day working capital requirements through its banking facilities, precious metal leasing facilities and revolving credit facility from the Royal Mint Trading Fund. The current economic conditions create uncertainty, particularly over (a) the level of demand for the group's products, and (b) the availability of bank finance and the revolving credit facility for the foreseeable future. However, as we have witnessed over the last few months, when the economy faces a downturn, the demand for our products, particularly precious metals, increases which provides us with some natural hedge against economic declines. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facilities. Having assessed the principal risks and the other matters discussed in the Strategic Report, the directors considered it appropriate to adopt the going concern basis of accounting in preparing its consolidated financial statements. Further information on the group's borrowings is given in note 13.

Anne Jessopp

Anne Jessopp
Chief Executive
19 August 2020

Remuneration Report

Remuneration Committee
The Committee's primary role is to determine, within the bounds of the Directors' Remuneration Framework agreed with the shareholder, the remuneration and performance-related incentive schemes of the Executive Management Team, subject to the consent of UKGI and HM Treasury Ministers, where required. The Secretary to the Committee is the Director of HR and SHE. The Chief Executive is invited to attend the Committee. Directors do not take part in any decision affecting their own remuneration.

Committee remit
The remit is updated annually and can be accessed on The Royal Mint Limited's website.

Remuneration policy
The Royal Mint Group's policy is to maintain levels of remuneration such as to attract, motivate and retain executives of a high calibre who can contribute effectively to the successful development of the business.

Executive Management Team
The team as at 31 March 2020 was made up of seven roles:
Chief Executive, Chief Commercial Officer, Director of Currency, Director of Operations, Director of Finance, Director of HR and SHE and Chief Marketing Officer.

Executive Management Team's terms, conditions and remuneration
The remuneration package of members of the Executive Management Team consists of the following elements:

i. **Basic salary**
The basic starting salary of a member of the Executive Management Team is determined as part of the recruitment and selection process. Thereafter it is subject to annual review including external benchmarking.

ii. **Short-Term Incentive Plan (STIP)**
At the start of the year the Remuneration Committee agreed the targets for the STIP for 2019–20. The purpose is to recognise and reward outstanding performance against planned business targets, with a strong focus on Return on Average Capital Employed (ROACE). The maximum award for 2019–20, if the ROACE over-performance targets were achieved, was 33% of basic salary for the CEO and 30% of basic salary for the other members of the Executive Management Team.

STIP awards are disclosed and accrued in the year they are earned. The amounts earned in 2019–20 will be paid in 2020–21.

iii. **Long-Term Incentive Plan (LTIP)**
The LTIP is in place to reward and recognise achievement of the strategic and sustainable development of the business. Targets relate to ROACE and EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation), and combine single and three-year timescales. The maximum amount it is possible to earn under each LTIP scheme is 33% of the basic salary for the CEO and 25% for the other members of the Executive Management Team.

LTIP awards are disclosed and accrued in the year they are earned. Amounts are paid in the year following the conclusion of each three-year scheme.

There were three LTIP schemes operating during 2019–20. One started in 2017–18 and concluded in 2019–20 and amounts earned will be paid in 2020–21, the other started in 2018–19 and amounts earned will be paid in 2021–22. The third started in 2019–20 and amounts earned will be paid in 2022–23.

iv. **Pension Scheme**

All members of the Executive Management Team who joined after 1 January 2010 are members of The Royal Mint Group Personal Pension Plan, a defined contribution scheme.

All members of the Executive Management Team, who joined prior to 1 January 2010, were members of Prudential Platinum Pension - The Royal Mint Limited Scheme, a defined benefit pension scheme. The Prudential Platinum scheme was closed for additional contributions on 31 March 2015 and all members of the Executive Management Team who were members of the Prudential Platinum scheme at 31 March 2015 decided to accept a Cash Equivalent Transfer Value ('CETV') into their private personal schemes. From 1 April 2015 all Executive Management Team members, who joined prior to 1 January 2010, have accrued benefits into the Civil Service Pension Scheme.

v. **Discretionary benefits allowance**

Any allowance paid is non-consolidated, non-pensionable and is not used for the basis of Incentive Plan calculations. Payments are included within remuneration below.

The following sections provide details of the salaries, pension entitlements and fees of the Board members and Executive Management Team.

Whilst the results were reduced year-on-year, we exceeded our recovery plan and our challenging targets. Therefore, the targets set by the remuneration committee in April 2019 for the current year have been achieved resulting in the STIP and LTIP bonuses being accrued as set out in the following table.

In addition, this over performance triggered a bonus for all employees in recognition of their personal contribution to our recovery plan, amounting to £810,000 being paid in profit share to the employees.

Remuneration and Incentive Plans

Executive Management Team of The Royal Mint Limited	Total Remuneration 2019-2020 £'000	Remuneration before incentives 2019-2020 £'000	STIP amounts earned 2019-2020 £'000	LTIP amounts earned 2019-20 £'000	Total Remuneration 2018–19 £'000	Remuneration before incentives 2018–19 £'000	STIP amounts earned 2018–19 £'000	LTIP amounts earned 2018–19 £'000
Anne Jessopp	291	220	41	30	339	215	71	53
Andrew Mills	174	140	20	14	205	137	41	27
Chris Howard*	54	54	-	-	152	130	13	9
Leighton John	151	118	21	12	173	115	35	23
Martin McDade	123	123	-	-	152	119	18	15
Sarah Bradley	144	113	20	11	150	109	27	14
Nicola Howell	170	127	31	12	150	118	24	8
Jonathan McGregor**	162	128	21	13	90	65	20	5

Board members during the year were Anne Jessopp, Andrew Mills, Martin McDade and also Nicola Howell from 1 November 2019.
** Chris Howard resigned on 31st July 2019.*
*** Jonathan McGregor was appointed as Chief Marketing Officer in September 2018 and therefore in the prior year his remuneration is only shown from that date.*

No non-cash benefits-in-kind were provided during the year.

Median pay
Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid Director in their organisation and the median remuneration of the organisation's workforce. For the purpose of this disclosure, the remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include pension contributions or the cash-equivalent transfer value of pensions.

Using this basis, in 2019–20 the remuneration of the highest-paid Director of The Royal Mint was £291,000 (2018–19: £339,000). This was eight times (2018–19: ten times) the median remuneration of the workforce, which was £37,000 (2018–19: £34,000).

Pension benefits accrued

The table should be read in the context of the notes below

	Value of pension benefits 2019-20 in CSPS £'000	Value of pension benefits 2018-19 in CSPS £'000	Employee Contributions paid 2019-20 £'000
Anne Jessopp	84	82	17
Andrew Mills	54	53	10
Leighton John	46	45	9
Martin McDade	39	65	9
Sarah Bradley	44	43	8

	Increase in accrued pension in year in excess of inflation £'000	Transfer Value as at 31 March 2020 £'000	Transfer Value as at 31 March 2019 £'000	Increase in Transfer Value less employees contributions £'000
Anne Jessopp	52	346	265	64
Andrew Mills	46	283	216	57
Leighton John	21	139	104	26
Martin McDade	39	602	531	62
Sarah Bradley	25	147	109	30

The 'Increase in Transfer Value less Employee Contributions' corresponds to the difference between the value placed on benefits accrued at dates which are one year apart, the start and end of the year, less employee contributions. This largely relates to the value placed on the additional accrual of benefits over the year, but also reflects any changes in assumptions used to calculate transfer values.

Nicola Howell and Jonathan McGregor are members of The Royal Mint Group Personal Pension Plan, a defined contribution scheme. Chris Howard was also a member of this scheme until his resignation. Employer contributions made during the year were as follows:
Chris Howard £1,300 (2018–19: £16,000)
Nicola Howell £15,200 (2018–19: £14,000)
Jonathan McGregor £15,300 (2018-19: £8,000).

Employment agreements
All permanent members of the Executive Management Team covered by this Annual Report hold appointments that are open-ended. Their notice periods are six months.

Early termination (other than for misconduct or persistent poor performance) would result in the individual receiving compensation in line with the relevant redundancy scheme.

Non-Executive Directors' terms, conditions and fees
The Chairman is engaged under a letter of appointment from UKGI under delegated authority from HM Treasury. The other Non-Executive Directors apart from Jamie Carter are appointed by the Company with approval of UKGI. Either party can terminate his or her engagement upon giving three months' notice.

The Non-Executive Directors receive an annual fee. The Chairman's fee is agreed by HM Treasury ministers. The fees of other Non-Executive Directors are agreed by the Nominations Committee and subsequently consented by UKGI.

	2019-20 £'000	2018-19 £'000
Graham Love	47	12
David Morgan	23	23
Xenia Carr-Griffiths	21	20
Michael Clayforth-Carr	18	18
Cheryl Toner	18	2

In addition, Non-Executive Directors are reimbursed for reasonable travel and subsistence expenses claimed in the performance of their duties and the total amount paid to the Non-Executive Directors was £12,000 (2018–19: £11,000).

Jamie Carter received no fees or expenses from The Royal Mint Limited.

Anne Jessopp
Chief Executive
19 August 2020

Anne Jessopp

Independent auditors' report to the members of The Royal Mint Limited

Report on the audit of the financial statements

Opinion

In our opinion, The Royal Mint Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2020 and of the group's and the company's loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Consolidated Annual Report (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 March 2020; the Consolidated Income statement and Company Income Statement, and the Consolidated Statement of Comprehensive Income and Company Statement of Comprehensive Income, and the Consolidated and Company Statements of cash flows, and the Consolidated Statement of Changes in Equity and the Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

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 year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 19, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

we have not received all the information and explanations we require for our audit; or

adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or

certain disclosures of directors' remuneration specified by law are not made; or

the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Jason Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
20 August 2020

Consolidated Income Statement For the year ended 31 March 2020

	Notes	Before IFRS 9 related items and exceptionals 2019-2020 £'000	IFRS 9 related items (note 5) 2019-2020 £'000	Exceptionals (note 5) 2019-2020 £'000	Total 2019-20 £'000	Before IFRS 9 related items and exceptionals 2018-19 £'000	IFRS 9 related items (note 5) 2018-19 £'000	Exceptionals (note 5) 2018-19 £'000	Total 2018-19 £'000
Revenue	2	568,485	-	-	568,485	421,627	-	-	421,627
Cost of sales		(513,998)	(433)	-	(514,431)	(373,779)	(160)	-	(373,939)
Gross profit		54,487	(433)	-	54,054	47,848	(160)	-	47,688
Administrative expenses		(19,783)	-	(251)	(20,034)	(17,653)	-	(2,216)	(19,869)
Selling and distribution costs		(30,978)	-	-	(30,978)	(26,523)	-	-	(26,523)
Other gains/(losses) – net	23	(3,178)	1,222	-	(1,956)	(1,746)	(2,237)	-	(3,983)
Operating profit/(loss)	3	548	789	(251)	1,086	1,926	(2,397)	(2,216)	(2,687)
Finance costs	6	(1,499)	-	-	(1,499)	(1,125)	-	-	(1,125)
Share of profit of associate accounted for using the equity method	10	212	-	-	212	88	-	-	88
(Loss) / profit before tax		(739)	789	(251)	(201)	889	(2,397)	(2,216)	(3,724)
Taxation	7				(1,190)				720
Loss for the financial year					(1,391)				(3,004)
Loss attributable to:									
Owners of the parent					(1,391)				(3,004)

The notes on pages 49 to 85 form part of the financial statements.
All results above relate to Continuing Operations.

Company Income Statement
For the year ended 31 March 2020

	Notes	Before IFRS 9 related items and exceptionals 2019-20 £'000	IFRS 9 related items (note 5) 2019-20 £'000	Exceptionals (note 5) 2019-20 £'000	Total 2019-20 £'000	Before IFRS 9 related items and exceptionals 2018-19 £'000	IFRS 9 related items (note 5) 2018-19 £'000	Exceptionals (note 5) 2018-19 £'000	Total 2018-19 £'000
Revenue	2	568,468	-	-	568,468	421,620	-	-	421,620
Cost of sales		(514,555)	(433)	-	(514,988)	(373,779)	(160)	-	(373,939)
Gross profit/(loss)		53,913	(433)	-	53,480	47,841	(160)	-	47,681
Administrative expenses		(18,460)	-	(920)	(19,380)	(16,886)	-	(3,567)	(20,453)
Selling and distribution costs		(30,978)	-	-	(30,978)	(26,523)	-	-	(26,523)
Other (losses) / gains - net	23	(3,178)	1,222	-	(1,956)	(1,746)	(2,237)	-	(3,983)
Operating profit/(loss)	3	1,297	789	(920)	1,166	2,686	(2,397)	(3,567)	(3,278)
Finance costs	6	(1,476)	-	-	(1,476)	(1,074)	-	-	(1,074)
(Loss) / profit before tax		(179)	789	(920)	(310)	1,612	(2,397)	(3,567)	(4,352)
Taxation	7				(1,190)				720
Loss for the financial year					(1,500)				(3,632)
Loss attributable to:									
Owners of the parent					(1,500)				(3,632)

The notes on pages 49 to 85 form part of the financial statements.

All results above relate to Continuing Operations.

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2020

	Note	2019-20 £'000	2018-19 £'000
Loss for the financial year		(1,391)	(3,004)
Other comprehensive (expense) / income:			
Items that may subsequently be reclassified to profit or loss			
(Losses) / gains on cash flow hedges		(880)	430
Hedging losses reclassified to profit or loss		(411)	-
Items that will not be reclassified to profit or loss			
Remeasurements for defined benefit scheme	17	2,038	38
Deferred tax on remeasurements for defined benefit scheme	16	(387)	(6)
Other comprehensive income for the year, net of tax		360	462
Total comprehensive expense for the year		(1,031)	(2,542)
Total comprehensive expense attributable to:			
Owners of the parent		(1,031)	(2,542)

Company Statement of Comprehensive Income
For the year ended 31 March 2020

	Note	2019-20 £'000	2018-19 £'000
Loss for the financial year		(1,500)	(3,632)
Other comprehensive (expense) / income:			
Items that may subsequently be reclassified to profit or loss			
(Losses) / gains on cash flow hedges		(880)	430
Hedging losses reclassified to profit or loss		(411)	-
Items that will not be reclassified to profit or loss			
Remeasurements for defined benefit scheme	17	2,038	38
Deferred tax on remeasurements for defined benefit scheme	16	(387)	(6)
Other comprehensive income for the year, net of tax		360	462
Total comprehensive expense for the year		(1,140)	(3,170)
Total comprehensive expense attributable to:			
Owners of the parent		(1,140)	(3,170)

The notes on pages 49 to 85 form part of the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

	Note	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Hedging Reserve £'000	Total Equity £'000
At 1 April 2019		6,000	39,319	10,359	411	56,089
Loss for the financial year		-	-	(1,391)	-	(1,391)
Other comprehensive income / (expense)		-	-	1,651	(1,291)	360
Total comprehensive expense for the year		-	-	260	(1,291)	(1,031)
Cost of hedging transferred to carrying value of inventory purchased in the year		-	-	-	82	82
Transactions with owners – dividend	18	-	-	(4,000)	-	(4,000)
At 31 March 2020		6,000	39,319	6,619	(798)	51,140

Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

	Note	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Hedging Reserve £'000	Total Equity £'000
At 1 April 2018		6,000	39,319	17,331	(19)	62,631
Loss for the financial year		-	-	(3,004)	-	(3,004)
Other comprehensive income		-	-	32	430	462
Total comprehensive (expense) / income for the year		-	-	(2,972)	430	(2,542)
Transactions with owners – dividend	18	-	-	(4,000)	-	(4,000)
At 31 March 2019		6,000	39,319	10,359	411	56,089

The notes on pages 49 to 85 form part of the financial statements.

Company Statement of Changes in Equity

For the year ended 31 March 2020

	Note	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Hedging Reserve £'000	Total Equity £'000
At 1 April 2019		6,000	39,319	10,135	411	55,865
Loss for the financial year		-	-	(1,500)	-	(1,500)
Other comprehensive income / (expense)		-	-	1,651	(1,291)	360
Total comprehensive expense for the year		-	-	151	(1,291)	(1,140)
Cost of hedging transferred to carrying value of inventory purchased in the year		-	-	-	82	82
Transactions with owners – dividend	18	-	-	(4,000)	-	(4,000)
At 31 March 2020		6,000	39,319	6,286	(798)	50,807

Company Statement of Changes in Equity

For the year ended 31 March 2019

	Note	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Hedging Reserve £'000	Total Equity £'000
At 1 April 2018		6,000	39,319	17,735	(19)	63,035
Loss for the financial year		-	-	(3,632)	-	(3,632)
Other comprehensive income		-	-	32	430	462
Total comprehensive (expense) / income for the year		-	-	(3,600)	430	(3,170)
Transactions with owners – dividend	18	-	-	(4,000)	-	(4,000)
At 31 March 2019		6,000	39,319	10,135	411	55,865

The notes on pages 49 to 85 form part of the financial statements.

Consolidated and Company Statements of Financial Position
As at 31 March

	Notes	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
NON-CURRENT ASSETS					
Property, plant and equipment	8	60,553	59,287	59,843	58,584
Intangible assets	9	14,560	14,560	13,559	13,559
Deferred tax asset	16	1,946	1,946	1,553	1,553
Investments	10	1,376	1,000	1,164	1,000
TOTAL NON-CURRENT ASSETS		78,435	76,793	76,119	74,696
CURRENT ASSETS					
Inventories	11	70,494	70,494	52,781	52,781
Derivative financial instruments	24	3,727	3,727	1,379	1,379
Current tax asset	7	1,348	1,352	1,242	1,242
Trade and other receivables	12	22,318	24,182	39,770	41,493
Cash and cash equivalents	22	22,534	22,379	448	-
TOTAL CURRENT ASSETS		120,421	122,134	95,620	96,895
CURRENT LIABILITIES					
Borrowings	13	(536)	(528)	(4,808)	(4,808)
Trade and other payables	14	(98,538)	(98,950)	(68,742)	(68,818)
Derivative financial instruments	24	(4,568)	(4,568)	(1,722)	(1,722)
TOTAL CURRENT LIABILITIES		(103,642)	(104,046)	(75,272)	(75,348)
NET CURRENT ASSETS/(LIABILITIES)		16,779	18,088	20,348	21,547
NON-CURRENT LIABILITIES					
Borrowings	13	(36,944)	(36,944)	(30,770)	(30,770)
Accruals and deferred income	14	(1,572)	(1,572)	(1,725)	(1,725)
Retirement benefit liability	17	(1,531)	(1,531)	(5,451)	(5,451)
Deferred tax liability	16	(3,582)	(3,582)	(1,957)	(1,957)
Provision for liabilities and charges	15	(445)	(445)	(475)	(475)
NET ASSETS		51,140	50,807	56,089	55,865
EQUITY					
Share capital	25	6,000	6,000	6,000	6,000
Share premium	25	39,319	39,319	39,319	39,319
Retained earnings at 1 April		10,359	10,135	17,331	17,735
Loss for the year		(1,391)	(1,500)	(3,004)	(3,632)
Other		(2,349)	(2,349)	(3,968)	(3,968)
Retained earnings at 31 March		6,619	6,286	10,359	10,135
Hedging reserve		(798)	(798)	411	411
TOTAL EQUITY		51,140	50,807	56,089	55,865

The notes on pages 49 to 85 form part of the financial statements.

The financial statements on pages 42 to 85 were approved by the Board of Directors on 19 August 2020 and signed on its behalf by

Martin McDade
Finance Director
19 August 2020

Consolidated and Company Statements of Cash Flows

For the year ended 31 March 2020

	Notes	Group 2019-20 £'000	Company 2019-20 £'000	Group 2018-19 £'000	Company 2018-19 £'000
CASH FLOW FROM OPERATING ACTIVITIES					
Loss before tax		(201)	(310)	(3,724)	(4,352)
Depreciation on non-current assets		5,763	5,693	5,076	5,044
Amortisation on non-current assets		1,575	1,575	955	955
Impairment		-	-	1,332	1,332
Interest charge		1,499	1,476	1,125	1,074
Cash flow hedges		(711)	(711)	2,945	2,945
Share of associate		(212)	-	(88)	-
Changes in operating assets and liabilities:					
Difference between pension charge and cash contribution		(1,882)	(1,882)	(1,943)	(1,943)
Inventory		(17,713)	(17,713)	(2,936)	(2,936)
Trade and other receivables		17,452	17,312	(5,837)	(6,049)
Trade and other payables		29,350	29,685	3,642	3,949
Provisions		(30)	(30)	(2,544)	(2,280)
Cash generated from / (used in) operations		34,890	35,095	(1,997)	(2,261)
Interest paid		(1,333)	(1,310)	(1,142)	(1,092)
Tax paid		(451)	(455)	(1,473)	(1,473)
Net cash generated from / (used in) operating activities		33,106	33,330	(4,612)	(4,826)
CASH FLOW FROM INVESTING ACTIVITIES					
Acquisition of property, plant & equipment		(6,203)	(6,126)	(2,282)	(1,754)
Acquisition of intangible assets		(1,892)	(1,892)	(2,743)	(2,743)
Net cash used in investing activities		(8,095)	(8,018)	(5,025)	(4,497)
CASH FLOW FROM FINANCING ACTIVITIES					
Movement in borrowings		1,359	1,351	4,428	4,428
Principal lease payments		(450)	(450)	-	-
Dividends paid	18	(4,000)	(4,000)	(4,000)	(4,000)
Net cash (used in) / generating from financing activities		(3,091)	(3,099)	428	428
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		21,920	22,213	(9,209)	(8,895)
Cash and cash equivalents at start of year		448	-	9,657	8,895
Effects of exchange rate changes on cash and cash equivalents		166	166	-	-
Cash and cash equivalents at end of year	22	22,534	22,379	448	-

The notes on pages 49 to 85 form part of the financial statements.

Notes to the financial statements

Note 1
PRINCIPAL ACCOUNTING POLICIES

1.1 General information

The Royal Mint Limited ("the Company") is a private limited company incorporated and domiciled in the UK. The address of its registered office is Llantrisant, Pontyclun, CF72 8YT. The Group which comprises the Company and its subsidiaries ("the Group") is a manufacturer, distributor and retailer of coins, bullion and related products.

1.2 Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.3 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRSIC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historic cost convention, as modified by revaluation of financial assets and liabilities (including derivative financial instruments) at fair value through profit or loss. Where IFRS permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of The Royal Mint Limited Group, for the purpose of giving a true and fair view, has been selected. The particular policies adopted are described below. They have been applied consistently unless otherwise stated in dealing with items that are considered material to the financial statements.

The financial statements represent the consolidated financial statements of The Royal Mint Limited Group.

1.4 Consolidation

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Associates, which are entities over which the company has significant influence but not control, are accounted for under the equity method of accounting which presents the share of the result for the period since acquisition within the Consolidated Income Statement and the share of the net assets in the Consolidated Statement of Financial Position.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

1.5 Changes in accounting policy and disclosures

New standards, amendments and interpretations

During the year, the Group had to change its accounting policies as a result of adopting the new leases standard, IFRS 16. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). It replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. The standard was issued in January 2016 and is effective for annual periods beginning on or after 1 January 2019. The standard has been adopted for the first time in the year ended 31 March 2020.

The Group has adopted IFRS 16 Leases using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRS 4. No adjustment was required in respect of prior year as permitted under the specific transition provisions in the standard.

Note 1 continued

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principled of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 April 2019.

	£'000
IAS 17 operating lease commitments based on gross cash flows as at 31 March 2019	1,129
Discounted using the Group's incremental borrowing rate of 4.1%	1,061
Less: contracts to which the short-term leases exemption has been applied	(107)
IFRS 16 lease liability as at 1 April 2019	**954**
Of which are:	
Current lease liabilities	420
Non-current lease liabilities	534

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 March 2019.

The change in accounting policy affected the following items in the balance sheet on 1 April 2019:

- Right-of-use assets – increase by £954,000
- Lease liabilities – increase by £954,000.

The net impact on retained earnings on 1 April 2019 was £nil.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- Not applied the new guidance to short-term leases (lease contracts less than one year) and leases of which the underlying asset is of low value;
- Applied the new guidance only to contracts entered into (or that have been changed) after the date of initial application and applied this consistently to all contracts;
- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 start date as short-term leases;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group enters into precious metal leases, which have been considered as consignment arrangements whereby the consignor retains the risks and rewards of the metal until such time as the Group purchases the metal. The value of the physical metal and the leases are not reflected in the Group's consolidated financial statements since these agreements do not meet the definition of a lease under IFRS 16. The precious metals available to the Group under these leases are fungible and are therefore not an identified asset.

There were no other new and amended standards and interpretations mandatory for the first time for the financial year commencing on 1 April 2019 that had a material impact on the Group or Company.

New standards, amendments and interpretations not yet adopted
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2020 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements or the Company.

There are no other IFRS or IFRSIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

1.6 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

Note 1 continued

1.7 Foreign currency translation

(a) *Functional and presentation currency*
Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The financial statements are presented in sterling, which is the Group's functional currency.

(b) *Transactions and balances*
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when deferred in equity as qualifying cashflow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the Income Statement within Other Gains and Losses.

1.8 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of those items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis so as to charge the depreciable amount of the respective asset to income over its expected useful life. The useful lives of assets are as follows:

	Years
Buildings (including integral features)	up to 50
Plant and machinery	up to 20
Software licences and patents	3 – 8

No depreciation is provided in respect of land.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised within Other Gains and Losses in the Income Statement.

1.9 Intangible assets

Intangible Assets
Directly attributable costs are recognised as an intangible asset where the following criteria are met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete the intangible asset and use or sell it;
- Its ability to use or sell the intangible asset; how the intangible asset will generate probable future economic benefits;
- The existence of a market or, if it is to be used internally, the usefulness of the intangible asset;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- Its ability to measure reliably the expenditure attributable to the intangible asset during development.

Computer software
Licences for computer software are amortised on a straight-line basis over a period of between three and eight years.

Note 1 continued

Assets under the course of construction
Internal costs capitalised are those direct employee costs involved in the design and testing of IT systems. These costs are currently held within assets in the course of construction within intangible assets. Other costs included in this category relate to capital projects not yet completed.

Research and Development costs
Research costs are expensed as incurred.

Development costs capitalised are those direct employee and other direct costs involved in the upscaling of the High Security Feature technology for commercial production. Development costs are amortised when commercial production begins over the expected useful life of the technology and prior to then are held within assets in the course of construction within intangible assets.

Goodwill on associate
Goodwill is recognised in respect of the excess contribution paid for the acquisition of an interest in an associate company over the fair value of the share of net assets acquired.

1.10 Impairment of non-financial assets
Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets which have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

1.11 Financial assets
Financial assets are recognised when the Group becomes party to the contracts that give rise to them and are classified as financial assets at fair value through the Income Statement or loans and receivables, as appropriate. Financial assets are classified at initial recognition and, where allowed and appropriate, this designation is re-evaluated at each financial year-end. When financial assets are recognised, initially they are measured at fair value, being the transaction price, plus in the case of financial assets not at fair value through the Income Statement, directly attributable transaction costs.

All standard purchases and sales of financial assets are recognised on the trade date, being the date a commitment is made to purchase or sell the asset. Standard transactions require delivery of assets within the timeframe generally established by regulation or convention in the market place.

The subsequent measurement of financial assets depends on their classification, as follows:

(i) Financial assets at fair value through the Income Statement – Financial assets classified as held for trading and other assets designated as such on inception are included in this category. Derivatives, including separated embedded derivatives, are classified as held for trading unless they are designated as effective hedging instruments where movements in fair value are recognised through Other Comprehensive Income. Assets are carried in the Statement of Financial Position at fair value with gains or losses recognised in the Income Statement.

(ii) Financial assets at amortised cost – Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market. They are initially measured at fair value and subsequently held at amortised cost.

1.12 Impairment of financial assets
An assessment is carried out at each balance sheet date as to whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost – If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced, through the use of an allowance amount. The amount of the loss shall be recognised in administration costs.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the Income Statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Impaired debts are de-recognised when their outcome is certain.

1.13 Trade receivables

Trade receivables are recognised at the original invoice amount and carried at amortised cost less an allowance for any identified impairment. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk and the days past due. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables. Receivables are written off when there is no possibility of collection. The impairment allowance is established when there is objective evidence that amounts due under the original terms of the transaction will not be collected. The impairment is charged to the Income Statement and represents the difference between the carrying amount and the recoverable amount. Balances are written off when the probability of recovery is assessed as remote. Impaired debts are de-recognised when their outcome is certain.

1.14 Financial liabilities

(a) Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised at commencement of the related contracts and are measured initially at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance costs. Borrowing costs are recognised in the Income Statement in the period in which they are incurred.

(b) Financial liabilities at fair value through the Income Statement

Financial liabilities at fair value through the Income Statement includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss.

Derivatives, including separated embedded derivatives are classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the Income Statement.

1.15 Derivative financial instruments

Derivative financial instruments are used to reduce exposure to risks associated with movements in foreign currency rates and metal prices. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of forward metal contracts is determined by reference to current forward metal contracts with similar maturity profiles.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is formally designated and documented at its inception. This documentation identifies the risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and its effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the reporting period for which they were designated.

For the purpose of hedge accounting, hedges are classified as cash flow hedges, when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the Income Statement within Other Gains and Losses. Amounts taken to equity are transferred to the Income Statement when the hedged transaction affects the Income Statement in Cost of Sales, such as when a forecast sale or purchase occurs.

Note 1 continued

If a forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the Income Statement in Other Gains and Losses. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs and are transferred to the initial carrying amount of a non-financial asset or liability as above. If the related transaction is not expected to occur, the amount is taken to the Income Statement in Other Gains and Losses. Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the Income Statement in Other Gains and Losses. Contracts are reviewed at initiation to assess if they contain an embedded derivative and then accounted for where relevant.

1.16 Inventories

Inventories are stated at the lower of cost and estimated net realisable value, after due allowance for obsolete or slow moving items. Cost includes all direct expenditure and any attributable overhead expenditure incurred in bringing goods to their current state under normal operating conditions. The first in, first out or an average method of valuation is used. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

1.17 Cash and cash equivalents

Cash and cash equivalents includes cash-in-hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities.

1.18 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the original invoice amount (fair value) and subsequently measured at amortised cost using the effective interest method.

1.19 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the date of Statement of Financial Position and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Note 1 continued

1.20 Employee benefits

(a) *Pension obligations*
The Group operates defined benefit and defined contribution pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

(i) Platinum Prudential Pension – The Royal Mint Limited Scheme

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the fair value of plan assets less the present value of the defined benefit obligation at the end of the reporting period, together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liabilities. A pension asset is recognised to the extent that it is recoverable. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs, and gains/(losses) on curtailment or settlement are recognised in income on occurrence.

(ii) Principal Civil Service Pension Scheme (PCSPS) and Civil Servant and Other Pension Scheme (CSOPS)

Whilst the PCSPS and CSOPS are defined benefit schemes, they are accounted for by the Company as defined contribution schemes as the Group cannot determine its share of the underlying assets and liabilities due to them being multi-employer unfunded defined benefit pension schemes.

(iii) Defined Contribution Scheme – The Royal Mint Limited Group Personal Pension Plan (GPP)

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) *Profit sharing and incentive schemes*
The Group recognises a liability and an expense for profit sharing and incentive schemes, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

1.21 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Note 1 continued

1.22 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, returns, rebates and discounts.

The Group sells directly to customers and to wholesale providers. In both instances, revenue is recognised when control has passed to the buyer which is generally on delivery of the goods and services supplied during the year and dependant on the terms of trade within the contract except in the case of 'bill and hold' arrangements, where revenue is recognised when the following requirements are satisfied:

- The reason for the bill-and-hold arrangement is substantive;
- The product is identified separately as belonging to the customer;
- The product is ready for physical transfer to the customer; and
- The entity does not have ability to use the product or to direct it to another customer.

For licence and storage fees charged, revenue is recognised on delivery of the service.

No significant element of financing is deemed present, because the sales are either paid in advance of despatch or in some instances with a credit term of 30 days, which is consistent with market practice. A receivable is recognised when the goods are delivered, since this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

For the sales of our Consumer products, it is the group's policy to sell its products to the end customer with a right of return within 14 days. Therefore, a refund liability is recognised within provisions in respect of these returns. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

1.23 Leases

The Group leases equipment and vehicles. Rental contracts are typically made for fixed periods of 1 months to 7 years, but may have extension options.

Policy applicable before 1 April 2019

Prior to the adoption of IFRS 16, leases, in which a significant portion of the risks and rewards of ownership were retained by the lessor, were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the Income Statement on a straight-line basis over the period of the lease.

Policy applicable from 1 April 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
    - The Group has the right to operate the asset; or
    - The Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 April 2019.

The Group recognised a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

Note 1 continued

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset are determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payment that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group's incremental borrowing rate is the rate that it would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The lease liability is measured at amortised cost using the effective interest method.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets. The Group recognised the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1.24 Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of performance.

1.25 Dividend distribution

Dividends are recognised in the Financial Statements in the year in which the dividends are approved by the Company's shareholders.

1.26 Share Capital

Ordinary shares are classified as equity.

1.27 Grants

Government capital grants are treated as deferred income and released to the income statement in accordance with the expected useful life of the related assets.

1.28 Investments

The investments in subsidiary undertakings and associate are carried at cost.

1.29 Related parties

The Group has taken advantage of the exemption from disclosing related party transactions with subsidiaries included within the Consolidated Financial Statements.

1.30 Going Concern

The group meets its day-to-day working capital requirements through its banking facilities, precious metals leasing facilities and a revolving credit facility from the Royal Mint Trading Fund. The current economic conditions create uncertainty, particularly over (a) the level of demand for the group's products, and (b) the availability of bank finance and revolving credit facility for the foreseeable future. However, as we have witnessed over the last few months, when the economy faces a downturn, the demand for our products, particularly precious metals, increases which provides us with some natural hedge against economic declines. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facilities. Having assessed the principal risks and the other matters discussed in the Strategic Report, the directors considered it appropriate to adopt the going concern basis of accounting in preparing its consolidated financial statements. Further information on the group's borrowings is given in note 13.

Note 1 continued

1.31 Critical accounting estimates, assumptions and judgements in applying the accounting policies
The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) *Pension benefits*
The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The key assumptions used in determining the net cost (income) for pensions include the discount rate and life expectancies. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Key assumptions for pension obligations, including sensitivities, are disclosed in note 17.

(b) *Impairment of non-financial assets*
The group assesses whether there have been any impairment indicators at the end of each reporting period whenever events or circumstances indicate that the carrying amount may not be recoverable.

When value in use calculations are undertaken because an impairment indicator is in place, management estimate the expected future cash flows from the asset or income-generating unit and choose a suitable discount rate in order to calculate the net present value of those cash flows.

The directors consider that changes in the Circulating coin market represent such an impairment indicator as explained in note 5.

(c) *Trade receivables*
Estimates are used in determining the level of receivables that will not be collected. These estimates include factors such as historical experience, the current state of the UK and overseas economies and industry specifics. A provision for impairment of trade and other receivables is recognised based on the simplified approach using the lifetime expected credit losses. During this process the probability of non-payment is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade and other receivables. This estimate is based on assumed collection rates which, although based on the Group's historical experience of customer repayment patterns, remains inherently uncertain.

(d) *Inventory*
Provision is made for those items of inventory where the net realisable value is estimated to be lower than cost or goods are obsolete. Net realisable value is based on both historical experience and assumptions regarding future selling values, and is consequently a source of estimation uncertainty.

(e) *Property, plant and equipment*
The determination of asset lives for depreciation purposes is reviewed on a regular basis. Assessing the useful economic life of an asset is based on management judgement taking into account historical experience, wear and tear and the impact of technological change. Consequently this represents a source of estimation uncertainty.

Note 2
SEGMENTAL REPORTING
The Group has determined business segments based on reports reviewed by the Board that are used to make strategic decisions. The Board reviews the business from a product perspective as each segment offers products for different purposes and serves different markets.

The following table presents revenue, operating profit and certain asset and liability information regarding the Group's business segments for the years ended 31 March. Whilst being established as businesses, Collector Services and the RME are included in the Consumer results and the ETC business is included within Precious Metals. The activities of new ventures, and the group's subsidiaries are currently unallocated due to immateriality.

A) ANALYSIS BY CLASS OF BUSINESS 2019-20

	Currency	Consumer	Precious Metals	Total Segments	Unallocated	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Segment revenue	133,994	76,588	356,946	567,528	957	568,485
Depreciation and amortisation	5,111	2,055	102	7,268	70	7,338
Operating profit / (loss) before IFRS 9 and exceptional items and allocation of central costs	3,388	13,552	3,921	20,861	(20,313)	548
IFRS 9 and exceptional items	538	-	-	538	-	538
Allocation of central costs	(7,849)	(9,364)	(1,343)	(18,556)	18,556	-
Total operating (loss)/profit	(3,923)	4,188	2,578	2,843	(1,757)	1,086
Segment assets and liabilities:						
Non-current assets	43,248	28,408	3,288	74,944	3,491	78,435
Current assets	47,781	13,622	20,837	82,240	38,181	120,421
Current liabilities	(11,775)	(52,979)	(28,071)	(92,825)	(10,817)	(103,642)
Non-current liabilities	-	(2,017)	-	(2,017)	(42,057)	(44,074)
Net assets/(liabilities)	79,254	(12,966)	(3,946)	62,342	(11,202)	51,140

ANALYSIS BY CLASS OF BUSINESS 2018-2019

	Currency	Consumer	Precious Metals	Total Segments	Unallocated	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Segment revenue	105,333	71,305	244,272	420,910	717	421,627
Depreciation and amortisation	4,368	1,631	32	6,031	-	6,031
Operating (loss) / profit before IFRS 9 and exceptional items and allocation of central costs	(665)	16,529	3,738	19,602	(17,676)	1,926
IFRS 9 and exceptional items	(4,613)	-	-	(4,613)	-	(4,613)
Allocation of central costs	(7,787)	(8,284)	(497)	(16,568)	16,568	-
Total operating (loss)/profit	(13,065)	8,245	3,241	(1,579)	(1,108)	(2,687)
Segment assets and liabilities:						
Non-current assets	41,505	28,619	3,185	73,309	2,810	76,119
Current assets	62,188	23,333	1,313	86,834	8,786	95,620
Current liabilities	(18,537)	(44,756)	(1,614)	(64,907)	(10,365)	(75,272)
Non-current liabilities	-	(2,066)	-	(2,066)	(38,312)	(40,378)
Net assets/(liabilities)	85,156	5,130	2,884	93,170	(37,081)	56,089

Central costs are allocated to the business units on a percentage basis determined by the support provided to the business units by the central cost centres. The unallocated net assets / (liabilities) comprise cash at bank and in hand, overdraft, borrowings, derivative financial instruments, central stock items, current and deferred tax assets / liabilities along with receivables and payables balances which are not specifically attributed to a segment.

Note 2 continued

B) GEOGRAPICAL ANALYSIS OF REVENUE

Revenue by destination is set out below:	2019-20	2018-19
	£'000	£'000
UK	204,857	182,619
Germany	69,652	54,977
Rest of Europe	47,812	24,229
United States of America	116,596	97,673
Rest of Americas	1,743	1,478
Asia	58,492	27,508
Africa	64,650	19,337
Rest of the World	4,683	13,806
	568,485	421,627

During 2019-20 revenue from one customer amounted to £75.6m (2018-19 one customer: £47.3m) which represented in excess of 10% of revenue.

Note 3a

GROUP AND COMPANY OPERATING PROFIT / (LOSS)

	Group 2019-20	Company 2019-20	Group 2018-19	Company 2018-19
Group and Company operating profit / (loss) is stated after charging/(crediting):				
	£'000	£'000	£'000	£'000
Depreciation	5,763	5,693	5,076	5,044
Amortisation	1,575	1,575	955	955
Loss on disposal	-	-	238	238
Research and development	697	697	654	291
Exceptional items (note 5)	251	920	2,216	3,567
Commodity hedges (gain) / loss	(789)	(789)	2,397	2,397
Foreign exchange loss	2,629	2,629	1,899	1,899
Precious metal consignment arrangement fees	858	858	861	861
Operating leases	-	-	573	573
Auditors' remuneration				
Audit of the Company and Group financial statements	78	78	79	79
Audit of subsidiary financial statements	-	-	-	-
Non audit fees - other	-	-	-	-

Note 3b

LEASES RECOGNISED IN THE INCOME STATEMENT

	Group 2019-20	Company 2019-20	Group 2018-19	Company 2018-19
The Income Statement shows the following amounts relating to leases:				
	£'000	£'000	£'000	£'000
Depreciation of right-of-use assets				
Plant and Machinery	410	410	-	-
Interest expense (included in finance costs)	39	39	-	-
Expense relating to short-term leases (included in administrative expenses)	201	201	-	-

Note 4
REMUNERATION AND EMPLOYMENT

Due to the low level of RM Experience employees there is no significant difference between this note on a company and group basis. RM Wynt and RM Assets have no employees.

TOTAL GROUP STAFF COSTS

	2019-20		2018-19	
	£'000	£'000	£'000	£'000
Wages and salaries				
Staff with a permanent contract	32,384		31,744	
Other staff	540		1,186	
		32,924		32,930
Social Security costs				
Staff with a permanent contract	3,098		3,008	
Other staff	43		104	
		3,141		3,112
Pension costs				
Defined benefit:				
Staff with a permanent contract	3,247		3,703	
Defined contribution:				
Staff with a permanent contract	1,707		1,704	
Other staff	41		107	
		4,995		5,514
		41,060		41,556

AVERAGE NUMBER EMPLOYED
The monthly average number of people (including directors) employed during the year:

	2019-20		2018-19	
	Number	Number	Number	Number
Production				
Staff with a permanent contract	476		501	
Other staff	10		14	
		486		515
Sales and Marketing				
Staff with a permanent contract	181		163	
Other staff	6		18	
		187		181
Administration				
Staff with a permanent contract	141		124	
Other staff	2		5	
		143		129
		816		825

Directors' Emoluments

	2019-20	2018-19
	£'000	£'000
Aggregate emoluments excluding long term incentive scheme	828	740
Aggregate amounts receivable under long term incentive scheme	56	95
Contributions under defined contribution pension scheme		9
Highest paid director		
Total amounts of emoluments and amounts receivable under long term incentive scheme	291	339
Accrued defined benefit pension at year-end	25	19
Accrued lump sum at year-end	346	265

Retirement benefits accrued to three executive directors under a defined benefit scheme during the year (2018-19: three).

Note 5

A) EXCEPTIONAL ITEMS

	Group 2019-20 £'000	Company 2019-20 £'000	Group 2018-19 £'000	Company 2018-19 £'000
Impairment	-	-	1,332	1,332
Restructuring costs	251	251	884	884
Provision against intercompany loan	-	669	-	1,351
Exceptional charge	251	920	2,216	3,567

The group assesses whether there have been any impairment indicators at the end of each reporting period whenever events or circumstances indicate that the carrying amount may not be recoverable. In the prior year, the directors decided that the changes in the Circulating coin market represented such an impairment trigger resulting in £1.3m of assets with no prospective use being impaired and charged to the Income Statement. No such impairment was deemed necessary in the current year. This is explained further in note 8.

The restructuring costs relate to the exit of staff predominantly from the Currency business and through a release scheme which enabled staff to request to leave and receive a one off payment.

During the year, the company has increased the provision against the recoverability of the intercompany receivable arising from funding the RM Assets business by £0.7m.

B) IMPACT OF IFRS 9 HEDGING INEFFECTIVENESS AND OPEN FOREIGN EXCHANGE CONTRACTS

The Group has highlighted separately on the face of the Income Statement the total impact of the loss on open foreign exchange contracts and hedging ineffectiveness under IFRS 9 at the year-end.

In accordance with the Group's accounting policy the hedge accounting rules under International Financial Reporting Standard (IFRS) 9 have been adopted where appropriate. The ineffective portion of the gain or loss on the hedging instrument (as defined under the accounting rules of IFRS 9) is recorded in the Income Statement within Other Gains and Losses.

The objective of the Group's hedging policy is to mitigate the cash-flow impact of movements in the price of metal commodities where appropriate over time, the ineffectiveness impact of which for accounting purposes will be seen in different accounting periods depending on the relevant assessment under IFRS 9 rules.

The accounting treatment in this area is therefore not necessarily a reflection of the economic impact of the Group's hedging policy but represents the respective accounting impact of hedging ineffectiveness under IFRS 9.

Note 6
FINANCE COSTS

	Group 2019-20 £'000	Company 2019-20 £'000	Group 2018-19 £'000	Company 2018-19 £'000
Interest cost on pension plan liabilities	102	102	-	-
Interest and finance charges paid / payable for lease liabilities and financial liabilities not at fair value through profit and loss	1,397	1,374	1,125	1,074
Total finance costs	1,499	1,476	1,125	1,074

Note 7
TAXATION

Analysis of tax charge / (credit) in year

	Group 2019-20 £'000	Company 2019-20 £'000	Group 2018-19 £'000	Company 2018-19 £'000
UK corporation tax				
- Current year	-	-	-	-
- Prior year	345	345	(775)	(775)
Deferred tax:				
- Current year	342	342	(267)	(267)
- Prior year	503	503	322	322
Taxation charge / (credit)	1,190	1,190	(720)	(720)

The tax charge / (credit) for the year differs from the theoretical amount which would arise using the standard rate of corporation tax in the UK (2019-20: 19%, 2018-19: 19%):

	Group 2019-20 £'000	Company 2019-20 £'000	Group 2018-19 £'000	Company 2018-19 £'000
Loss before tax	(201)	(310)	(3,724)	(4,352)
Loss multiplied by the standard rate of corporation tax of 19%	(38)	(59)	(708)	(827)
Effects of:				
Expenses not deductible for tax purposes	273	294	271	528
Income not taxable	-	-	(17)	-
Temporary differences not recognised	-	-	155	-
Adjustments in respect of prior years	848	848	(453)	(453)
Change in tax rate	107	107	32	32
Taxation charge / (credit)	1,190	1,190	(720)	(720)

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly.

In addition to the amount charged to the Income Statement, a deferred tax charge relating to actuarial gain on defined benefit pension schemes of £387,000 (2018-19: £6,000) has been charged directly to the Consolidated and Company Statements of Comprehensive Income.

Current tax debtor

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
UK corporation tax	(1,348)	(1,352)	(1,242)	(1,242)

Note 8
PROPERTY, PLANT AND EQUIPMENT GROUP

	Freehold land and buildings £'000	Payments on account and assets in the course of construction £'000	Plant and machinery £'000	Right of use assets (Plant and machinery) £'000	Total £'000
Cost					
At 1 April 2019	29,380	2,112	104,220	-	135,712
Adjustment for change in accounting policy (IFRS 16)	-	-	-	954	954
Restated 1 April 2019	29,380	2,112	104,220	954	136,666
Additions	-	6,126	77	-	6,203
Transfers	279	(3,693)	2,730	-	(684)
Disposals	-	-	(424)	-	(424)
At 31 March 2020	29,659	4,545	106,603	954	141,761
Accumulated Depreciation					
At 1 April 2019	6,690	-	69,179	-	75,869
Charge for year	1,128	-	4,225	410	5,763
Disposal	-	-	(424)	-	(424)
At 31 March 2020	7,818	-	72,980	410	81,208
Net book value at 31 March 2020	21,841	4,545	33,623	544	60,553

	Freehold land and buildings £'000	Payments on account and assets in the course of construction £'000	Plant and machinery £'000	Total £'000
Cost				
At 1 April 2018	30,904	3,307	99,639	133,850
Additions	-	3,501	-	3,501
Transfers	216	(3,418)	3,202	-
Reclassification	(1,740)	(980)	4,912	2,192
Disposals	-	-	(238)	(238)
Impairment	-	(298)	(3,295)	(3,593)
At 31 March 2019	29,380	2,112	104,220	135,712
Accumulated Depreciation				
At 1 April 2018	6,823	-	64,038	70,861
Charge for year	1,120	-	3,956	5,076
Reclassification	(1,253)	-	3,445	2,192
Impairment	-	-	(2,260)	(2,260)
At 31 March 2019	6,690	-	69,179	75,869
Net book value at 31 March 2019	22,690	2,112	35,041	59,843

The group assesses whether there have been any impairment indicators at the end of each reporting period whenever events or circumstances indicate that the carrying amount may not be recoverable. At the end of March 2019, the directors considered that changes in the Circulating coin market represented such an impairment trigger. As part of that review, assets of £1.3million with no prospective use were impaired and charged to the Income Statement.

During the current year, the group used the value in use method to estimate the recoverable amount of the related cash generating unit ("CGU") and compared this to the remaining related tangible and intangible fixed assets of £65.9m. Management has identified that the CGU is represented by those cash flows generated which link to the UK Circulating coin contract. The value in use of the CGU has been determined using cash inflows for the related CGU projected over the estimated useful lives of the related assets. Cash inflows are based on the latest business plans which have then been extended to the end of the projected useful life with nil growth rate from year two.

Note 8 continued

The discount rate used of 8% has been determined by using a weighted average cost of capital adjusted for a risk factor. The recoverable amount is 76% greater than the net book value of assets related to the CGU and no additional impairment charge has been made. Due to the headroom, no reasonable sensitivity would result in an impairment.

PROPERTY, PLANT AND EQUIPMENT
COMPANY

	Freehold land and buildings £'000	Payments on account and assets in the course of construction £'000	Plant and machinery £'000	Right of use assets (Plant and machinery) £'000	Total £'000
Cost					
At 1 April 2019	29,380	2,112	102,929	-	134,421
Adjustment for change in accounting policy (IFRS 16)	-	-	-	954	954
Restated 1 April 2019	29,380	2,112	102,929	954	135,375
Additions	-	6,126	-	-	6,126
Transfers	279	(3,693)	2,730	-	(684)
Disposals	-	-	(424)	-	(424)
At 31 March 2020	29,659	4,545	105,235	954	140,393
Accumulated Depreciation					
At 1 April 2019	6,690	-	69,147	-	75,837
Charge for year	1,128	-	4,155	410	5,693
Reclassification	-	-	(424)	-	(424)
At 31 March 2020	7,818	-	72,878	410	81,106
Net book value at 31 March 2020	21,841	4,545	32,357	544	59,287

	Freehold land and buildings £'000	Payments on account and assets in the course of construction £'000	Plant and machinery £'000	Total £'000
Cost				
At 1 April 2018	30,904	2,544	99,639	133,087
Additions	-	2,974	-	2,974
Transfers	216	(2,128)	1,912	-
Reclassification	(1,740)	(980)	4,912	2,192
Disposals	-	-	(239)	(239)
Impairment	-	(298)	(3,295)	(3,593)
At 31 March 2019	29,380	2,112	102,929	134,421
Accumulated Depreciation				
At 1 April 2018	6,823	-	64,038	70,861
Charge for year	1,120	-	3,924	5,044
Reclassification	(1,253)	-	3,445	2,192
Impairment	-	-	(2,260)	(2,260)
At 31 March 2019	6,690	-	69,147	75,837
Net book value at 31 March 2019	22,690	2,112	33,782	58,584

Note 9
INTANGIBLE ASSETS
GROUP

	Payments on account and assets in the course of construction £'000	Software Licences £'000	Patents £'000	Development costs £'000	Total £'000
Cost					
At 1 April 2019	3,837	13,219	1,947	952	19,955
Additions	1,892	-	-	-	1,892
Transfers	(438)	1,122	-	-	684
At 31 March 2020	5,291	14,341	1,947	952	22,531
Accumulated Amortisation					
At 1 April 2019	-	4,968	476	952	6,396
Amortisation for year	-	1,380	195	-	1,575
At 31 March 2020	-	6,348	671	952	7,971
Net book value at 31 March 2020	5,291	7,993	1,276	-	14,560

Amortisation charges of £1,575,000 (2018-19: £955,000) and £nil (2018-19: £nil) are included within administration expenses and cost of sales respectively.

	Payments on account and assets in the course of construction £'000	Software Licences £'000	Patents £'000	Development costs £'000	Total £'000
Cost					
At 1 April 2018	927	13,053	1,910	952	16,842
Additions	2,743	-	-	-	2,743
Transfers	(158)	158	-	-	-
Reclassification	345	8	37	-	390
Disposals	(20)	-	-	-	(20)
At 31 March 2019	3,837	13,219	1,947	952	19,955
Accumulated Amortisation					
At 1 April 2018	-	3,917	182	952	5,051
Amortisation for year	-	760	195	-	955
Reclassification	-	291	99	-	390
At 31 March 2019	-	4,968	476	952	6,396
Net book value at 31 March 2019	3,837	8,251	1,471	-	13,559

Note 9 continued

INTANGIBLE ASSETS
COMPANY

	Payments on account and assets in the course of construction £'000	Software Licences £'000	Patents £'000	Development costs £'000	Total £'000
Cost					
At 1 April 2019	3,837	13,219	1,947	952	19,955
Additions	1,892	-		-	1,892
Transfers	(438)	1,122	-	-	684
At 31 March 2020	5,291	14,341	1,947	952	22,531
Accumulated Amortisation					
At 1 April 2019	-	4,968	476	952	6,396
Amortisation for year	-	1,380	195	-	1,575
At 31 March 2020	-	6,348	671	952	7,971
Net book value at 31 March 2020	5,291	7,993	1,276	-	14,560

Amortisation charges of £1,575,000 (2018-19: £955,000) and £nil (2018-19: £nil) are included within administration expenses and cost of sales respectively. Patents have been separated due to their materiality and were previously included in Software licences.

	Payments on account and assets in the course of construction £'000	Software Licences £'000	Patents £'000	Development costs £'000	Total £'000
Cost					
At 1 April 2018	907	13,053	1,910	952	16,822
Additions	2,743	-	-	-	2,743
Transfers	(158)	158	-	-	-
Reclassification	345	8	37	-	390
At 31 March 2019	3,837	13,219	1,947	952	19,955
Accumulated Amortisation					
At 1 April 2018	-	3,917	182	952	5,051
Amortisation for year	-	760	195	-	955
Reclassification	-	291	99	-	390
At 31 March 2019	-	4,968	476	952	6,396
Net book value at 31 March 2019	3,837	8,251	1,471	-	13,559

Note 10
INVESTMENTS

	Company £'000
Investment in associate at 31 March 2019 and 31 March 2020	1,000

The Group had the following subsidiaries at 31 March 2020. All are incorporated and domiciled in the UK and the address of the registered office for all is Llantrisant, Pontyclun, CF72 8YT.

Subsidiary	*% holding*	*Principal activity*
RM Assets Limited	100	Precious metals
RM Experience Limited	100	Tourism operator
RM Wynt Limited	100	Energy provider

RM Experience Limited (registered number 10953110), RM Assets Limited (registered number 9058416) and RM Wynt Limited (registered number 10849239) are exempt from the requirements of audit of financial statements under section 479A of the Companies Act 2006.

On 1 June 2017, the Group acquired a 23.4% interest in an associate company, Sovereign Rarities Limited, during the year. Sovereign Rarities is also incorporated and domiciled in the UK and its principal activity is acting as a historic coin dealership. The address is 32 St George Street, Mayfair, London, W1S 2EA.

The fair value of the consideration was £1,000,000 and the fair value of net assets acquired was £539,000 resulting in a notional goodwill balance of £461,000. The assets acquired were £68,000 of fixed assets, £2,625,000 of current assets comprising of £1,455,000 of inventory, £242,000 of debtors and £928,000 of cash less liabilities of £390,000 resulting in total net assets of £2,303,000. The Royal Mint share was therefore £539,000.

At 31 March 2020 Sovereign Rarities had £31,000 of fixed assets, £5,929,000 of current assets comprising £5,234,000 of stock and £695,000 of debtors, less liabilities of £2,049,000 resulting in total net assets of £3,911,000. The Royal Mint share was therefore £915,000 with a share in profits of £212,000 during the year meaning the total value of the investment included in the group was £1,376,000.

At 31 March 2019 Sovereign Rarities had £42,000 of fixed assets, £3,461,000 of current assets comprising £2,685,000 of stock, £406,000 of debtors and £370,000 of cash less liabilities of £506,000 resulting in total net assets of £2,997,000. The Royal Mint share was therefore £710,000 with a share in profits of £88,000 during the year meaning the total value of the investment included in the group was £1,164,000.

Note 11
INVENTORIES
GROUP AND COMPANY

	2020 £'000	2019 £'000
Metal inventory	26,822	32,447
Work in progress (excluding metal)	3,425	2,707
Stores and packing materials	6,268	5,344
Finished goods	33,979	12,283
	70,494	52,781

Inventories recognised as an expense in the year are recorded within cost of sales. Movement in the inventory provision during the year was an increase of £1.2 million (2018-19: decrease of £1.0million). The amount of inventories written down to net realisable value during the year was £nil (2018-19: £nil).

The Group enters into precious metal consignment arrangements whereby the consignor retains the risks and rewards of the metal until such time as the Company purchases the metal. The value of the physical metal is not recorded in the Statement of Financial Position. Inventory held on consignment amounted to £443.2 million at 31 March 2020 (2019: £274.1 million). Consignment fees under these arrangements are recognised within cost of sales.

Note 12
TRADE AND OTHER RECEIVABLES

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
Trade receivables	17,514	17,512	37,761	37,712
Less Provision for impairment of receivables	(565)	(565)	(356)	(356)
VAT recoverable	3,991	3,991	816	816
Prepayments and accrued income	1,378	1,369	1,549	1,549
Amounts owed by subsidiary undertaking	-	1,875	-	1,772
	22,318	24,182	39,770	41,493

Included within the receivables are the following:

	£'000	£'000	£'000	£'000
Central Government bodies	1,810	1,810	8,793	8,793
Other Government bodies	13	13	12	12
NHS Trusts	7	7	4	4
Amounts owed by subsidiary undertaking	-	1,875	-	1,772
	1,830	3,705	8,809	10,581

The carrying value of the Group and Company's trade and other receivables are denominated in the following currencies:

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
Pounds sterling	17,289	19,153	25,486	27,209
US Dollars	3,633	3,633	14,284	14,284
Euros	1,396	1,396	-	-
	22,318	24,182	39,770	41,493

A provision is made for Consumer receivables based on expected credit losses for all trade receivables. The movement in provision for impairment in receivables is shown below:

GROUP AND COMPANY	2020 £'000	2019 £'000
At 1 April	(356)	(322)
Provided in the year	(209)	(34)
At 31 March	(565)	(356)

Note 13
BORROWINGS

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
Overdraft	8	-	4,538	4,538
Lease obligations less than one year	393	393	-	-
Lease obligations greater than one year	150	150	-	-
Loans less than one year	135	135	270	270
Loans greater than one year	36,794	36,794	30,770	30,770
	37,480	37,472	35,578	35,578

The Company has a revolving credit facility from the Royal Mint Trading Fund of £36 million until 28 February 2023, of which £36 million was drawn down at 31 March 2020. In addition, the Company has a fixed term loan of which £927,000 was outstanding at 31 March 2020 - £135,000 is due in less than one year and the remaining balance of £792,000 is due in more than one year. The Company also has an overdraft facility of £20 million.

Lease obligations are now included within 'borrowings' following the adoption of IFRS 16. For adjustments recognised on adoption of IFRS 16, please refer to note 1.

Note 14
TRADE AND OTHER PAYABLES

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
Trade payables	15,035	15,031	22,294	22,277
Other payables	44,877	44,871	28,757	28,757
Payments received on account	30,949	30,949	8,646	8,646
Taxation and social security	1,043	1,043	908	908
Accruals and deferred income	6,634	6,603	8,137	8,137
Amounts owed to subsidiary companies	-	453	-	93
	98,538	98,950	68,742	68,818

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
Included within the payables are the following:				
Other Central Government bodies	1,336	1,336	1,253	1,253
Public Corporations and Trading Funds	117	117	33	33
	1,453	1,453	1,286	1,286

The £1,572,000 of accruals and deferred income within non-current liabilities relate to a grant received from the Welsh Assembly Government in relation to the construction of The Royal Mint Experience.

Note 15
PROVISION FOR LIABILITIES AND CHARGES
GROUP AND COMPANY

	Returns provision £'000	Environment remediation £'000	Total £'000
At 1 April 2019	341	134	475
Provided in year	301	-	301
Utilised / released in year	(197)	(134)	(331)
At 31 March 2020	445	-	445

GROUP

	Returns provision £'000	Environment remediation £'000	Restructuring £'000	Onerous Lease £'000	Total £'000
At 1 April 2018	792	160	1,802	265	3,019
Provided in year	-	-	883	-	883
Utilised/ released in year	(451)	(26)	(2,685)	(265)	(3,427)
At 31 March 2019	341	134	-	-	475

COMPANY

	Returns provision £'000	Environment remediation £'000	Restructuring £'000	Total £'000
At 1 April 2018	792	160	1,803	2,755
Provided in year	-	-	883	883
Utilised in year	(451)	(26)	(2,686)	(3,163)
At 31 March 2019	341	134	-	475

Note 15 continued

The profile of settlement is set out below:

	Less than one year £'000	Between one and two years £'000	Between two and five years £'000	Over five years £'000
At 31 March 2020 – Group and Company	445	-	-	-
At 31 March 2019 – Group and Company	475	-	-	-

Note 16
DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax is provided in full on temporary differences under the liability method using a tax rate of 19% (2019: 17%).

Group and Company

	2020 £'000	2019 £'000
Liability at 1 April	404	343
Movements on deferred tax were:		
Charged to the Income Statement	845	55
Charged to Statement of Comprehensive Income	387	6
Liability at 31 March	1,636	404

Group and Company

	Assets £'000	Liabilities £'000	2020 Net £'000	Assets £'000	Liabilities £'000	2019 Net £'000
Accelerated tax depreciation	-	3,464	3,464	-	1,957	1,957
Derivative instruments	-	118	118	(45)	-	(45)
Retirement benefit obligation	(373)	-	(373)	(1,075)	-	(1,075)
Tax losses	(1,404)	-	(1,404)	(323)	-	(323)
Other	(169)	-	(169)	(110)	-	(110)
Deferred tax (asset)/liability	(1,946)	3,582	1,636	(1,553)	1,957	404

Movements in deferred tax (assets)/liabilities were:

	Accelerated tax depreciation £'000	Derivative instruments £'000	Retirement benefit obligations £'000	Tax losses £'000	Other £'000	Total £'000
At 1 April 2019	1,957	(45)	(1,075)	(323)	(110)	404
Charged/(credited) to the Income Statement	1,507	163	315	(1,081)	(59)	845
Charged to Statement of Comprehensive Income	-	-	387	-	-	387
At 31 March 2020	3,464	118	(373)	(1,404)	(169)	1,636

	Accelerated tax depreciation £'000	Derivative instruments £'000	Retirement benefit obligations £'000	Tax losses £'000	Other £'000	Total £'000
At 1 April 2018	2,081	(319)	(1,263)	-	(156)	343
(Credited) / charged to the Income Statement	(124)	274	182	(323)	46	55
Charged to Statement of Comprehensive Income	-	-	6	-	-	6
At 31 March 2019	1,957	(45)	(1,075)	(323)	(110)	404

Note 16 continued

	2019-20 £'000	2018-19 £'000
Deferred tax charged to the Consolidated and Company Statement of Comprehensive Income during the year was:		
Remeasurements on defined benefits schemes	387	6

Analysis of deferred tax (asset)/liability	Group and Company 2020 £'000	Group and Company 2019 £'000
Deferred tax asset within 12 months	(82)	(119)
Deferred tax liability within 12 months	118	-
Deferred tax asset after 12 months	(1,864)	(1,434)
Deferred tax liability after 12 months	3,464	1,957
	1,636	404

The deferred tax at 31 March 2020 has been calculated based on the rate of 19% which was substantively enacted at the balance sheet date (2019. 17%). The deferred tax asset has been recognised as the Company are confident that future profits will arise against which the asset will be utilised.

Note 17
RETIREMENT BENEFIT SCHEMES
GROUP AND COMPANY

Defined contribution scheme

The Group and Company operates a defined contribution scheme for employees who have joined the organisation since 1 January 2010 via The Royal Mint Limited Personal Pension Plan (GPP). The related pension assets are held in trustee-administered funds separate from the Group. The total cost charged to the income statement of £1,748,000 (2018-19: £1,621,000) represents contributions payable to the scheme by the Group at rates specified in the plan rules.

Defined benefit scheme

On 31 March 2015 defined benefit pension arrangements were amended as set out in the box below:

Prior to 1 January 2010	Employees were members of the Civil Service Pension Scheme, an unfunded defined benefit scheme.
1 January 2010 (Vesting)	New contributions to the Civil Service Pension Scheme ceased. Prudential Platinum Pension - The Royal Mint Limited Scheme (RMLS), a funded defined benefit pension scheme was created. All existing employees become members of the new RMLS. As part of the vesting process employees were given the option to transfer deferred benefits from the Civil Service Pension Scheme into RMLS.
31 March 2015	RMLS was closed for additional contributions on 31 March 2015 and members were given the option to join the Principal Civil Service Pension Scheme (PCSPS) or the Civil Servant and Other Pension Scheme (CSOPS), unfunded defined benefit pension schemes, or to join GPP, a defined contribution scheme for future accrual. 21 members opted to join GPP, with the remainder opting to join PCSPS or CSOPS.
From 1 April 2015	Members of RMLS had until August 2015 to decide what to do with their deferred benefits held within RMLS from the following options: i. Remain in RMLS ii. Transfer into PCSPS or CSOPS iii. Transfer into a defined contribution scheme (at Cash Equivalent Transfer Value). The majority of staff opted to transfer into a defined contribution scheme and only 1% opted to transfer into PCSPS or CSOPS.

The Royal Mint Limited Scheme (RMLS) operated via Prudential Platinum Pensions until 31 March 2015.

Note 17 continued

From 1 April 2015 pension benefits are provided through the Civil Service pension arrangements. This corresponded with a new pension scheme being introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher).

The Principal Civil Service Pension Scheme (PCSPS) continues for those employees who were within ten years of their normal pension age on 1 April 2012 and has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65. Those who were between ten years and 13 years and five months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for the Executive Management Team in the Remuneration Report show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes).

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation.

Employee contributions are salary-related and range between 5.45% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

Employer contributions expected to be paid for the year ended 31 March 2021 are £3,300,000.

Whilst the PCSPS and alpha are defined benefit schemes, they are accounted for by the Company as defined contribution schemes as the Company cannot determine its share of the underlying assets and liabilities due to them being multi-employer unfunded defined benefit pension schemes. The total cost charged to the income statement of £3,247,000 (2018-19: £3,703,000) represents contributions payable to the scheme by the Company. As noted above RMLS was closed for additional contributions on 31 March 2015. The disclosures below relate to the residual RMLS in relation to deferred pensioners who left their benefits in the scheme and current pensioners.

Risks

The residual RMLS poses a number of risks to the Company, for example longevity risk, interest rate risk, inflation risk and salary risk. The trustee is aware of these risks and uses various techniques to control them. The trustee has a number of internal control policies including a risk register, which are in place to manage and monitor the various risks they face.

Actuarial Valuation

The residual RMLS is subject to regular actuarial valuations, which are usually carried out every three years. The last was carried out with an effective date of 31 December 2016. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. This contrasts with these accounting disclosures which are determined using best estimate assumptions. The work to determine the valuation as at 31 December 2019 is currently underway.

Details of valuation assumptions

An accounting valuation of the RMLS assets and liabilities for financial reporting purposes was carried out on 31 March 2020 by independent actuaries Xafinity Consulting. The liabilities have been valued using the projected unit method, taking into account benefits to 31 March 2015 when the scheme closed with allowance for future salary increases or future price inflation for members of the Platinum Nuvos scheme.

Note 17 continued

The principal actuarial assumptions used were:

	2020	2019
Discount rate	2.10%	2.30%
Price inflation RPI	2.10%	2.90%
Price inflation CPI	1.30%	2.10%
Revaluation of deferred pensions: benefits accrued before 01/02/2014	2.10%	2.90%
Revaluation of deferred pensions: benefits accrued after 01/02/2014	1.30%	2.10%
Increase to pensions in payment: benefits accrued before 01/02/2014	2.10%	2.90%
Increase to pensions in payment: benefits accrued after 01/02/2014	1.30%	2.10%
Mortality assumption – pre-retirement	SAPS S3PxA CMI 2018(1.5%)	SAPS S2PxA CMI 2017(1.5%)
Mortality assumption – male post-retirement	SAPS S3PMA CMI 2018(1.5%)	SAPS S2PMA CMI 2017_M(1.5%)
Mortality assumption – female post-retirement	SAPS S3PFA CMI2018(1.5%)	SAPSS2PFACMI2016_F(1.5%)
Future expected lifetime of current pensioner at age 65		
Male aged 65 at year-end	87.0	87.2
Female aged 65 at year-end	89.3	89.1
Future expected lifetime of future pensioner at age 65		
Male aged 45 at year-end	88.7	88.9
Female aged 45 at year-end	91.0	91.0

The discount rate reflects the yield on the iBox AA-rated over 15-year corporate bond index. The rate of inflation has been obtained by reference to the difference between the yields on long-term conventional and index-linked government bonds, and all RPI-linked pension increases in payment have been assessed with reference to the inflation assumption.

Amounts recognised in the Statement of Financial Position:

	2020	2019	2018	2017	2016
	£'000	£'000	£'000	£'000	£'000
Fair value of plan assets	17,456	16,973	14,199	15,027	14,738
Present value of plan liabilities	(18,987)	(22,424)	(21,631)	(23,496)	(17,987)
Net defined benefit liability	(1,531)	(5,451)	(7,432)	(8,469)	(3,249)

Amounts recognised in the Income Statement:

	2019-20	2018-19
Service Cost:	£'000	£'000
Administration expenses	72	256
Net interest expense	102	-
Amounts charged to the Income Statement	174	256
Re-measurements of the net liability:		
Return on scheme assets (excluding amounts included in interest expense)	1,795	(658)
(Gain) / loss arising from changes in financial assumptions	(3,594)	693
Gain arising from changes in demographic assumptions	(173)	(159)
Experience (gain) / loss	(66)	86
Credit recorded in other comprehensive income	(2,038)	(38)
Total defined benefit (credit) / charge	(1,864)	218

Note 17 continued

	2020 £'000	2019 £'000
Fair value of net liability at beginning of year	(5,451)	(7,432)
Movements in year:		
Employer contributions	2,056	2,199
Administration expenses	(72)	(103)
Net interest cost	(102)	(153)
Re-measurement gains / (losses):		
Actuarial gains / (losses) arising from changes in financial assumptions	3,594	(693)
Actuarial gains arising from changes in demographic assumptions	173	159
Return on scheme assets (excluding amounts included in interest expense)	(1,795)	658
Other experience items	66	(86)
Net Scheme liabilities at end of year	(1,531)	(5,451)

Changes in the present value of assets over the year:

	2020 £'000	2019 £'000
Fair value of assets at beginning of year	16,973	14,199
Movements in year:		
Return on scheme assets (excluding amounts included in interest expense)	(1,795)	658
Interest income	412	362
Employer contributions	2,056	2,199
Benefits paid	(118)	(342)
Administration expenses	(72)	(103)
Scheme assets at end of year	17,456	16,973

Actual return on assets over the year was £(1,383,000) (2018-19: £1,020,000).

Changes in the present value of liabilities over the year:

	2020 £'000	2019 £'000
Scheme liabilities at beginning of year	22,424	21,631
Movement in year:		
Interest cost	514	515
Re-measurement (gains) / losses:		
Actuarial (gains) / losses arising from changes in financial assumptions	(3,594)	693
Actuarial gains arising from changes in demographic assumptions	(173)	(159)
Other experience items	(66)	86
Benefits paid	(118)	(342)
Scheme liabilities at end of year	18,987	22,424

The split of the scheme's liabilities by category of membership is as follows:

	2020 £'000	2019 £'000
Deferred pensioners	16,756	19,959
Pensions in payment	2,231	2,465
	18,987	22,424

	2020	2019
Average duration of the scheme's liabilities at the end of the period (years)	30	32

The major categories of scheme assets are as follows:

	2020 £'000	2019 £'000
Return seeking		
UK Equities	3,899	4,231
Overseas Equities	3,899	4,231
Diversified Growth Fund	813	826
	8,611	9,288

Note 17 continued

	2020 £'000	2019 £'000
Debt instruments		
Corporates	4,514	3,866
Index Linked	4,331	3,819
	8,845	7,685
Total market value of assets	17,456	16,973

The equity and debt instruments all have quoted prices in active markets. The diversified Growth Fund is akin to equity investments.

The Scheme has no investments in the Company or in property occupied by the Company.

The Company expects to contribute £2,171,000 to the Scheme during year ending 31 March 2021.

If the discount rate was 0.1 percent higher (lower), the scheme liabilities would decrease by £546,000 (increase by £567,000) if all the other assumptions remained unchanged.

If the inflation assumption was 0.1% higher (lower), the scheme liabilities would increase by £552,000 (decrease by £532,000). In this calculation all assumptions related to the inflation assumption have been appropriately adjusted, that is the salary, deferred pension and pension in payment increases. The other assumptions remain unchanged.

If the salary increase assumption was 0.1% higher (lower), the scheme liabilities would not change if all the other assumptions remain unchanged as the scheme is closed to future accrual.

If life expectancies were to increase (decrease) by one year, the scheme liabilities would increase by £680,000 (decrease by £688,000) if all the other assumptions remained unchanged.

Note 18
DIVIDENDS
GROUP AND COMPANY

	2019-20 £'000	2018-19 £'000
Dividends paid: 66.67p per share (2018-19: 66.7p per share)	4,000	4,000

Note 19
CAPITAL COMMITMENTS
GROUP AND COMPANY

	2020 £'000	2019 £'000
Commitments in respect of contracts – Tangible Assets	5,817	214
Commitments in respect of contracts – Intangible Assets	154	314
	5,971	528

Note 20
OPERATING LEASE COMMITMENTS
GROUP AND COMPANY

	2020 £'000	2019 £'000
Operating lease rentals due on leases expiring:		
Less than one year	201	146
Between one and five years	-	426
	201	572

The operating commitment note is no longer relevant under IFRS 16. However, as we have taken the exemption for short-term leases (lease contracts less than one year) and leases of which the underlying asset is of low value, these continue to be disclosed here as 'operating leases'. Also, as the prior year figures have not been restated, we have continued to disclose the operating lease commitments under IAS 17 at 31 March 2019.

Note 21
RELATED PARTY TRANSACTIONS

The Royal Mint Limited is a Company wholly owned by HM Treasury. HM Treasury is regarded as a related party and it has both an ownership and a customer role.

The operation of the shareholding interest has been delegated to UKGI, which is responsible for oversight of the Company's objective of delivering a commercial return on capital employed and provision of relevant advice to the Economic Secretary to the Treasury reporting to Parliament. HM Treasury also contracts with the Company as a customer, under a Service Level Agreement, for the manufacture and distribution of UK circulating coin.

The Royal Mint Limited also contracts with The Royal Mint Museum Services Limited a subsidiary of the Royal Mint Museum. The Royal Mint Museum is wholly owned by HM Treasury via Royal Mint Trading Fund. The companies operate under a Service Level Agreement whereby:

1) The Royal Mint Limited provides employees, establishment and support services. The charges for this year are £337,000 (2018-19: £304,889).
2) The Royal Mint Museum and the Royal Mint Museum Services Limited provide services to the Royal Mint Limited, in support of its business activities and to HM Treasury in support of its obligations to manage the United Kingdom coinage. The revenue for this year is £380,000 (2018-19: £370,000).
3) The Royal Mint Museum received a quarterly donation from the Royal Mint Limited calculated in accordance with the agreement at vesting. Since 1 January 2018 the payment (calculated as previously) is in consideration for a non-exclusive licence to access and have use of the Museum Collection within the restrictions set out in the Funding agreement signed 31st December 2017. The amount received for the year is £139,335 (2018-19: £118,349).
4) The Royal Mint Limited has donated coins to the Museum collection which are included within heritage assets at a cost of £314,185 (2018-19: £276,974).

In addition, the Company has had a number of transactions with other Government bodies. During the year none of the Board members, members of the key management staff or other related parties have undertaken any material transactions with the Company. Balances with other Government bodies are set out in notes 12 and 14.

The Royal Mint Limited also has an associate company with which it has transactions to buy and sell historic coins.

1) The Royal Mint Limited's purchases from Sovereign Rarities were £5,096,400 (2018-19: £2,722,000) and the amount outstanding at 31 March 2020 was £530,337 (2019: £138,000).
2) The Royal Mint Limited's sales to Sovereign Rarities were £2,115,321 (2018-19: £188,000) and the amount outstanding at 31 March 2020 was £1,045,000 (2019: £nil).

Remuneration of key management staff
Key management staff are considered to be the Executive Management Team. Remuneration of key management staff is set out below:

GROUP AND COMPANY

	2020 £'000	2019 £'000
Salaries and other short-term employee benefits	1,266	1,417
Post-employment benefits	248	209
	1,514	1,626

Note 22

ANALYSIS OF NET DEBT

Group	At 1 April 2019	Non cash changes	Cash flow	At 31 March 2020
	£'000	£'000	£'000	£'000
Cash at bank and in hand	448	-	22,086	22,534
Overdraft	(4,538)	-	4,530	(8)
Obligations under lease	-	(993)	450	(543)
Loans	(31,040)	-	(5,889)	(36,929)
	(35,130)	(993)	21,177	(14,946)

	At 1 April 2018	Non cash changes	Cash flow	At 31 March 2019
	£'000	£'000	£'000	£'000
Cash at bank and in hand	9,657	-	(9,209)	448
Overdraft	-	-	(4,538)	(4,538)
Loans	(31,150)	-	110	(31,040)
	(21,493)	-	(13,637)	(35,130)

Company	At 1 April 2019	Non cash changes	Cash flow	At 31 March 2020
	£'000	£'000	£'000	£'000
Cash at bank and in hand	-	-	22,379	22,379
Overdraft	(4,538)	-	4,538	-
Obligations under lease	-	(993)	450	(543)
Loans	(31,040)	-	(5,889)	(36,929)
	(35,578)	(993)	21,478	(15,093)

	At 1 April 2018	Non cash changes	Cash flow	At 31 March 2019
	£'000	£'000	£'000	£'000
Cash at bank and in hand	8,895	-	(8,895)	-
Overdraft	-	-	(4,538)	(4,538)
Loans	(31,150)	-	110	(31,040)
	(22,255)	-	(13,323)	(35,578)

Note 23

OTHER (LOSSES) / GAINS – NET

GROUP AND COMPANY	2019-20	2018-19
	£'000	£'000
Foreign exchange loss	(2,629)	(1,899)
Foreign exchange forward contracts loss	(435)	(2,670)
Precious Metal forward contracts gain	2,306	461
Ineffectiveness of commodity hedges	(649)	(28)
Set up costs and operational losses associated with ETC	(702)	-
Release of grant income	153	153
	(1,956)	(3,983)

During the year, the Group was involved with launching a financial services listed product – a gold backed Exchange Traded Commodity (ETC) which tracks the price of gold. The ETC is called 'The Royal Mint Physical Gold ETC Securities' and trades with ticker code RMAU. It is currently listed on the UK and German stock exchanges.

The Group appointed a specialist white label ETF company, HANetf Limited, to establish and manage the 'issuer' of the ETC, which is an Irish special purpose vehicle called HANetf ETC Securities plc. HANetf Limited acts as the manager of the 'issuer' and is responsible for the day to day operation of the 'issuer' including on-going maintenance, oversight and operations of the ETC.

As part of our Cooperation and Services agreement with HANetf Limited, the Group receives a brand licensing fee for the use of the Royal Mint logo and intellectual property for the ETC. The brand licensing fee is the balance of the total expense ratio ('TER' which is a measure of the total cost of a fund to the investor) remaining after the deduction of all other fees and expenses and costs relating to the ETC. During the year ended 31 March 2020, there were set up costs and operational losses of £702,000. The product is expected to become profitable within the next 3 years.

Note 24
FINANCIAL INSTRUMENTS
GROUP AND COMPANY

	2020 £'000	2019 £'000
Derivative asset		
Foreign currency fair value	770	426
Commodity fair value	380	182
Precious metal fair value	2,577	771
	3,727	1,379

Derivative liability		
Foreign currency fair value	2,470	1,359
Commodity fair value	1,827	53
Precious metal fair value	271	310
	4,568	1,722

Financial risk management
The main risk exposures arising from the Group's activities are currency risk, commodity price risk, interest rate risk, credit risk and liquidity risk. These risks arise in the normal course of business and are managed by the finance department through a combination of derivative and other financial instruments. The risk management programme seeks to limit the adverse effects on financial performance.

Currency risk
The Group publishes its financial statements in sterling and conducts business internationally resulting in exposure to foreign currency risk, primarily with respect to the Euro and US Dollar. The Group's risk management policy is to enter into forward contracts for all anticipated foreign currency cash flows (mainly in relation to sales contracts), where the future settlement date is the forecast payment date. Hedge accounting is not followed for foreign currency forward contracts.

	Contract amount 2020 £'000	Average forward rate 2020	Fair value 2020 £'000	Contract amount 2019 £'000	Average forward rate 2019	Fair value 2019 £'000
Forward contract – sell £/buy EUR						
Maturing in less than 1 year	27,976	1.1219	(164)	14,209	1.1400	(227)
Forward contract – sell £ / buy USD						
Maturing in less than 1 year	1,831	1.3340	115	6,500	1.3360	(94)
Forward contract – buy £ / sell USD						
Maturing in less than 1 year	32,249	1.3258	(1,578)	40,667	1.3466	(751)
Maturing in more than 1 year	7,478	1.3764	(644)	9,707	1.3668	141
	39,727	1.3511	(2,222)	50,374	1.3567	(610)
Forward contract – buy £ / sell EUR						
Maturing in less than 1 year	26,677	1.1014	572	5,031	1.1607	(2)

The movements shown below largely result from foreign exchange gains/losses on translation of US Dollar/Euro denominated trade payables and receivables. The first table below shows the impact of a 10% decrease in sterling and the second table the impact of a 10% increase in sterling against other currencies on the balances of financial assets and liabilities as at 31 March.

	Closing exchange rate 2020	Effect on net earnings of a 10% decrease 2020 £'000	Closing exchange rate 2019	Effect on net earnings of a 10% decrease 2019 £'000
Euros	1.1220	292	1.1705	(110)
US Dollars	1.2391	2,249	1.3132	2,274
		2,541		2,164

Note 24 continued

	Closing exchange rate 2020	Effect on net earnings of a 10% increase 2020 £'000	Closing exchange rate 2019	Effect on net earnings of a 10% increase 2019 £'000
Euros	1.1220	(109)	1.1705	128
US Dollars	1.2391	(1,840)	1.3132	(1,859)
		(1,949)		(1,731)

Commodity price risk

The Group by the nature of its business is exposed to movements in the prices of the following commodities – nickel, copper, zinc, gold, silver and platinum. In regard to base metals (nickel, copper and zinc) the Company uses commodity futures to hedge against price risk movements. All commodity futures contracts hedge a projected future purchase of raw materials, which are then closed out at the time the raw material is purchased. Commodity hedges are held in the Statement of Financial Position at fair value to the extent they are deemed to be effective under IFRS 9, ineffective portions of hedges are recognised in the Income Statement. The open commodity hedges as at 31 March are as follows:

	Tonnes 2020	Value at average price 2020 £'000	Fair value 2020 £'000	Tonnes 2019	Value at average price 2019 £'000	Fair value 2019 £'000
Cashflow hedges:						
Copper futures –						
GBP denominated contracts:						
Maturing in less than 1 year	325	1,505	(226)	125	600	20
Maturing in more than 1 year	150	697	(93)	25	111	12
	475	2,202	(319)	150	711	32
Nickel futures –						
GBP denominated contracts:						
Maturing in less than 1 year	198	2,636	(776)	258	2,516	72
Maturing in more than 1 year	156	1,831	(322)	42	416	25
	354	4,467	(1,098)	300	2,932	97
Zinc futures –						
GBP denominated contracts:						
Maturing in less than 1 year	50	101	(23)	-	-	-
Maturing in more than 1 year	25	46	(6)	-	-	-
	75	147	(29)	-	-	-

The tables below show the impact a 10% decrease/increase in commodity prices would have on the balances of financial assets and liabilities at 31 March.

	Closing price/tonne 2020 £	Effect on net earnings of a 10% decrease 2020 £'000	Effect on equity of a 10% decrease 2020 £'000	Closing price/tonne 2019 £	Effect on net earnings of a 10% decrease 2019 £'000	Effect on equity of a 10% decrease 2019 £'000
Copper	3,884	4	(193)	4,946	(105)	(31)
Nickel	9,096	(3)	(334)	10,008	(388)	(85)
Zinc	1,512	(1)	(11)	-	-	-
		1	(538)		(493)	(116)

	Closing price/tonne 2020 £	Effect on net earnings of a 10% increase 2020 £'000	Effect on equity of a 10% increase 2020 £'000	Closing price/tonne 2019 £	Effect on net earnings of a 10% increase 2019 £'000	Effect on equity of a 10% increase 2019 £'000
Copper	3,884	(5)	193	4,946	105	31
Nickel	9,096	6	331	10,008	388	85
Zinc	1,512	1	11	-	-	-
		1	535		493	116

Note 24 continued

The Group has precious metal (gold, silver and platinum) consignment arrangements with three banks. The arrangements allow the consignor to retain the risks and rewards of the precious metal until the Company makes a purchase.

Purchases are made in two ways:

1) For a specific order; and
2) Based on forecast sales demand over a specified period.

The purchases/(sales) can either be made on a spot basis or through forward contracts; hedge accounting is not followed for precious metal forward contracts. The open forward contracts and swaps as at 31 March are as follows:

	ozs 2020	Value at average price 2020 £'000	Fair value 2020 £'000	ozs 2019	Value at average price 2019 £'000	Fair value 2019 £'000
Gold forwards – GBP denominated contracts: Maturing in less than 1 year	44,896	54,610	2,769	29,867	29,136	579
Silver forwards – GBP denominated contracts: Maturing in less than 1 year	278,637	3,605	(462)	248,539	3,019	(125)
Platinum forwards – GBP denominated contracts: Maturing in less than 1 year	20	13	(1)	503	321	7

The tables below show the impact a 10% decrease/increase in precious metal prices would have on the balances of financial assets and liabilities at 31 March.

	Closing price/oz 2020 £	Effect on net earnings of a 10% decrease 2020 £'000	Closing price/oz 2019 £	Effect on net earnings of a 10% decrease 2019 £'000
Gold	1,278	(5,738)	997	(58)
Silver	11	(314)	12	12
Platinum	590	(1)	651	(1)
		(6,053)		(47)

	Closing price/oz 2020 £	Effect on net earnings of a 10% increase 2020 £'000	Closing price/oz 2019 £	Effect on net earnings of a 10% increase 2019 £'000
Gold	1,278	5,738	997	58
Silver	11	314	12	(12)
Platinum	590	1	651	1
		6,053		47

The table below shows the effect a 10% change in market prices would have on precious metal consignment arrangement fees.

	Closing price/oz 2020 £	Effect on net earnings of a 10% change 2020 £'000	Closing price/oz 2019 £	Effect on net earnings of a 10% change 2019 £'000
Gold	1,278	160	997	72
Silver	11	5	12	8
Platinum	590	3	651	15
		168		95

Note 24 continued

Interest rate risk
The Group has exposure to interest rate risk, arising principally in relation to the National Loan Fund (NLF) loans, cash held at bank and precious metal consignment arrangements.

Cash held at bank and overdrafts are subject to interest rate risk where the risk is primarily in relation to movements in interest rates set by the Bank of England.

Precious metal consignment arrangements are subject to consignment fee payments. The consignment arrangements have floating rates of interest which gives exposure to interest rate risk.

The interest rate risk which arises from the above is deemed not to have a significant effect on income and operating cash flows, so no financial instruments are utilised to manage this risk.

If interest rates had increased/decreased by 10% it would have had the following effect on interest payable:

	2020 £'000	Effect on net earnings of a 10% change 2020 £'000	2019 £'000	Effect on net earnings of a 10% change 2019 £'000
Loans	36,929	93	31,040	76

Credit risk
Exposures to credit risks are as a result of transactions in the Group's ordinary course of business. The major risks are in respect of:

1) Trade receivables
2) Counter parties:
   a) Cash and cash equivalents
   b) Financial instruments

These risks are managed through policies issued by the Board of Directors.

Currency receivables
Currency receivables are in general governments, central banks and monetary authorities. Credit risk is minimised by aiming to have down-payments upon contract signature with remaining balances secured against letters of credit. Overdue balances are as follows:

	Between 31 and 60 days £'000	Between 61 and 90 days £'000	Between 91 and 120 days £'000	Over 120 days £'000
Currency receivables:				
2020	130	1,518	6,191	52
2019	4,213	2,005	1,848	1,709

Consumer Wholesale
Wholesale customers purchasing non-bullion products are set credit limits based on available financial information. If no information is available a zero credit limit is set and goods must be paid for in advance of despatch. Credit limits are regularly monitored and reviewed. If the wholesale customer purchases bullion products the bullion is purchased specifically for the customer's order and is payable within 48 hours. Coins are only despatched when payment is received. The table below shows overdue outstanding balances as at 31 March.

	Between 31 and 60 days £'000	Between 61 and 90 days £'000	Between 91 and 120 days £'000	Over 120 days £'000
Wholesale trade receivables:				
2020	110	19	12	187
2019	27	124	186	14

Note 24 continued

Consumer Coin Business to Consumer
Orders taken via the internet are paid for prior to despatch using major credit/debit cards. Orders taken via the call centre for new customers are payable in advance, existing customers are given credit limits based on their purchasing history. Overdue balances are monitored by reference to their statement status. The table below shows outstanding overdue balances as at 31 March.

	Balance overdue statement 1 status £'000	Balance overdue statement 2 status £'000	Balance overdue statement 3 status £'000
Business to Consumer receivables:			
2020	216	9	278
2019	72	8	219

Precious Metals
The bullion is purchased specifically for the customer's order and is payable within 48 hours. Coins are only despatched when payment is received. There were no overdue balances at 31 March 2020 or 2019.

Counter-party risk
The Group purchases and sells derivative financial instruments from/to A, Aa-, BBB rated banks.

The maximum exposure to credit risk is limited to the carrying value of financial assets on the Statement of Financial Position as at the reporting date. For 2020 the amount is £22,318 for the Group and £24,182 for the Company (2019: Group £39,770,000 and Company £41,493,000). Based on historical experience and the low level of default, the credit quality of financial assets that are neither past due or impaired is considered to be very high.

Hierarchy disclosure under IFRS 7
The fair value of financial instruments is based on mark to market information and considered to be at level 2 in terms of the hierarchy measurement requirements of IFRS 7, set out below:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Capital Management and Liquidity risk
The Group's objectives in managing capital are to safeguard its ability to continue as a going concern and provide returns to its shareholder. This is reviewed on a regular basis in the context of available facilities. The group monitors capital by reviewing the Average Capital Employed ('ACE') during the year. The ACE is calculated based on all assets and liabilities on the balance sheet, excluding defined benefit liability and any interest-bearing debt. The average is calculated over 13 months, incorporating both the opening and closing balance sheet position in the calculation. The average capital employed for the year ended 31 March 2020 was £85.2 million (2019: £102.9 million).

Liquidity risk is the risk that the Group may not be able to settle or meet its obligations on time or at a reasonable price. The Group's finance department is responsible for management of liquidity risk, which includes funding, settlements, related processes and policies. The Group manages liquidity risk by maintaining adequate reserves and monitoring actual cash flow against forecast. In addition, the Group has negotiated a revolving credit facility of £36,000,000 until 28 February 2023, of which £36,000,000 was drawn down at 31 March 2020 (2019: £30,000,000). It is anticipated that this will be sufficient to meet future requirements in conjunction with an overdraft facility of £20million. The Group also has a fixed term loan of which £927,000 was outstanding at 31 March 2020 (2019: £1,040,000).

Note 24 continued

The table below analyses the Group's contractual undiscounted cash flows of financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining year at 31 March to the contractual maturity date.

GROUP At 31 March 2020	Less than 1 year £'000	Between 1 and 2 years £'000	Between 3 and 5 years £'000	Over 5 years £'000
Borrowings	143	135	36,659	-
Lease liabilities	393	150	-	-
Derivative financial instruments	4,568	-	-	-
Trade and other payables*	97,495	-	-	-

COMPANY At 31 March 2020	Less than 1 year £'000	Between 1 and 2 years £'000	Between 3 and 5 years £'000	Over 5 years £'000
Borrowings	135	135	36,659	-
Lease liabilities	393	150	-	-
Derivative financial instruments	4,568	-	-	-
Trade and other payables*	97,907	-	-	-

GROUP At 31 March 2019	Less than 1 year £'000	Between 1 and 2 years £'000	Between 3 and 5 years £'000	Over 5 years £'000
Borrowings	4,808	30,770	-	-
Derivative financial instruments	1,722	-	-	-
Trade and other payables	68,742	-	-	-

COMPANY At 31 March 2019	Less than 1 year £'000	Between 1 and 2 years £'000	Between 3 and 5 years £'000	Over 5 years £'000
Borrowings	4,808	30,770	-	-
Derivative financial instruments	1,722	-	-	-
Trade and other payables	68,818	-	-	-

* excluding non-financial liabilities

Fair values

Set out in the following table is a comparison by category of fair values of financial instruments recognised in the financial statements at 31 March.

Fair value of cash and cash equivalents, trade receivables and payables are deemed to be approximately their book value due to their short-term maturity.

Fair value of commodity hedges is calculated as the present value of the estimated future cash flows. The fair value of foreign exchange forward contracts is determined using forward exchange rates at the date of the Statement of Financial Position.

Note 24 continued

Categories of financial instruments

The table below identifies the carrying values at 31 March for each category of financial assets and liabilities. There is no significant difference between the carrying value and fair value in either year.

	Group Carrying value 2020 £'000	Company Carrying value 2020 £'000	Group Carrying value 2019 £'000	Company Carrying value 2019 £'000
Assets as per the Statement of Financial Position:				
Derivatives used for hedging	380	380	182	182
Financial assets at amortised cost				
Trade and other receivables	16,949	18,822	39,770	41,493
Cash and cash equivalents	22,534	22,379	448	-
Derivatives at fair value through profit and loss	3,347	3,347	1,197	1,197
Liabilities as per the Statement of Financial Position:				
Borrowings	(37,480)	(37,472)	(35,578)	(35,578)
Derivatives used for hedging	(1,827)	(1,827)	(53)	(53)
Derivatives at fair value through profit and loss	(2,741)	(2,741)	(1,669)	(1,669)
Trade and other payables	(97,495)	(97,907)	(67,861)	(67,757)

Note 25

SHARE CAPITAL AND SHARE PREMIUM

GROUP AND COMPANY

Allotted, Called Up and fully paid: £1 each (2019: £1 each)

	Number of shares	Ordinary shares £'000
Share capital		
At 1 April 2019 and 31 March 2020	6,000,001	6,000

	2020 £'000	2019 £'000
Share premium account	39,319	39,319

Note 26

ULTIMATE CONTROLLING PARTY

The ultimate controlling party of The Royal Mint Limited is HM Treasury.

The parent entity of The Royal Mint Limited is the Royal Mint Trading Fund. The largest and smallest group for which financial statements are prepared of which The Royal Mint Limited is a subsidiary is the Royal Mint Trading Fund. The financial statements can be obtained by contacting The Royal Mint using the details on page 2 or by visiting royalmint.com.

Note 27

COMPANY'S DOMICILE, LEGAL FORM AND COUNTRY OF INCORPORATION

The Company is limited by shares and registered in England and Wales and is domiciled in the United Kingdom.