

# THE ROYAL MINT LIMITED

## CONSOLIDATED ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2023



Company registration number: 6964873

# Annual Report 2022-23

The Royal Mint Limited

## Directors

Graham Love\*

Chairman

Anne Jessopp

Chief Executive

Nicola Howell

Chief Commercial Officer

Andrew Mills

Managing Director Currency

Huw Lewis

Chief Financial Officer

Kate Barnett\*

William Spencer\*

Shimi Shah\*

Matthew Woolsey\*

Lisa Montague\*

Andrew Butterworth\*

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

## Executive Management Team

Anne Jessopp

Chief Executive

Nicola Howell

Chief Commercial Officer

Andrew Mills

Managing Director Currency

Huw Lewis

Chief Financial Officer

Leighton John

Director of Operations

Amanda Brady

Chief People Officer

Sean Millard

Chief Growth Officer

Caroline Webb

Chief Marketing Officer

Fraser Forbes

Director of Supply Chain

\*Non-Executive Directors

## Company Secretary

Christopher Inson

## Independent auditors

PricewaterhouseCoopers LLP

## Internal auditor

KPMG LLP

Company registration number: 6964873

Registered office: The Royal Mint Limited, Llantrisant  
CF72 8YT

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# Chairman's Statement

I feel a strong sense of pride in how The Royal Mint has performed throughout the past year. Our evolution into a consumer brand is successfully safeguarding The Royal Mint for the future, protecting jobs, preserving our heritage and ensuring our relevancy in today's markets. As one of Britain's oldest businesses, we're committed to conserving our legacy for the next generation.

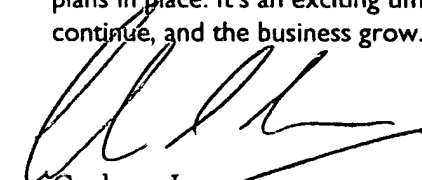
We appreciate that the way people use coins is changing, and that coin usage is decreasing, and we're realistic about what that means for The Royal Mint. Our historic core mission remains to ensure the availability of circulating UK coinage but alongside that, our plan to transform our business is proving a success. As a result, I am delighted to report that we have achieved another positive result for the year, successfully mitigating the performance of our loss-making Currency business and the start-up costs for our new businesses by increased contribution from our more established Consumer businesses, particularly commemorative coins and precious metals investments.

Underpinning our financial results is The Royal Mint's commitment to exemplary British craftsmanship, which remains as strong as ever. This year alone has seen the creation of the largest ever coin in The Royal Mint's 1,100-year history, the launch of a dedicated Diwali range, the introduction of a 20g gold minted bullion bar for the Islamic community depicting the Kaaba, and of course, there was the privilege of fulfilling our official duty through the change of monarchy and introducing the official coinage portrait of His Majesty King Charles III. It is positive to see these products so well-received by our customers who are, of course, at the heart of every decision we make.

Our focus isn't on the beauty and value of our products alone; as an ethical business, we take the future of our planet seriously. Later this year we'll cement our commitment to sustainability with the opening of our 'world-first' precious metals recovery plant using pioneering technology to extract gold from discarded electronics. The precious metals produced in this plant will be used in our new sustainable jewellery line, 886 by The Royal Mint. A combination of sustainable precious metals and the finest British craftsmanship, the range demonstrates our commitment to driving sustainability in our work and broader industry.

During the year we have seen two valued and respected board members leave us, Xenia Carr-Griffiths and Cheryl Toner, both of whom have been an incredible asset over the years, and I thank them for their unwavering support and vision. We have welcomed two new Non-Executive Directors to our board, both of whom have backgrounds in international luxury retail as well as leadership roles in some of the world's most recognisable fashion brands. Matthew Woolsey was previously Managing Director at Net-a-Porter and is currently managing director of Hydrow, a connected-fitness rower launched in 2019. Lisa Montague is Chief Executive Officer of Sanderson Design Group, having previously worked for both Mulberry and Loewe. Both bring a wealth of experience to further support our business transformation, growth and commitment to our customers particularly overseas. Both joined us in September 2022, and Lisa and Matthew have already made an impact with their contributions. As well as the board, I am fortunate to be supported by an outstanding group of colleagues across The Royal Mint as a whole.

I am feeling positive for the year ahead, as we enter the second year of our five-year strategy with strong plans in place. It's an exciting time for The Royal Mint and I'm looking forward to seeing our transformation continue, and the business grow.



Graham Lowe  
Chairman

# Chief Executive's Report

The first year of our ambitious five-year plan saw us successfully deliver the strategy and focus on our vision of *'being famous and trusted, as The Original Maker, making metals precious to our customers and showcasing British craftsmanship'*.

During the year, we delivered record profit and revenue across our Consumer division, achieving a Group operating profit before new business investment, IFRS 9 adjustments and exceptional items of £24.4 million (2021-22: £20.8 million). The continued growth of our consumer portfolio in the United Kingdom and overseas is testimony to the strength of our brand and commitment to premium customer experiences.

Our increased operating profit before new business allowed us to increase our investment in new business. In order to develop our Sustainable Precious Metals ('SPM') plant and 886 brand, we increased our spend to £6.8 million (2021-22: £2.7 million). This results in a reduction in an operating profit of £17.7 million from £18.1 million in 2021-22.

The Precious Metals division is now our most profitable division, and our Commemorative Coin and Collector Services divisions contributed £29.8 million, driven by a historic year as we transitioned to a new monarch for the first time in 70 years.

With predictable losses in our Currency business as a result of the world moving away from coins, I am pleased to say that we have continued to anticipate and plan effectively in this area, whilst safeguarding long-term employment through growth in other business areas.

The year was also one of great historic significance, with the passing of Her Late Majesty Queen Elizabeth II and the transition to the coinage of a new monarch. The Royal Mint has struck coinage for every British monarch since Alfred the Great and, following a respectful period of mourning, we were honoured to reveal the first official coinage portrait of King Charles III. It felt fitting that the first coin to feature His Majesty The King's portrait paid tribute to Her Late Majesty, with a memorial dedication appearing on the reverse of the coin.

The year 2022-23 has been pivotal for The Royal Mint: we have celebrated our longest-reigning monarch and embarked on our new five-year plan. We are excited about the future and remain focused on our customers, along with our strategy to differentiate ourselves through and secure a sustainable future.

## A year of investment in our future

Our five-year plan focuses on the continued diversification of The Royal Mint into new businesses and new markets. The year saw us make significant investments in two new businesses – our sustainable precious metals business, and 886 by The Royal Mint, our new luxury jewellery range.

During the year, we invested £9.0 million in scaling a plant that will be the first in the world to bring pioneering green technology, that recovers gold from discarded electronic devices, such as mobile phones and laptops, to an industrial scale.

Building the plant is the first step in securing our future as a leader in sustainable precious metals on a global stage. When the plant becomes fully operational later in 2023, we will use the reclaimed precious metals across the full 886 by The Royal Mint range and will introduce the recovered gold to our customers across the consumer business to support our sustainability and market-leading ambitions.

The first year of our five-year plan saw us launch 886 by The Royal Mint – our new luxury jewellery and lifestyle range – in May 2022. Our investment in the business means we now have a website and retail store in London's Burlington Arcade, where customers are able to buy beautifully crafted jewellery designed and

created by our team in Llantrisant from recovered gold and sustainably sourced silver. In our first year of operation, we have also secured new luxury retail partners as part of our UK and international growth strategy.

### **Continuing our story as the home of Precious Metals**

Throughout our history, we have excelled in working with precious metals, and this unique heritage is now forging our future.

From jewellery and investments to collectables and auction pieces, precious metals are the thread that runs through our business. Our expertise and authority in this area has enabled us to successfully grow into new categories and expand overseas, including the launch of 886 by The Royal Mint.

As the home of precious metals, we are also taking a lead on the key issues facing the industry, from pioneering new sustainable ways to source gold to supporting 'at risk' crafts including silversmithing and engraving. We are consistently looking to lead the way in precious metals, and the work we are doing now is all about securing supply for the future, using our expertise and protecting the environment.

### **Leading the way on sustainability in our industry**

Sustainability is at the heart of The Royal Mint and our future plans, and is an area that holds particular importance for me.

Alongside our new sustainable precious metals business and the new factory, we have an extensive Environmental, Social and Governance ('ESG') strategy coming to life across the business and we have a number of initiatives that are already underway.

Across our site in Llantrisant, we are increasingly turning to renewable energy and are proud to have worked with our energy partner, Infinite Renewables, on plans to reduce our reliance on the grid. This will provide cheaper, greener energy to our site in Llantrisant through the introduction of a local energy centre and new solar and wind energy capture on-site.

I am so proud of how far we've come and look forward to all the ideas and developments that are still to come. A full overview of our ESG programme and commitments can be viewed within the Sustainability Report.

### **Championing British Craftsmanship**

For over 1,100 years, British craftsmanship has been at the heart of The Royal Mint and is something that continues to drive us forward. We are committed to championing and safeguarding British craftsmanship, thereby securing the future of crafts and skills – not just at The Royal Mint, but also across the UK and the wider industry.

During the year, we announced a partnership with the not-for-profit organisation Heritage Crafts Association to sponsor five bursaries designed to protect 'at risk' crafts. Unveiled at the House of Lords, the initiative aims to foster new generations of skilled craftspeople in Britain and preserve the nation's expertise in precious metal work.

It's important we retain skills in the industry, so we can continue to challenge ourselves and continue to be an exemplar of British Craftsmanship. In 2022 we created the largest coin in our history – a bespoke 15-kilogramme gold piece made in celebration of Queen Elizabeth II's Platinum Jubilee. Commissioned by a customer, the coin took over 400 hours to make – 200 of which involved hand finishing by our master craftspeople.

As the home of precious metals, our craftsmanship and heritage make the business so special and unique. As we continue to create beautiful new products, I'm proud that our rich history and experience in both precious metals and British craftsmanship, guides the future of our company and runs through everything we do.

## **Our people**

For me, people are what make The Royal Mint; we wouldn't be where we are today without the dedication and hard work of every member of the team. Our commitment to making The Royal Mint a great place to work forms a key strand of our wider ESG strategy.

During the year, we welcomed Amanda Brady as our Chief People Officer to spearhead this ESG work, and I'm delighted to see the progress we're making to enhance our community, retain and attract talent, and build a sustainable future.

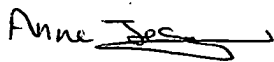
We are constantly working to introduce new initiatives to improve the employee experience and support our colleagues. This year, we introduced a new parental leave and maternity programme, trained 58 mental health first aiders on-site and provided shopping vouchers to employees at Christmas to help with the increased cost of living.

Through our graduate and training programmes, we're focused on encouraging the next generation of talent for our future, and for the future of British industry. We believe that diversity drives innovation and The Royal Mint remains committed to a culture that is inclusive and welcoming to a diverse workforce and celebrating individuals' talents.

## **A year of growth**

At the end of another successful year for The Royal Mint, I'm so proud of each and every member of our team – from the master craftspeople who make their mark with unfaltering beauty and skill to the teams who relentlessly champion The Royal Mint for the twenty-first century and all the people who make our business a continued success.

In the year ahead, I am confident that we'll deliver on our five-year plan and continue to serve our customers with the enthusiasm and commitment that The Royal Mint is known for – focusing on sustainable growth, our business transformation and, most importantly, our people.



Anne Jessopp  
Chief Executive

# Strategic Report

## Activities and structure

His 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' or 'the Company' refers to the individual company activities of The Royal Mint Limited whilst 'The Royal Mint Group' refers to the combined results and activities of The Royal Mint Limited, its subsidiary companies and its share of its associate company.

The manufacture, marketing and distribution activities of the Royal Mint Limited are predominately based at one site in Llantrisant, South Wales with some smaller selling and distribution operations located elsewhere to better support our customers.

## Financial performance

The Royal Mint Group generated an operating profit before exceptional items and IFRS 9 adjustments of £17.7 million (2021–22: £18.1 million). After accounting for exceptional items, IFRS 9 adjustments, financing costs and share of associates profit the Group generated a profit before tax of £12.9 million (2021–22: £18.0 million).

## The Royal Mint Limited Company

The Royal Mint Limited operates as a portfolio business, with two main business segments: Currency and Consumer. The Consumer business segment includes the following divisions: Precious Metals, Commemorative Coin, Collector Services, The Royal Mint Experience and our gold backed Exchange Traded Commodity ('ETC').

Overall revenue increased to £1.9 billion (2021–22: £1.4 billion), which was predominately driven by a significant increase in the revenue generated by our Precious Metals division due to the continued economic uncertainty following global events.

Whilst we saw revenues grow across all businesses, with operating profits increasing in both Consumer from £26.9 million in 2021–22 to £29.8 million in 2022–23 and Precious Metals to £32.7 million (2021–22: £20.7 million), we saw an increase in losses within the Currency business. This is a result of the challenges in the global market in which the Currency business operates where there is significant competition in a declining market.

Operating profit before accounting for the impact of IFRS 9 related items and exceptional items decreased to £17.7 million (2021–22: £18.1 million), this is after we invested in new business ventures spending £6.8 million (2021–22: £2.7 million); the performance of each individual businesses is discussed in more detail on the following pages.

Capital expenditure of £15.0 million (2021–22: £8.4 million) reflected our continued investment in the future, mainly across the following areas:

- the construction of a new plant to sustainably extract precious metals from electronic waste, which is expected to process up to 90 tonnes of e-waste sources in the United Kingdom each week; and
- the development and implementation costs for a new enterprise resource planning system, which was successfully rolled out to one of our emerging businesses during the year. This is an ongoing project with spend expected to continue over the next two financial years as it is implemented across the whole 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. The RME made a small profit in the year to 31 March 2023 that represents an operator charge to The Royal Mint Limited and is eliminated on consolidation.



### RM Wynt Limited

RM Wynt Limited (RM Wynt) is a wholly owned subsidiary that owns the Group's wind turbine, which has been providing energy to The Royal Mint since September 2018. RM Wynt broke even in the year to 31 March 2023 with income and charges from The Royal Mint Limited are eliminated on 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 our historic coin business. During the year, Sovereign Rarities Limited made a profit of £1.8 million (2021-22: £2.9 million) of which we have included a 23.4% share in our Income Statement.

### RM Assets Limited

RM Assets Limited has not traded during the year ended 31 March 2023.

### Consolidated financial position

Net assets increased by £8.2 million to £80.6 million. The increase in net assets has resulted from generating a profit after tax of £10.2 million; an increase in the pension asset (net of tax) of £3.6 million; partially offset by a payment of £5.1 million dividend relating to 2021-22 performance and a loss on the hedging reserve of £0.5 million.

## The Royal Mint Group Financial Results Summary

	2022-23 £m	2021-22 £m
<b>Revenue</b>		
Currency	74.4	64.1
Consumer	149.2	122.8
Precious Metals	1,654.2	1,216.5
Other	0.4	0.1
<b>Total</b>	<b>1,878.2</b>	<b>1,403.5</b>
<b>Operating (loss) / profit</b>		
Currency	(13.1)	(4.5)
Consumer	29.8	26.9
Precious Metals	32.7	20.3
Central overheads	(25.0)	(21.9)
Royal Mint Limited before New Business	24.4	20.8
New Businesses	(6.8)	(2.7)
<b>Total Royal Mint Limited</b>	<b>17.6</b>	<b>18.1</b>
RM Wynt Limited	0.0	(0.1)
RM Experience Limited	0.1	0.1
<b>Operating profit before IFRS 9-related adjustments and exceptional items</b>	<b>17.7</b>	<b>18.1</b>
IFRS 9 related adjustments (note 5)	1.4	0.3
<b>Exceptional items (note 5)</b>	<b>(5.2)</b>	<b>(0.4)</b>
<b>Operating profit</b>	<b>13.9</b>	<b>18.0</b>
Sovereign Rarities Limited	0.4	0.6
<b>Net finance cost</b>	<b>(1.4)</b>	<b>(0.6)</b>
<b>Profit before tax</b>	<b>12.9</b>	<b>18.0</b>

## Consumer

Operating in the UK and internationally, our Consumer business comprises Commemorative Coin, Precious Metals, Collector Services, The Royal Mint Experience and ETC. For segmental reporting purposes, the Precious Metals division is reported independently to the rest of the Consumer business due to its significance.

During the year, Consumer business revenue increased by 35% to £1,803.4 million (2021-22: £1,339.3 million), and contribution to operating profit increased to £62.5 million (2021-22: £47.2 million). The Consumer business delivered its most profitable result to date as it continued to grow internationally, increased its market share in precious metals and expanded its Masterwork collection, leveraging our reputation as the original maker of UK coins.

The Consumer business delivered an overall improvement in its customer net promoter score ending with a +67 achievement (2021-22: +65).

## Precious Metals

At more than 1,100 years old, The Royal Mint is the home of precious metals, with unrivalled expertise in the design and craftsmanship of metals. Today, we operate a thriving precious metals investment business that offers a range of digital and physical products and services.

Over the last four years, our Precious Metals investment division has grown to account for almost half of The Royal Mint's operating profits. During the year, the division achieved its highest ever performance with its revenue increasing to £1,654.2 million (2021-22: £1,216.5 million), and contributing £32.7 million (2021-22: £20.3 million) to operating profit.

The uncertain economic climate, together with rising inflation levels and the increased cost of living, has continued to drive investors to gold, silver and platinum, as they are considered to be 'safe haven' assets. Our research into UK investors revealed that 30% plan to invest in precious metals this year.

With innovative new product launches, expansion of trade partnerships and sustained activity in both the UK and overseas, we increased our market share and attracted a record number of new customers to the business.

We continue to work with trusted partners to grow our presence internationally as a world-leading authority on precious metals.

## Highlights of the year

- becoming the first mint in the world to introduce the official coinage portrait of King Charles III onto bullion coins, with His Majesty's portrait appearing on the world's most visually secure bullion coin, Britannia;
- working in collaboration with Shree Swaminarayan Temple in Cardiff and Oldham, we extended our dedicated Diwali range, featuring Hindu deities Ganesh and Om on minted gold bullion bars;
- the release of a 20g gold minted bullion bar for the Islamic community depicting the Kaaba, the holiest site for millions of Muslims, with 2.5% of sales from each Kaaba gold bar donated to Islamic Relief, totaling £26,551; and
- the endorsement of The Royal Mint's Responsibly Sourced Physical Gold ETC ('RMAU'), operated by HANetf, as Sharia compliant following a review by Amanie Advisors. All physical bullion product transactions have also been endorsed as Sharia-compliant.

## Commemorative Coin, including The Royal Mint Experience

The Royal Mint has been marking significant British events, individuals and anniversaries on coins and medals for centuries. Today, the Commemorative Coin division remains as popular as ever, offering a range of beautifully crafted collectable coins and works of numismatic art.

The Royal Mint's Commemorative Coin division remains one of our most profitable businesses, driving a contribution to operating profit of £26.2 million (2021-22: £23.6 million).

The Royal Mint Experience attracted 51,044 visitors in the year and were proud to receive two awards during the year, whilst maintaining its 4.5\* TripAdvisor rating.

In addition to the introduction of the official coinage portrait of King Charles III, we unveiled several new collectable coins to mark significant anniversaries in British history, such as the 50<sup>th</sup> anniversary of Pride UK, the BBC and the Commonwealth Games 2022.

We also introduced a spellbinding coin collection celebrating 25 years since the UK publication of *Harry Potter and the Philosopher's Stone*. The magical collection proved extremely popular around the world, with many collectors and Harry Potter enthusiasts across 86 countries snapping up coins in the collection.

### Highlights of the year

- the unveiling of the official coinage portrait of King Charles III, which attracted thousands of new customers in the UK and overseas, generating worldwide media attention;
- creating our largest ever coin, a 15-kilogramme gold masterwork, which was sold to a private collector; and
- the huge demand for our memorial collection struck in honour of Queen Elizabeth II, which saw strong international sales, particularly in the United States, and 25% of our new customers from last September were from overseas.

### Collector Services

Uniquely placed to authenticate, source and advise on historic British coins and works of numismatic art, The Royal Mint is the original maker of UK coins. Having struck British coins for more than 1,100 years, we are also an authority on sourcing and selling some of the most collectable coins and trial pieces available.

The Collector Services division offers customers a range of historic coins to develop their collection, as well as sourcing rare coins from the secondary market to help customers build a collection or invest in key pieces.

Now in its fifth year, our Collector Services division continues to enjoy a year-on-year growth of 10%, contributing £3.6 million in 2022-23 (2021-22: £3.3 million) to operating profit. This is due to significant international expansion, particularly in the United States and Asia where historic British coins have proven increasingly desirable to collectors, as well as implementing an innovative auction programme.

The Royal Mint's Consignment Auction strategy launched with three auctions this financial year, starting in June with the theme of 'royalty' to celebrate Queen Elizabeth II's Platinum Jubilee. The three consignment auctions had 277 lots resulting in, a total hammer price of £477,000.

In our first silent auction, we listed one of our most sought-after pieces: the gold two-ounce Una and the Lion trial piece. The auction generated 120 bids from collectors across the world, including Greece, Tokyo, China and Western Australia, with the trial piece selling for an all-time record price.

### Highlights of the year

- the submission of the largest coin ever created by The Royal Mint – a 15-kilogramme masterwork created in celebration of Queen Elizabeth II's Platinum Jubilee – to the trial of the Pyx;
- strong growth year-on-year, with customer online sales up 72%;
- Our third trial piece auction breaking a new record, achieving a total hammer price of £409,000.
- increasing international demand for our historic coins, with our customers now buying from 83 countries;
- North America becoming our second biggest market, achieving £989,000 gross profit last financial year for Collector Services; and
- the launch of a new B2B wholesale service, in which we onboarded eight partners internationally.

## Currency

As long-term cash use continues to decline due to changes in consumer behaviour, the focus remains on tight cost control, winning profitable overseas contracts and delivering operational efficiencies.

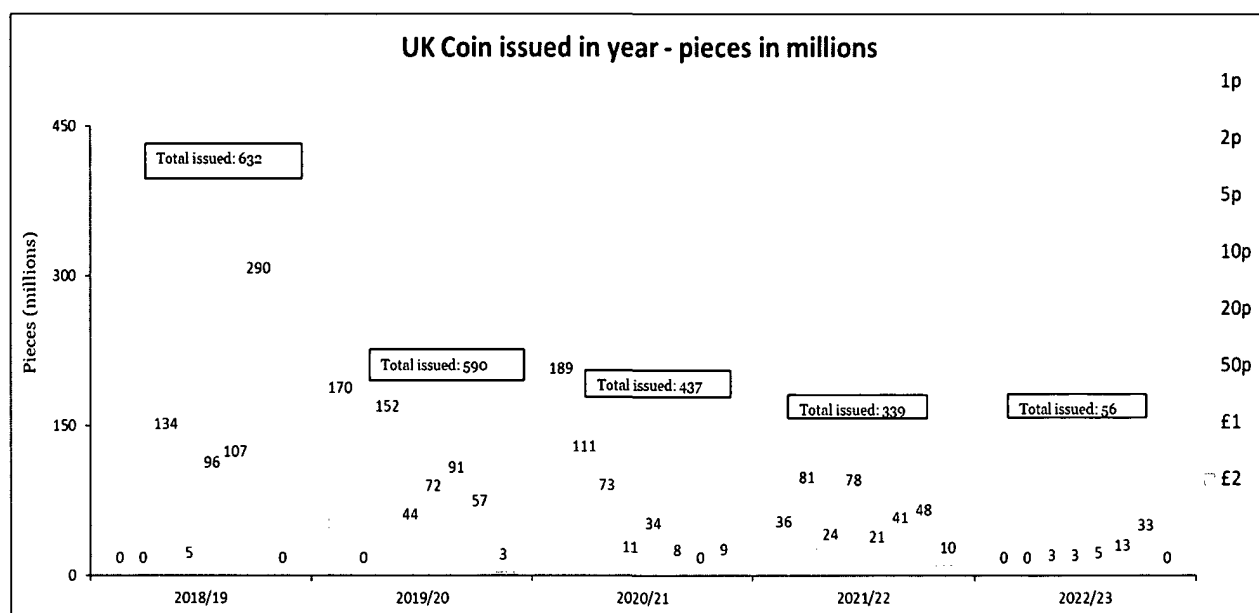
Sales in our Currency business increased to £74.4 million (2021-22: £64.1 million) and the business delivered an adjusted operating loss of £(13.1) million (2021-22: loss of £(4.5) million). Over the reporting year, we issued 56 million coins (2021-22: 339 million coins) to UK cash centres. Overseas deliveries of coins and blanks amounted to 1.34 billion pieces in 28 countries (2021-22: 1.55 billion pieces in 22 countries). As UK cash use declined and coin circulation reduced in 2021-22, we have continued to work with UK banks and HM Treasury to ensure that retailers consistently had access to coinage. Coins that entered UK circulation included the Platinum Jubilee 50p coin, the 50 Years of Pride UK 50p coin and the Memorial 50p coin, alongside definitive coins.

Despite the downturn in production of circulating coins, we have retained all our permanent staff, redeploying some shift patterns to other areas of the business. We have incurred exceptional costs of £5.2 million following the planned decommissioning of one of our production lines.

We have retained relationships with our direct customers, and restructured work to ensure there was no 'downtime' in our factory to protect employment in light of the expected reduction in demand.

### Highlights of the year

- 6.7 million 50p coins bearing the coin portrait of King Charles III entering circulation that are co-circulating alongside the coinage of Queen Elizabeth II;
- supplying coins and blanks to 28 countries during the year;
- three central banks signing three-to-five-year long-term contracts; and
- welcoming the Debt Reserves Management team from HM Treasury to site for a visit.



## 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

#### Economic Value Added ('EVA')

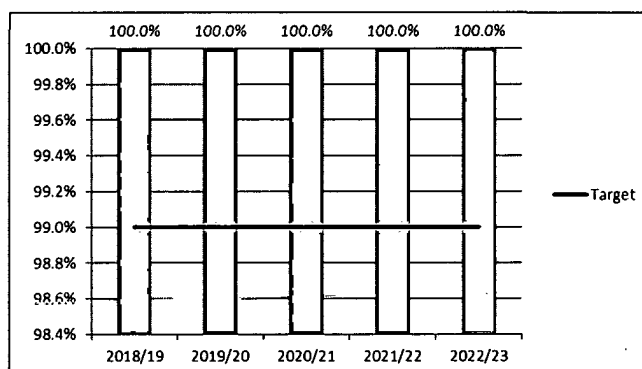
From 2020-21 onwards, the performance metric for the Royal Mint Group is EVA, which is expressed as an absolute amount and calculated by reporting the amount of operating profit generated above the cost of capital. The cost of capital is calculated by multiplying the weighted average cost of capital by the average capital employed. The reported operating profit is modified to exclude IAS 19 Employee Benefits and IFRS 9 Financial Instruments related adjustments as well as exceptional items and spend relating to investment areas that were pre-defined at the start of the year.

EVA for 2022-23 was £20.8 million (2020-21: £16.2 million) against a target of £4.0 million.

### Target 2

#### UK Circulating Coin

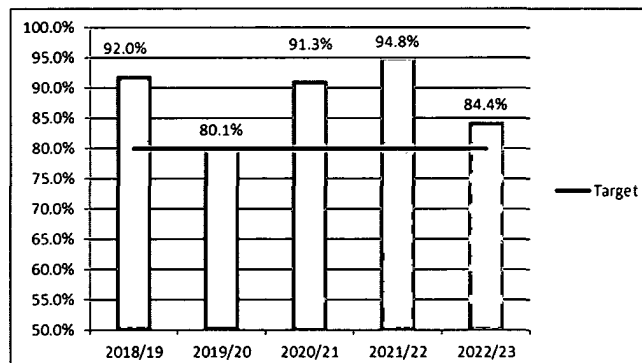
Delivery of accepted orders from UK banks and post offices within 11 days.



### Target 3

#### UK Consumer Coin

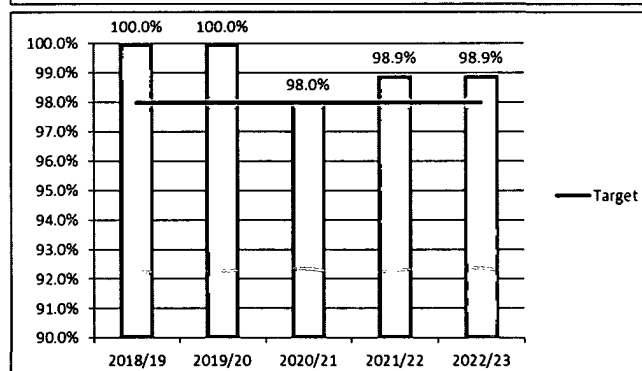
Delivery of orders to individual UK customers within three days, measured from the receipt of order or published due date.



### 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."

The Company Secretary briefs all of our directors on their duties and if necessary, they can seek professional advice from an independent advisor / expert. The following paragraphs summarise how the directors fulfil their duties.

### Risk management

The Executive Management Team regularly assess risks facing the organisation and brief the Board as appropriate. The regular risk assessments:

- 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; and
- 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.

### Our people

We embrace responsibility for our actions and encourages a positive impact on our 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, to ensure that our employees are able to meet their full potential.

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

### Business relationships

In order for us to achieve our reinvention strategy, we must maintain and develop strong business relationships. We have numerous long-standing relationships with valued suppliers who are instrumental in helping us to achieve our strategy.

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

### Community and Environment

As a large employer in the local community, we provide sustainable employment. The local and wider communities with which we interact are at the heart of the Company. During the financial year, we raised £19,966 for our charity of the year Mind Cymru, which champions mental health and wellbeing. To minimise our environmental footprint, we employ sustainable business practices and operate within our environmental permit and our status as an upper-tier Control of Major Accident Hazard ('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 2022-23 were in the following areas:

- the impact of global, geo-political and macro-economic events, including the war between Russia and Ukraine;
- supply chain challenges around price and availability;
- the attractiveness of coins in a coinless world as digital currency is adopted;
- cyber security and significant fraud;
- physical security, and health and safety;
- attracting and motivating people in the changing world;
- failure to change perception through our brand and global awareness;
- maximising value from our Currency operations in the UK;
- failure to meet ESG targets; and
- failure to scale existing businesses to launch new businesses.

The Group's overall risk management approach is highlighted within the Corporate Governance report.

The above risks are all managed by members of the Executive Management Team with actions in place to reduce the associated inherent risk to the risk appetite that has been assessed by the Board of Directors. 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 based on the market prices of metals at the date a contract or order is accepted. We seek to hedge our 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:* steel is procured using pricing based on six-month contracts to try to avoid volatility over the short term. We are continually looking at alternative strategies to protect our longer-term position for this increasingly important commodity used in our business.

*Consumer:* Proof products: coins are manufactured for sale through our 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 Commemorative Coin Divisional Director agrees the level of commitment and the risk is managed to ensure that our 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 wholesale 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 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 is 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 instead 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 2022–23, the year-end impact was a profit of £1.4 million (2021–22: £0.3 million profit). 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 SHE team.

Our SHE vision is to become a high reliability organisation that can sustain an almost error-free performance in operations where hazardous conditions and consequences can be significant. This requires a culture where everyone takes responsibility for their own safety and the safety of those around them along with our leaders understanding the risks involved in each of their areas and inspiring change to minimise those risks. We will continue to embed a culture of safety, health, and environment in our organisational DNA.

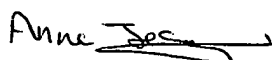
As an organisation, we remain legally compliant with all our regulatory enforcement agencies, we take a pragmatic approach to safety, and we have reduced our risk landscape by removing high-risk areas within the molten metal process and reducing chemical hazard processes. We continue to rely on and embed our SHE systems for ease of use and consistency.

Maintaining focus on our vision and SHE strategies we have continued to improve:

- Process safety through competence and training;
- Occupational safety through 100% health surveillance;
- Health and wellbeing through on-site engagement days; and
- Environmental compliance through our new environmental permit.

As always, we are committed to our legal obligations, including operating within our environmental permit, as regulated by Natural Resources Wales and our status as an upper-tier COMAH site, overseen by the Competent Authority.

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



Anne Jessopp  
Chief Executive  
12 July 2023



# Directors' Report

The directors present their report and the audited consolidated financial statements for the year ended 31 March 2023.

## Statement of Directors' Responsibilities in respect of the financial statements

The directors are responsible for preparing the Consolidated Annual Report and the financial statements in accordance with applicable law and regulation.

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 UK-adopted international accounting standards.

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 the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards 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 safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's 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.

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' confirmations

In the case of each director in office at the date of which Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group's 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's and Company's auditors are aware of that information.

## 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 noted below, are shown on page 2.

Xenia Carr-Griffiths and Cheryl Toner resigned as non-executive directors on 26 September 2022 and Matthew Woolsey and Lisa Montague were appointed on the same date.

## Dividends

Post year-end, the Board declared a dividend for 2022-23 of £4.1 million. £5.06 million relating to 2021-22 was paid during the year.

## **Research and development**

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

## **Creditor payment policy**

We always seek to comply with agreed terms and 92% of invoices (2021-22: 89%) were paid within the agreed period. 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**

As always, our people are central to the success of our business, and each person plays a key role in ensuring the delivery of our ambitious growth and transformation plans. The year 2022-23 was the first year in our five-year plan and we reached many milestones, which is a testament to the hard work and efforts of all our people.

Our values underpin everything we do and we have made efforts to instil these values through our induction and onboarding sessions as well as holding two leadership conferences to revisit these values and ensure they remain central to all that we do. We also held two pulse surveys to understand more about how our people feel about working at The Royal Mint, our culture, and how we can continue to make this a 'great place to work'.

We are now fully operational on-site following the COVID-19 pandemic and continue to support hybrid working with a broadly 50/50 approach which enables our employees to blend home and on-site working. We are constantly reviewing our policies to support our people and this year we have made significant, and well-received improvements to our maternity and paternity policies; we will continue to review our policies during 2023-24.

During the year, we saw a surge in recruitment with 224 new roles offered and accepted during the year that have brought a diverse and varied set of skills into the business to support the delivery of our exciting growth plans. Throughout the recruitment process we are committed to providing equal opportunities whereby prospective employees are treated fairly with integrity, respect and consideration. We aim to ensure that individuals are recruited, selected, trained and promoted on the basis of ability, job requirements, skills and aptitudes so no individual or group is disadvantaged including, disabled persons, who as far as possible, will be treated identical to that of other employees.

This was a significant achievement in terms of attracting and recruiting new talent into the business as well as the on-boarding process which ensured individuals were able to integrate as seamlessly as possible into the business.

## **Diversity**

Equality, Diversity and Inclusion ('EDI') continues to be a priority at The Royal Mint, and we are committed to being a diverse and inclusive organisation.

During the year, we put significant effort into engaging with leaders and employees across our organisation to explore various issues around EDI. We celebrated many events throughout the year, including Pride, Diwali, Eid, Ramadan and many more. One of the notable successes of the year has been our newly formed Women's Network, which has raised awareness of and supported our employees' understanding of the many subjects affecting our female workforce and some of the challenges this presents; these well-attended sessions will continue throughout 2023-24.

We have also supported an extremely active EDI employee group who meet regularly to discuss issues that arise and drive change across the organisation. The group continues to arrange an annual calendar of events to ensure that EDI remains central to The Royal Mint.

We are committed to ensuring that our policies and processes support the ambition to have a truly diverse workforce.

If an employee develops a disability during their employment, we aim to encourage the employee to tell us about their condition so that we can support them as much as possible, including making reasonable adjustments to working conditions or duties.

#### **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 remains in force. The Company also purchased and maintained directors' and officers' liability insurance in respect of itself and its directors throughout the financial year.

#### **Sickness absence**

The annual sickness absence rate for 2022-23 was 3.5% showing a reduction from 3.8% in 2021-22.

#### **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 12 July 2023.

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



Huw Lewis  
Chief Financial Officer  
12 July 2023

## Group Financial Summary

	2022-23 £m	2021-22 £m	2020-21 £m	2019-20 £m	2018-19 £m
UK revenue	557.3	463.7	441.2	204.9	182.6
Overseas revenue	1,320.9	939.8	615.7	363.6	239.0
Total revenue	1,878.2	1,403.5	1,056.9	568.5	421.6
Operating profit before IFRS 9-related items and exceptionals	17.7	18.1	12.7	0.5	1.9
IFRS 9-related items (note 5b)	1.4	0.3	0.8	0.8	(2.4)
Exceptional items (note 5a)	(5.2)	(0.4)	(0.8)	(0.3)	(2.2)
Operating profit / (loss)	13.9	18.0	12.7	1.1	(2.7)
Net finance cost	(1.4)	(0.6)	(0.9)	(1.5)	(1.1)
Share of profit of associate	0.4	0.6	0.6	0.2	0.1
Profit / (loss) before tax	12.9	18.0	12.4	(0.2)	(3.7)
Tax	(2.7)	(4.8)	(2.7)	(1.2)	0.7
Profit / (loss) after tax	10.2	13.2	9.7	(1.4)	(3.0)
Net assets as at 31 March	80.6	72.4	60.0	51.1	56.1

# Sustainability Report

## OVERVIEW

### *The Original Maker*

Although The Royal Mint is 1,100 years old, we are firmly focused on the future. As a leading British manufacturer using metals and raw materials, sustainability sits at the heart of our business.

We are actively engaged in a range of ESG topics and our aim is to become leaders in the production of sustainable precious metals.

*Delivering sustainable business practices as the home of precious metals*

Throughout 2022-23, we continued to deploy our Sustainability Framework, built around key ESG considerations. Our framework includes four key themes and related strategic drivers, which help guide the way we operate and the decisions we make.

**"I believe what makes The Royal Mint so unique is our expertise in precious metals, the calibre of British craftsmanship and our commitment to sustainability"** *Anne Jessopp, Chief Executive*

On the following pages, we provide a summary of our key activities and selected case studies for 2022-23, as well as insight into what's next in 2023-24. We also highlight which of the 17 United Nations Sustainable Development Goals our activities aim to address and positively impact.

### ACCREDITATIONS AND AFFILIATIONS

We are proud to hold formal external certifications related to environmental, energy, occupational health and safety, quality and information security management:

- (BSI) ISO 9001
- (BSI) ISO 14001
- (BSI) ISO 50001
- ISO 27001
- ISO 45001

#### Certifications



##### ISO 9001 - QUALITY MANAGEMENT

ISO 9001 is a certified quality management system (QMS) for organisations that have proven their ability to consistently provide products and services that meet the needs of their customers and other relevant stakeholders.  
Certificate number FM 13967



##### ISO 14001 - ENVIRONMENTAL MANAGEMENT

The principal management system standard which specifies the requirements for the formulation and maintenance of an environmental management system.  
Certificate number EMC 84940



##### ISO 50001 - ENERGY MANAGEMENT

The standard specifies the requirements for establishing, implementing, maintaining and improving an energy management system.  
Certificate number EMC 84940



##### ISO 27001 - INFORMATION SECURITY MANAGEMENT

ISO 27001:2013 is the international standard for information security. It sets out the specifications for an information security management system (ISMS). ISO 27001 is a framework that helps establish, implement, operate, monitor, review, maintain and continuously improve an ISMS.



##### ISO 45001 - OCCUPATIONAL HEALTH & SAFETY MANAGEMENT

ISO 45001:2018 specifies requirements for an occupational health and safety (OHS) management system, and gives guidance for its use, to enable organisations to provide safe and healthy workplaces by preventing work-related injury and ill health, as well as by proactively improving its OHS performance.

Throughout 2022-23, we continued to form partnerships with organisations that share our commitment to sustainability and wider ESG ambitions. These include:

- World Gold Council (WGC)
- London Bullion Metals Association (LBMA)
- World Platinum Investment Council (WPC)
- London Platinum and Palladium Market (LPPM)
- Heritage Crafts
- Mind Cymru
- Inclusive Employees
- Disability Confident Committed
- British Safety Council
- Kickstart Scheme
- Careers Wales
- Sell2Wales
- UK Government Find-a-Tender service
- Excir
- Betts
- Circular Computing

## SPOTLIGHTS:

### NET ZERO

We recognise the current and emerging risks of climate change to individuals, businesses, governments and wider society. We want to play our part in tackling this issue by becoming a leader in sustainable precious metals.

As part of our decarbonisation ambitions, we have developed near (2030) and long-term (2050) science-based targets for validation by the Science Based Target initiative ('SBTi'). From a baseline year of 2021-22, we aim to achieve an absolute reduction in Scope 1 and 2 greenhouse gas ('GHG') emissions by 42% by 2030 and 90% by 2050, whilst our Scope 3 emissions will be reduced by 25% by 2030 and 90% by 2050.

*"Becoming a Net-Zero business is complex – but we need to act now, and we want to align with recognised best practise. For us, it also makes sense to initially focus on those areas where we can make a material difference. This includes increasing our generation of renewable energy, sourcing recovered and recycled metals, and engaging with our employees and our supply chain" Leighton John, Director of Operations and Executive Sponsor of Net Zero*

We have lodged our formal commitment to SBTi and the validation process is scheduled to begin in summer 2023. As we are setting long-term, net zero targets, we also aim to join the SBTi affiliated UN Race to Zero partner scheme Business Ambition for 1.5C campaign.

Overseen by an Executive-led steering Committee, senior representatives throughout the business support the delivery of our net-zero programme. A decarbonisation roadmap will provide a detailed two-year implementation

plan, looking at areas including energy use on-site and packaging. Once SBTi have validated our targets, we will commence formal reporting against our baseline year. In the meantime, and for 2022-23, we provide an overview in this Sustainability Report of different initiatives and performance data, that form part of our decarbonisation efforts (see A Sustainable Future, Looking Ahead, and Statutory Reporting).

BRITISH CRAFTSMANSHIP

As one of Britain’s oldest businesses and the original maker of UK coins, we want to promote, protect and celebrate British craftsmanship.

Our master craftspeople apply rare skills honed over centuries to make our products. We feel passionately about preserving these crafts, such as silversmithing and hand engraving, for future generations. This is why we have partnered with not-for-profit organisation Heritage Crafts – the Advocacy body for traditional heritage crafts in the UK. In 2022-23, working with Heritage Crafts, we announced sponsorship of a series of bursaries, with each successful applicant receiving up to £4,000 in funding, whilst also having the opportunity to learn from The Royal Mint’s master craftspeople, including our Chief Engraver and the King’s Assay Masters.

*“We are so excited to announce the launch of our partnership with The Royal Mint. Their passion for the preservation of British craftsmanship aligns so well with the reason we exist in the first place. We believe these bursaries will help provide unique opportunities to precious metals craftspeople that would not have been possible before” Jay Blades, Co-Chair of Heritage Crafts.*

EMPLOYEE ENGAGEMENT

With a proud, 1,100-year heritage, we want to retain and attract employees who take pride in their work and feel rewarded and recognised in return. Focusing on the health and wellbeing of our employees, whilst achieving excellence in learning and development, we want to celebrate our differences to ensure an inclusive future.

*“One of The Royal Mint’s four corporate values is ‘We All Matter’ and, with people at the heart of The Royal Mint’s five-year strategy, I’m committed to continuing to make this a great place to work, with sustainability at its core” Amanda Brady, Chief People Officer*

Engaging with our employees is critical to achieving these aims. We strive to do this through a variety of initiatives, including our staff networks, long-service awards celebration event, staff benefits package, corporate volunteering days, further education and professional development opportunities, health and wellbeing events and services, and financial support mechanisms.

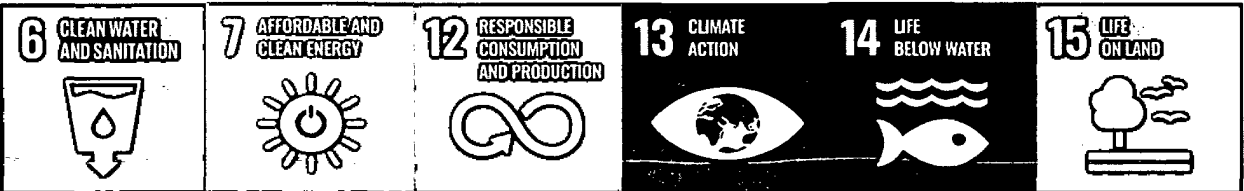
We’re also investing in our new and existing staff with specific entry-level talent programmes, including engagement with schools’, work placements, apprenticeships and a formal graduate programme, whilst also continuing to re-skill and transfer existing employees as our business evolves.

A SUSTAINABLE FUTURE

We are committed to developing innovative solutions in the precious metals industry to support a circular economy, lowering our carbon footprint and driving responsible sourcing practices.

A Sustainable Future, the first of four themes within our Sustainability Framework, focuses on topics such as net-zero, circular economy, product and packaging development, natural resource management, and responsible sourcing.

Through related business activities, we aim to address and positively impact the following United Nations Sustainable Development Goals:



## KEY ACHIVEMENTS FOR 2022-23:

- We developed near and long-term science-based decarbonisation targets and submitted these to the SBTi for formal validation, scheduled to take place in mid-2023.
- Part of a purpose-built on-site local energy centre, and critical to decarbonising our own operations, we installed a temporary Combined Heat and Power ('CHP') plant, which we later replaced with a permanent 2MW CHP and a 2MW 4,000-panel ground mounted solar farm.
- Our Sustainable Precious Metal business continued its partnership with Canadian clean-tech Excir, supplying gold recovered from printed circuit boards in discarded electronic devices such as mobile phones and laptops, and commencing construction of a world-first processing facility on-site, covering around 3,736m<sup>2</sup>.
- Formally launching our Responsible Sourcing Policy, we hosted a responsible sourcing event with our top 30 strategic suppliers, which was an important milestone in the deployment of our enhanced Responsible Sourcing Framework.
- We prioritised working with gold and silver refiners who are on the LBMA's Good Delivery List or that are full LBMA members, and we required all refiners to use LBMA Good Delivery metal. We adopted a similar approach for our platinum product suppliers and the industry standards set by the LPPM.
- As part of our digital investment portfolio, and using surplus gold from bullion coin production, we introduced 100% recycled gold bars into our physical gold ETC. All bars backing this investment product continue to be 100% post-2019 LBMA Good Delivery List status.

*"We want to build lasting relationships with suppliers who reflect our values and will help us achieve the highest standards in social and environmental performance. Our inaugural Responsible Sourcing Event held with our Top 30 strategic suppliers and launch of our Responsible Sourcing Policy to ~1500 active suppliers, are just two examples of this important engagement process".*  
*Jo Lane, Head of Procurement*

### CASE STUDY: CIRCULAR, CARBON NEUTRAL IT SOLUTIONS

**In 2022-23 the Technology team had already embarked on a cloud adoption strategy aligned with partners that shared the Royal Mint's sustainability commitments. However, there wasn't yet any specific sustainability-focused solution for end user devices (e.g. laptops). Partnering with Circular Computing - the first company in the world to achieve a BSI Kitemark for their remanufactured laptops - provided The Royal Mint with a fantastic opportunity to improve the sustainability performance of our IT hardware, showcasing a circular economy approach to staff and external stakeholders.**

- We partnered with Circular Computing to procure carbon-neutral remanufactured laptops, showcasing sustainability-led solutions within the Technology department (see case study).

**244,245 kWh:** the amount of renewable electricity generated by our new solar farm in the first 3 full months of operation (from January to March 2023). This is the equivalent of the average annual energy consumption of approx. 84 UK households.<sup>1</sup>

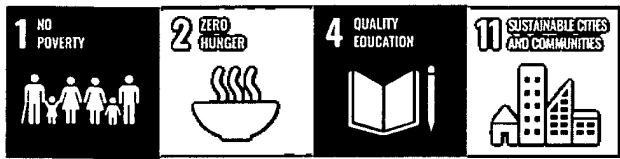
## ENHANCING OUR COMMUNITY

As a major employer with a substantial supply chain in the UK and overseas, we have an important role to play within the community.

Enhancing our Community, the second theme within our Sustainability Framework, focuses on topics such as British craftsmanship, sustained employment, skill education and aspirations, and community engagement.



Through related business activities, we aim to address and positively impact the following United Nations Sustainable Development Goals:



**KEY ACHIVEMENTS FOR 2022-23:**

- We launched 886 by The Royal Mint, our first luxury jewellery range, championing British craftsmanship and using responsibly sourced precious metals predominantly from recovered and recycled sources (see case study).
- We announced a partnership with the not-for-profit organisation Heritage Crafts, sponsoring four (later extended to five) bursaries. As part of our commitment to safeguarding British craftsmanship and precious metals skills.
- We launched our first Chinese-inspired gold bar – a 20g minted gold bullion bar depicting Guan Gong, the Chinese God of Wealth. Ahead of its release to mark the Chinese New Year, eight marketing postgraduate students from Cardiff Business School (Cardiff University) were given the opportunity to pitch their ideas for the related campaign development.
- Working with the charitable organisation Islamic Relief, we pledged to donate 2.5% of the sales of our 20g Kaaba gold bullion bar during Ramadan, whilst also donating three bars that raised more than £9,000 through charity auctions. The Kaaba gold bar, created in consultation with the Muslim Council of Wales, depicts the holiest site for millions of Muslims.
- Our wealth investment product, the Responsibly Sourced Physical Gold ETC, was endorsed as Sharia compliant by Amanie Advisors.
- Working with the University of South Wales, our Cyber team, provided students on the university’s BSc Applied Cyber Security course with industry insight and guidance, including guest lectures and dissertation support.

*“I knew a bit about The Royal Mint and the fact it made coins, but I didn’t know about the gold bars and collecting coins. It was really nice being able to do this [insights project] in a university setting and it provided me with experience going into a marketing job in the future” Pdraig Ifans, postgraduate student at Cardiff Business School*

CASE STUDY: 886 BY THE ROYAL MINT
<p>In 2022-23, we launched 886 by The Royal Mint - a contemporary collection of unisex jewellery and homeware made from responsibly sourced precious metals, including gold recovered electronic waste using our patented chemistry and silver recovered by Betts metals from medical x-ray films in the UK. 886 by The Royal Mint also provides an opportunity for us to champion quality British craftsmanship, where specialist skills used to craft medals and coins are combined with innovative engineering techniques, creating beautiful pieces that will retain their value for generations. During the year, the first 886 by The Royal Mint boutique also opened in London’s historic Burlington Arcade, offering the full debut collection, the Pavé collection, and homeware.</p>

- We launched both a circulating and commemorative UK 50p coin celebrating the 50<sup>th</sup> anniversary of Pride in London. This marked the first time the LGBTQ+ community has been depicted on a UK circulating coin, whilst the commemorative coin was a finalist at the 2023 Brand and Lifestyle Licensing Awards.

Selected through a staff vote, we teamed up with Mind Cymru as our new formal charity partner. We kicked off this partnership in the summer of 2022, with our annual football festival, attracting more than 650 children from 80 community clubs across South Wales, and raising more than £6,000 in charitable donations, forming part of the £19,966 we raised throughout the year.

- Our staff participated in various charitable fundraising and volunteering activities throughout the year including, a 'Mint 2 Mint' challenge that involved walking 1,420 miles, which raised £1,000 for MIND, and a 10,000-step walk in Cardiff raising nearly £4,000 for Cancer Research UK. Enabling staff to donate gifts and food items to local people, we held our annual Santa Appeal and Christmas food bank. We also held three local clean-up events in partnership with Rhondda Cynon Taff County Borough Council and Natural Resources Wales.

**7000:** the number of Platinum Jubilee 50p commemorative coins gifted to children who completed the special Jubilee edition of The Queen's Green Canopy RFS Junior Forester Award

### A GREAT PLACE TO WORK

Valuing diversity and collaboration to provide sustainable employment and a great place to work, we are committed to creating an exceptional future-focused environment for our teams.

*A Great Place to Work, the third of four themes within our Sustainability Framework, focuses on topics such as employee engagement, diversity and inclusion, health and wellbeing, and training and skills excellence.*

*Through related business activities, we aim to address and positively impact the following United Nations Sustainable Development Goals:*



### **KEY ACHIEVEMENTS FOR 2022-23:**

- We continued to develop and deploy our internal Diversity and Inclusion ('D&I') programme, supported by Enfys, our D&I Champions Group, and launched Una – our inaugural Women's Network (see case study). We celebrated LGBTQ+ History Month, National Inclusion Week and International Women's Day. We marched at Pride UK, maintained our Disability Confident Level 1 – Committed accreditation, and held a lunchtime event with staff to mark Diwali.
- As part of World Mental Health Day, we promoted different resources available to staff resources and supported Time to Talk, an annual campaign led by Mind and Rethink Mental Illness.
- To help alleviate pressures arising from the cost-of-living crisis, we provided grocery vouchers to all employees during the Christmas period and offered free breakfast rolls in the staff canteen.

#### CASE STUDY: UNA – OUR WOMENS NETWORK

*Aligned to our five-year strategy and focusing on the corporate theme of Diversity and Inclusion, Una, The Royal Mints' Women's Network, aims to build a support system for identifying and exploring issues encountered by women. Open to all staff, Una promotes the physical and mental health of women whilst simultaneously breaking taboos that often impede meaningful conversations. In 2022-23, we hosted interactive sessions, with internal and external speakers, on topics such as menopause in the workplace, work-life balance, along with an Executive Directors' Q&A. There are further plans for 2023-24, including workshops on career insights, imposter syndrome, mindfulness, and the impacts of COVID-19 on women in the workplace.*

- We continued to support the health and wellbeing of our staff by training additional mental health first aiders, providing health checks, flu-jabs and physiotherapy services, holding meditation and yoga taster sessions, and forming our very own on-site gardening club. Staff were also able to use the Employee Assistance Portal to access free confidential counselling and wellbeing advice.
- Our in-house Talent team supported the learning and development of staff, including facilitated training across a variety of topics such as sustainable marketing, pathways to net zero, customer experience, leadership and management, personal development, and learn to speak Welsh.
- We held our first Long Service Awards event since the COVID-19 pandemic, which provided us with an opportunity to celebrate the hard work and commitment of more than 40 employees. Each person was presented with a medal, engraved with their name and their length of service.
- We re-launched our formal Graduate Programme, welcoming a cohort of 11 university graduates into the Operations, Finance, Supply Chain, Marketing, Engineering, and Sustainability teams to a structured two-year programme; we also provided apprenticeship opportunities throughout the year in areas such as marketing and production. Using the Apprenticeship Levy, we continued to offer funded courses to support the further education of nominated staff.
- We published our Gender Pay Gap Report for 2023, which shows an average pay gap of 7.14% in favour of men. Whilst we are confident that men and women are paid equally for equivalent jobs across our organisation, we understand that disparity to any degree means more work is required.

*"What an unforgettable day marching with colleagues at Pride UK 2022 - a day I'll never forget. Being in a position to help with forming and enabling our staff network Enfys has been amazing" Hollie Griffiths, People and Change Manager*

39 Customer Champions  
24 Diversity and Inclusion Champions  
60 Mental Health First Aiders

## INTEGRATED ESG

Driving ourselves to make a measurable difference every year, ESG topics are at the core of everything we do.

Integrated ESG, the final theme in our Sustainability Framework, focuses on topics such as governance and reporting, upskilling and ownership, business management systems, business ethics, and industry collaboration and leadership.

Through related business activities, we aim to address and positively impact the following United Nations Sustainable Development Goals:



## KEY ACHIEVEMENTS FOR 2022-23:

- We continue to hold certification to a number of formal business management systems covering the International Organization for Standardization (ISO) 50001 (Energy), 14001 (Environment), ISO 9001 (Quality) and ISO 27001 (Information Security). We also gained formal certification to ISO 45001 (Occupational Health and Safety) some six months ahead of schedule.

#### CASE STUDY: DRIVING INDUSTRY COLLABORATION AND LEADERSHIP

As part of our commitment to collaborate within the industry and drive best practise, we were one of four founding members and are the current chair of the inaugural Sustainability Committee of the International Mint Director's Association (IMDA). Established in May 2022, with the Royal Canadian Mint, Australian Mint and South African Mint, the Committee has developed a Sustainability Charter, which member Mints have adopted; prepared articles for Mint Edition, the monthly newsletter for IMDA members previously known as Mint Communique. The Committee has also conducted a survey of IMDA members on sustainability in their organisations, and presented at industry conferences.

- We continued our membership with the LBMA, WGC, WPIC, and LPPM. We worked with additional organisations who support our sustainability ambitions including Heritage Crafts, Inclusive Employers and Mind Cymru.
- Visit Wales assessed The Royal Mint Experience as part of their quality assurance programme and we maintained our Visitor Attraction Quality Scheme ('VAQAS') Gold status.
- We were a founding member of the Sustainability Committee of the International Mint Director's Association ('IMDA') (see case study).
- We provided specific learning opportunities to help drive employee understanding of and engagement with our Sustainability Framework and related activities. This included incorporation of a sustainability briefing in the new starter induction, targeted training on topics such as the UK Green Claims Code, Sustainable Marketing, and Pathways to Net-Zero, and the launch of a dedicated sustainability page on 'Mintranet' (our staff intranet site) providing access to different learning resources.

- To help us understand internal awareness of our approach to sustainability and our net-zero ambitions, we included two related questions in our second staff survey held throughout the year.

*"I found the two-day 'pathways to net-zero' course interesting and thought provoking. It really resonated with me when thinking about production decision making and how we introduce carbon footprinting as a consideration"* Christian Burge, Head of MRB and SPM Dry Processes

**19:** number of Mints unanimously adopting the inaugural Sustainability Charter, co-written by The Royal Mint

#### LOOKING AHEAD

Looking ahead to 2023-24, which represents year two of our five-year strategy, we will further embed all elements of our Sustainability Framework and deliver on related business activities.

This includes our plans to:

- Have our near and long-term science-based decarbonisation targets validated by the SBTi;
- Commence full deployment of an internal two-year decarbonisation roadmap, targeting specific Scope 1, 2 and 3 emission sources;
- Commence reporting in accordance with the Task Force on Climate-related Financial Disclosures;
- Complete the installation and commissioning of all remaining infrastructure associated with our local energy centre, namely a new 900Kw wind-turbine and 0.8MW battery storage facility, to complement the existing 2MW solar farm and 2MW CHP plant;
- Further deploy our enhanced Responsible Sourcing Framework, including continued sign-up to our Responsible Sourcing;

- Implement a number of sustainability-led packaging solutions, including collaboration with a research institution on our 'packaging of the future' project;
- Continue to improve on our aim to be 'a great place to work'. This will include working with the cancer charity Maggie's to learn about supporting people in work with cancer moving from a Level 1: Disability Confident Committed to a Level 2: Disability Confident Employer, re-establishing our alignment with the Best Companies Index, and seeking accreditation by the National Autistic Society at The Royal Mint Experience; and
- As part of our community engagement and entry-level talent programmes, work with Careers Wales to support different local schools, working with Interlink Rhondda Cynon Taff to promote local staff volunteering opportunities and deploy a targeted strategy for supporting careers in Science, Technology, Engineering and Maths ('STEM').

*"As we reflect on and celebrate our achievements in 2022-23, we are also looking forward – ensuring we continue to learn, collaborate and lead on our approach to sustainability in the year ahead" Inga Doak, Head of Sustainability*

## STATUTORY REPORTING

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

From an environmental management perspective, we continue to monitor our performance related to management of resources on-site including energy consumption, water use and waste generation.

Specific details for the last five years are provided below, including information required to comply with the Streamlined Energy and Carbon Reporting regulations April 2019.

## **ACCREDITATIONS**

The Royal Mint holds formal certification to a number of International Organization for Standardization (ISO) standards. Those of particular relevance to our environmental, including energy, performance are:

- ISO14001 (2015) Environmental Management System; and
- ISO50001 (2018) Energy Management System.

## **ENERGY CONSUMPTION AND CO<sub>2</sub> EMISSIONS**

The use of energy continues to be a significant Scope 1 (direct GHG emission) and Scope 2 (caused indirectly) impact of The Royal Mint's environmental operation. We continually explore opportunities to improve energy efficiency throughout our activities and supply chain, which includes process improvements, pursuing alternative means of energy generation, investment in more energy efficient equipment, and the development of new technologies.

### **Electricity generation**

During 2022-23, we made significant changes to how electricity is supplied to the site. In addition to what was an existing 'on-site' supply of renewable energy, derived from a wind turbine and small solar panel arrays on the roof tops of some of the buildings, a temporary CHP Plant was installed in April 2022 to generate on-site electricity. A permanent unit replaced the temporary unit in March 2023.

In addition, during December 2022, a 2.2 MW solar farm came online to supply the site with further renewable energy.

As the CHP Plant is operated by a third party, the gas consumed in generating the electricity is not reported in The Royal Mint's figures; the figures only report the electricity generated by the plant.

During 2022-23, the wind turbine generated 567,000 kWh of energy, a lower amount than the previous year due to differing weather conditions.

There was a significant increase in solar-generated electrical energy used on-site due to the coming online of a solar farm, which generated 268,000 kWh of energy during the year.

### Energy Use and Costs

The energy consumption figures include both consumed grid energy and 'on-site' generated energy.

Year	Electricity Consumption (gigawatt hours)	Gas Consumption (gigawatt hours)	Energy Costs (£'000)
2022-23	25	14	7,622
2021-22	24	19	3,550
2020-21	26	20	3,881
2019-20	30	21	4,335
2018-19	32	20	3,953

### Emissions intensity ratio

The emissions intensity ratio we use, as agreed with Natural Resources Wales, is energy use per tonne of circulatory coin.

Year	Energy Consumption per Tonne of Circulating Coin
2022-23	4,360 kWh/tonne
2021-22	4,000 kWh/tonne
2020-21	3,800 kWh /tonne
2019-20	2,300 kWh /tonne
2018-19	2,600 kWh /tonne

The energy consumption figures include both consumed grid energy (electrical and natural gas) and renewable / CHP generated electrical energy as these have come online.

### Total emissions – tonnes of CO<sub>2</sub>eq

For 2022-23, total emissions were 10,400 tonnes of CO<sub>2</sub>eq.

Year	Total Emissions Tonnes of CO <sub>2</sub> eq
2022-23	10,400
2021-22	10,700
2020-21	10,600 <sub>1</sub>
2019-20	12,000 <sub>1</sub>
2018-19	12,400 <sub>1</sub>

In moving the production of non-ferrous metal to purchased goods / services, GHG emissions move from Scope 1 and 2 (direct emissions) to Scope 3 emissions (indirect emissions due to the Company's activities); we have not calculated these Scope 3 emissions in complying this report.

We measure 'normalised tonnes' (calculated as tonnes of CO<sub>2</sub>eq per tonne of Circulating Coin manufactured) as a key indicator of energy efficient.

### Normalised emissions tonnes of CO<sub>2</sub>eq per tonne of Circulating Coin

For 2022-23, normalised tonnage was 1.16 CO<sub>2</sub>eq per tonne of Circulating Coin.

Year	Normalised Emissions Tonnes of CO <sub>2</sub> eq per Tonne of Circulating Coin
2022-23	1.16
2021-22	0.92
2020-21	0.83 <sub>1</sub>
2019-20	0.50 <sub>1</sub>
2018-19	0.58 <sub>1</sub>

The lower normalised energy figure in the years prior to 2022-23, is a result of slightly higher circulating coin production at that time(s), relative to the base loading of equipment used to produce circulatory coin.

## WATER MANAGEMENT

### 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.

We continue to review our processes to identify opportunities to reduce water consumption.

### Water abstracted (river water)

Year	River Water Abstracted (m <sup>3</sup> )
2022-23	194,000
2021-22	193,000
2020-21	250,000
2019-20	260,000
2018-19	313,000

Changes in processes and equipment have resulted in a reduction of the amount of abstracted river water used on-site over the last five years.

During 2022-23 83,000 m<sup>3</sup> of the abstracted river water was returned to the river a few hundred metres downstream from the abstraction point.

### Water supplied (mains water)

Year	Mains Water Supplied (m <sup>3</sup> )
2022-23	135,000
2021-22	113,000
2020-21	77,000
2019-20	160,000*
2018-19	101,000

\*The high mains water "usage" during 2019-20 was due to an on-site 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<sup>3</sup> of water distributed to site but not utilised. The leak was in part due to the aging site infrastructure and whereas The Royal Mint endeavours repair such leaks as quickly as possible, on this occasion there was difficulty in locating the exact source of the leak.

### Cost of mains supplied water

Year	Cost Water Supplied (£'000)
2022-23	305
2021-22	234
2020-21	161
2019-20	186
2018-19	134

### Water usage per tonne of Circulating Coin

Year	Water Usage per Tonne of Circulating Coin (m³)
2022-23	37.0
2021-22	29.0
2020-21	27.0
2019-20	19.0
2018-19	20.5

## WASTE

We recognise that our products, in the majority, are produced from finite resources and there is a rising demand for these limited resources. To help reduce our impact, we endeavour to apply the waste hierarchy wherever possible and actively continue to look for options for recycling / recovery of our waste streams.

### Waste generation and management

Year	Hazardous Waste (Tonnes)	Non-Hazardous Waste (Tonnes)	Recycled / Recovery (Tonnes)
2022-23	3,300	5,707	5,724
2021-22	3,295	5,966	5,979
2020-21	3,049	6,789	7,440
2019-20	5,807	11,349	14,445
2018-19	6,082	8,797	11,990

The waste figures are calculated from data supplied by internal weighing and information supplied by The Royal Mint's principal waste contractors as of 13 April 2023.

Of the 3,300 tonnes of hazardous waste produced, 1,356 tonnes was filter cake waste produced by the on-site water treatment plant; this waste goes to landfill, as there is currently no known permitted recovery site that can receive the waste.

The variations in the 2019-20 figures, for non-hazardous and recovered recycled waste, was due to an increase in the generation of non-ferrous and ferrous metal waste, which is recycled off-site.

## REPORTING AND DATA

### GHG scope analysis

GHG emissions have been calculated for the following Scope 1, 2 and 3 emission sources. As part of our commitment to decarbonise both within our own operations and across our supply chain, we are establishing an expanded set of GHG accounting and reporting data sets. These have been used to inform the



development of short- and long-term science-based emissions reduction targets and will form part of our net-zero reporting commitments, following validation by the SBTi in 2023-24.

Tonnes of CO <sub>2</sub> eq		2018-19	2019-20	2020-21	2021-22	2022-23
Scope 1	Natural gas usage (heating and furnaces)	3,740	3,890	3,750	3,340	2,600
	Use of Royal Mint owned vehicles	1	1	1	0	16
	Process emissions from the furnace stack	0	0	0	0	0
	Fugitive emissions (e.g. air conditioning and refrigeration leaks)	9	10	186 <sub>1</sub>	0	0

Tonnes of CO <sub>2</sub> eq		2018-19	2019-20	2020-21	2021-22	2022-23
Scope 2	Electricity Usage	6,090 <sub>2</sub>	6,230 <sub>2</sub>	6,050 <sub>2</sub>	5,540	7,000
Scope 3	Business Travel	402	280	32	803	600
	Water Supply	15	24	12	17	20
	Water Treatment (off site)	70	69	46	45	11
	Waste disposal	142	252	149	135	123

1. The fugitive emissions from air conditioning and refrigeration leaks figure have been calculated from losses / removal identified during the six-month routine maintenance inspections multiplied by the global warming potential of the gas replaced. The 2020-21 figure is the result of leaks totalling 92 Kg of refrigerant gas from two pieces of on-site equipment.
2. 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 2019 GHG Conversion Factors, there was a 10% decrease in the UK Electricity CO<sub>2</sub>eq factor compared to the previous year. In the 2020 update, the CO<sub>2</sub>eq factor decreased (compared with 2019) again by 9%. In the 2021 update, the CO<sub>2</sub>eq factor has again decreased by 9% (in comparison to the 2020 update). The above decreases are all due to a decrease in coal use in electricity generation and an increase in renewable generation.

The process emissions from the Furnace Stack does not feature in the table as during the five-year period no non-ferrous casting was undertaken on site.

**Data sources, including conversion factors**

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

For transport, the Scope 1 emissions are now based on litres of fuel purchased on Royal Mint fuel cards. Business travel is gathered from information supplied to The Royal Mint from purchased transport and expenses claimed.

For the purpose of this report, we have used the UK Government Conversion Factors 2022 Condensed Set for Most Users V2 – this data remains valid until August 2023.

# 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 ongoing 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 that is reviewed and agreed by the Board of Directors;
- 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 of Directors 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 that could affect the achievement of The Royal Mint Group's policies, aims and strategic objectives. The Executive Management Team is also responsible for overseeing the effective establishment and maintenance in operation of a management framework that evaluates and manages risk, which the team perform on a monthly basis as part of their review mechanism.

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.

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

Together with a series of operational risk registers covering each of the areas they are responsible for, the Executive Management Team maintains a register of key corporate risks. Updated regularly, these registers evolve as new risks are identified and formally elevated to the risk register.

The Royal Mint Group's risk priorities in 2022-23 are detailed on page 15.

## Internal audit

The Royal Mint Group operates internal audit arrangements to standards defined in the Public Sector Internal Audit Standards. During 2022-23, KPMG LLP undertook this function. Their annual audit plan and

the results of their audit, including recommendations for improvement, are reported to the Chief Financial Officer 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.

### The Board of Directors and its committees

During the year, the Board of Directors comprised the Chairman, seven non-executive directors and four executive directors (the Chief Executive, Chief Financial Officer, Managing Director Currency and Chief Commercial Officer). The board met ten times in 2022-23 (2021-22: 11 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	9	n/a	n/a	n/a
Nicola Howell	10	n/a	n/a	n/a
Huw Lewis	10	n/a	n/a	n/a
Graham Love	10	n/a	4	4
William Spencer	10	5	4	4
Xenia Carr-Griffiths	5	3	2	3
Cheryl Toner	5	3	2	3
Shimi Shah	10	5	4	4
Andrew Butterworth	10	5	4	4
Kate Barnett	8	5	4	4
Matthew Woolsey	6	3	2	2
Lisa Montague	6	3	2	2
Number of meetings	10	5	4	4

All non-executive directors are considered independent upon appointment, with the exception of Andrew Butterworth who has a seat on the board as a representative of HM Treasury as shareholder. He is also a member of the Audit Committee, Remuneration Committee and Nominations Committee.

Xenia Carr-Griffiths and Cheryl Toner both resigned as non-executive directors on 26 September 2022. Matthew Woolsey and Lisa Montague were appointed non-executive directors on the same date.

### 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 ongoing 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 that 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 along with financial information detailing performance against budget / latest forecast. A rolling board agenda also ensures the board receives formal papers, inter alia, on the annual budget and Annual Report. 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 and conducting internally facilitated reviews in line with good corporate practice. During the prior year, an external review of the Board was performed by Independent Audit Limited ('IAL'), which reviewed all aspects of the Board's effectiveness including board composition and dynamics, governance, risk, people, culture and focus. As part of this review, IAL conducted interviews with all board members and some members of the senior management team; IAL also observed a set of Board and Committee meetings and reviewed a year's worth of board papers. IAL found that the board has many positive attributes in place, including a great sense of ambition and clarity of vision and objectives; this should provide a strong foundation for its further development. They reported that the board had a good level of trust with the Executive team, which was fostered by committed and supportive non-executive directors who have a wide range of skills and experience. Based on IAL's recommendations, the board developed an action plan to further enhance its effectiveness. The key actions included improving board oversight of the key strategic issues, and developing a set of strategic KPI's and measures to ensure the board has oversight of key strategic issues in delivering the five-year strategy.

## **Audit Committee**

The Audit Committee comprises of no fewer than three independent non-executive directors. The Committee invites the Chairman, Chief Executive, Chief Financial Officer, Financial Controller and senior representatives of both the internal and external auditors to attend meetings. The board deems Andrew Butterworth as independent for the purposes of the Audit Committee, whilst 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 the 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 comprises of no fewer than three non-executive directors and meets at least twice a year. Remuneration decisions are guided by a Remuneration Framework, which was agreed with HM Treasury at the time of the Company's vesting and subsequently updated and approved by HM Treasury in May 2020. 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) if 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 40.

## Nominations Committee

The Nominations Committee comprises all Non-Executive Directors 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
- the Nominations Committee in consultation with UKGI and with UKGI's consent makes other Board appointments.

The board values the varied contribution that 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 exceeded this during the year at 55:45 (45:55 up until September 2022).

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.

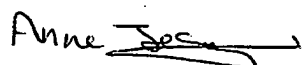
The roles and responsibilities of the Executive Management Team are:

- 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 £150,000 and major contracts that don't require Board approval;
- 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 £36 million revolving credit facility from the Royal Mint Trading Fund has been renewed until 30 November 2028. 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 years, when the economy faces a downturn, the demand for our products, particularly precious metals, increases which provides us with some natural hedge against economic decline. 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  
Chief Executive  
12 July 2023

# 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, if required. The Secretary to the Committee is the Chief People Officer and the Chief Executive is invited to attend the Committee. Directors do not take part in any decision affecting their own remuneration.

## 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

At 31 March 2023, the team was made up of nine roles: Chief Executive, Chief Commercial Officer, Managing Director Currency, Director of Operations, Chief Financial Officer, Chief People Officer, Chief Marketing Officer, Chief Growth Officer and Director of Supply Chain.

## 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 and regular external benchmarking to ensure compliance with the Remuneration Framework.

### ii. Short-Term Incentive Plan ('STIP')

At the start of the year, the Remuneration Committee agreed the targets for the STIP for 2022-23. The purpose is to recognise and reward outstanding performance against planned business targets, with a strong focus on EVA and operating profit. The maximum award for 2022-23 (given the EVA target was surpassed then operating profit over performance targets triggered STIP awards) was 33% of basic salary for the Chief Executive 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 therefore the amounts earned in 2022-23 will be paid in 2023-24.

### 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 EVA 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 Chief Executive 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 2022-23. One started in 2020-21 and concluded in 2022-23 and the amount earned will be paid in 2023-24; the second started in 2021-22 and the amount earned will be paid in 2024-25. The third started in 2022-23 and the amount earned will be paid in 2025-26.



#### 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.

The 2022-23 targets set by the remuneration committee in April 2022 were exceeded, 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 success, amounting to £3,400,000 paid in profit share to the employees.

#### Remuneration and Incentive Plans

Executive Management Team of The Royal Mint Limited	Total Remuneration		STIP	LTIP	Total Remuneration		STIP	LTIP
	remuneration on	on before Incentives	amounts Earned	amounts Earned	remuneration on	on before Incentives	amounts Earned	amounts Earned
	2022-23	2022-23	2022-23	2022-23	2021-22	2021-22	2021-22	2021-22
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Anne Jessopp	378	229	73	76	363	220	70	73
Andrew Mills	229	148	44	37	219	142	41	36
Leighton John	193	125	37	31	184	121	33	30
Sarah Bradley	61	61	-	-	179	116	33	29
Nicola Howell	217	140	42	35	209	136	40	34
Sean Millard	177	132	36	9	185	125	37	23
Huw Lewis	178	132	36	10	182	125	35	22
Caroline Webb	179	132	36	11	126	99	27	-
Amanda Brady	65	50	15	-	-	-	-	-

Board members during the year were Anne Jessopp, Andrew Mills, Nicola Howell and Huw Lewis. Caroline Webb and Amanda Brady were appointed in June 2021 and November 2022 respectively.

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

Fraser Forbes, Director of Supply Chain, is contracted to work for The Royal Mint under a rolling monthly contract with an agency.

### 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 2022-23 the remuneration of the highest-paid director of The Royal Mint was £378,000 (2021-22: £363,000). This was nine times (2021-22: nine times) the median remuneration of the workforce, which was £40,200 (2021-22: £40,200).

### Pension benefits accrued

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

	Value of pension benefits 2022-23 in CSPA £'000	Value of pension benefits 2021-22 in CSPA £'000	Employee contributions paid 2022-23 £'000
Anne Jessopp	84	84	18
Andrew Mills	55	45	10
Leighton John	47	47	9
Sarah Bradley	24	45	4

	Increase in accrued pension in year in excess of inflation £'000	Transfer Value as at 31 March 2023 £'000	Transfer Value as at 31 March 2022 £'000	Increase in Transfer Value less employees Contributions £'000
Anne Jessopp	57	619	519	82
Andrew Mills	48	701	628	63
Leighton John	23	254	210	35
Sarah Bradley	15	264	233	27

The 'Increase in Transfer Value less Employee Contributions' corresponds to the difference between the value placed on benefits accrued at dates that 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, Huw Lewis, Sean Millard and Caroline Webb are members of The Royal Mint Group Personal Pension Plan, a defined contribution scheme. Employer contributions made during the year were as follows:

Nicola Howell £16,806 (2021-22: £16,300);

Sean Millard £7,930 (2021-22: £7,500);

Huw Lewis £7,930 (2021-22: £7,500);

Caroline Webb £11,915 (2021-22: £8,900); and

Amanda Brady £6,047.

### Employment agreements

All permanent members of the Executive Management Team covered by this Annual Report hold open-ended appointments; their notice periods are between three and 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 Andrew Butterworth 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.

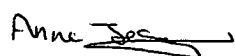
	2022-23 £'000	2021-22 £'000
Graham Love	47	47
Xenia Carr-Griffiths	11	23
Michael Clayforth-Carr	-	18
Cheryl Toner	10	20
William Spencer	25	25
Shimi Shah	21	20
Kate Barnett	20	3
Matthew Woolsey	12	-
Lisa Montague	12	-

Kate Barnett, Matthew Woolsey and Lisa Montague were appointed on 28 February 2022, 26 September 2022 and 26 September 2022 respectively.

Michael Clayforth-Carr, Xenia Carr-Griffiths and Cheryl Toner resigned on 28 February 2022, 26 September 2022 and 26 September 2022 respectively.

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 during 2022-23 was £10,000 (2021-22: £4,000).

Andrew Butterworth received no fees from The Royal Mint Limited.



Anne Jessopp  
Chief Executive  
12 July 2023

# 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 2023 and of the group's and company's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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: Consolidated and Company Statements of Financial Position as at 31 March 2023; the Consolidated Income Statement, Company Income Statement, Consolidated and Company Statements of Comprehensive Income, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated and Company Statements of Cash Flows 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

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

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

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

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

### 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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2023 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, 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.

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory compliance matters and employment regulation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax legislation and the UK Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiry with management and consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of correspondence with the company's regulators, including the Health and Safety Executive ("HSE") and the Financial Conduct Authority ('FCA');
- Review of minutes of meetings of those charged with governance;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to pension benefits, impairment of non-financial assets, trade receivables, inventory provision and the useful economic lives of tangible and intangible assets;

- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations and consolidation journals.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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](http://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 obtained 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  
12 July 2023

**Consolidated  
Income Statement  
For the year ended  
31 March 2023**

		Before IFRS 9 related items and exceptionals 2022-23	IFRS 9 related items (note 5) 2022-23	Exceptionals (note 5) 2022-23	Total 2022-23	Before IFRS 9 related items and exceptionals 2021-22	IFRS 9 related items (note 5) 2021-22	Exceptionals (note 5) 2021-22	Total 2021-22
	Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	2	1,878,150	-	-	1,878,150	1,403,489	-	-	1,403,489
Cost of sales		(1,789,671)	(1,301)	-	(1,790,972)	(1,331,529)	(789)	-	(1,332,318)
Gross profit / (loss)		88,479	(1,301)	-	87,178	71,960	(789)	-	71,171
Administrative expenses		(25,630)	-	(5,211)	(30,841)	(22,394)	-	(426)	(22,820)
Selling and distribution costs		(43,253)	-	-	(43,253)	(31,451)	-	-	(31,451)
Other (losses) / gains – net	23	(1,891)	2,744	-	853	(53)	1,101	-	1,048
Operating profit / (loss)	3	17,705	1,443	(5,211)	13,937	18,062	312	(426)	17,948
Finance income	6	151	-	-	151	-	-	-	-
Finance costs	6	(1,621)	-	-	(1,621)	(645)	-	-	(645)
Share of profit of associate accounted for using the equity method	10	415	-	-	415	663	-	-	663
Profit / (loss) before tax		16,650	1,443	(5,211)	12,882	18,080	312	(426)	17,966
Taxation	7				(2,717)				(4,812)
Profit for the financial year					10,165				13,154
Profit attributable to:									
Owners of the parent					10,165				13,154

All results above relate to Continuing Operations  
The Royal Mint Limited  
Company registration number: 6964873

The notes on pages 54 to 90 form part of the financial statements

**Company Income  
Statement  
For the year ended  
31 March 2023**

		Before IFRS 9 related items and exceptionals	IFRS 9 related items (note 5)	Exceptionals (note 5)	Total	Before IFRS 9 related items and exceptionals	IFRS 9 related items (note 5)	Exceptionals (note 5)	Total
	Notes	2022-23 £'000	2022-23 £'000	2022-23 £'000	2022-23 £'000	2021-22 £'000	2021-22 £'000	2021-22 £'000	2021-22 £'000
Revenue	2	1,878,134	-	-	1,878,134	1,403,476	-	-	1,403,476
Cost of sales		(1,789,794)	(1,301)	-	(1,791,095)	(1,331,994)	(789)	-	(1,332,783)
Gross profit / (loss)		88,340	(1,301)	-	87,039	71,482	(789)	-	70,693
Administrative expenses		(25,073)	-	(5,211)	(30,284)	(21,879)	-	(426)	(22,305)
Selling and distribution costs		(43,739)	-	-	(43,739)	(31,451)	-	-	(31,451)
Other (losses) / gains - net	23	(1,891)	2,744	-	853	(53)	1,101	-	1,048
Operating profit / (loss)	3	17,637	1,443	(5,211)	13,869	18,099	312	(426)	17,985
Dividend received		133	-	-	133	100	-	-	100
Finance income	6	151	-	-	151	-	-	-	-
Finance costs	6	(1,606)	-	-	(1,606)	(627)	-	-	(627)
Profit / (loss) before tax		16,315	1,443	(5,211)	12,547	17,572	312	(426)	17,458
Taxation	7				(2,717)				(4,812)
Profit for the financial year					9,830				12,646
Profit attributable to: Owners of the parent					9,830				12,646

All results above relate to Continuing Operations  
The Royal Mint Limited  
Company registration number: 6964873

The notes on pages 54 to 90 form part of the financial statements



**Consolidated Statement of Comprehensive Income**  
**For the year ended 31 March 2023**

	Note	2022-23 £'000	2021-22 £'000
<b>Profit for the financial year</b>		10,165	13,154
<b>Other comprehensive (expense) / income:</b>			
<i>Items that may subsequently be reclassified to profit or loss</i>			
(Losses) / gains on cash flow hedges		(40)	756
Hedging losses reclassified to profit or loss		(469)	(77)
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements for defined benefit scheme	17	4,864	3,481
Deferred tax on remeasurements for defined benefit scheme	16	(1,216)	(870)
Other comprehensive income for the year, net of tax		3,139	3,290
Total comprehensive income for the year		13,304	16,444
Total comprehensive income attributable to:			
Owners of the parent		13,304	16,444

**Company Statement of Comprehensive Income**  
**For the year ended 31 March 2023**

	Note	2022-23 £'000	2021-22 £'000
Profit for the financial year		9,830	12,646
<b>Other comprehensive (expense) / income:</b>			
<i>Items that may subsequently be reclassified to profit or loss</i>			
(Losses) / gains on cash flow hedges		(40)	756
Hedging losses reclassified to profit or loss		(469)	(77)
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements for defined benefit scheme	17	4,864	3,481
Deferred tax on remeasurements for defined benefit scheme	16	(1,216)	(870)
Other comprehensive income for the year, net of tax		3,139	3,290
Total comprehensive income for the year		12,969	15,936
Total comprehensive income attributable to:			
Owners of the parent		12,969	15,936

The notes on pages 54 to 90 form part of the financial statements.

## Consolidated Statement of Changes in Equity

### For the year ended 31 March 2023

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Hedging Reserve £'000	Total Equity £'000
At 1 April 2022	6,000	39,319	26,660	469	72,448
Profit for the financial year	-	-	10,165	-	10,165
Other comprehensive income	-	-	3,648	(509)	3,139
Total comprehensive income for the year	-	-	13,813	(509)	13,304
Cost of hedging transferred to carrying value of inventory purchased in the year	-	-	-	(56)	(56)
Transactions with owners – dividend	-	-	(5,058)	-	(5,058)
At 31 March 2023	6,000	39,319	35,415	(96)	80,638

## Consolidated Statement of Changes in Equity

### For the year ended 31 March 2022

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Hedging Reserve £'000	Total Equity £'000
At 1 April 2021	6,000	39,319	14,625	77	60,021
Profit for the financial year	-	-	13,154	-	13,154
Other comprehensive income	-	-	2,611	679	3,290
Total comprehensive income for the year	-	-	15,765	679	16,444
Cost of hedging transferred to carrying value of inventory purchased in the year	-	-	-	(287)	(287)
Transactions with owners – dividend	-	-	(3,730)	-	(3,730)
At 31 March 2022	6,000	39,319	26,660	469	72,448

The notes on pages 54 to 90 form part of the financial statements.

## Company Statement of Changes in Equity

For the year ended 31 March 2023

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Hedging Reserve £'000	Total Equity £'000
At 1 April 2022	6,000	39,319	25,436	469	71,224
Profit for the financial year	-	-	9,830	-	9,830
Other comprehensive income	-	-	3,648	(509)	3,139
Total comprehensive income for the year	-	-	13,478	(509)	12,969
Cost of hedging transferred to carrying value of inventory purchased in the year	-	-	-	(56)	(56)
Transactions with owners – dividend	-	-	(5,058)	-	(5,058)
At 31 March 2023	6,000	39,319	33,856	(96)	79,079

## Company Statement of Changes in Equity

For the year ended 31 March 2022

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Hedging Reserve £'000	Total Equity £'000
At 1 April 2021	6,000	39,319	13,909	77	59,305
Profit for the financial year	-	-	12,646	-	12,646
Other comprehensive income	-	-	2,611	679	3,290
Total comprehensive income for the year	-	-	15,257	679	15,936
Cost of hedging transferred to carrying value of inventory purchased in the year	-	-	-	(287)	(287)
Transactions with owners – dividend	-	-	(3,730)	-	(3,730)
At 31 March 2022	6,000	39,319	25,436	469	71,224

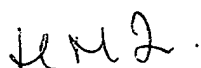
The notes on pages 54 to 90 form part of the financial statements.

**Consolidated and Company Statements of Financial Position**  
**As at 31 March 2023**

		Group 2023 £'000	Company 2023 £'000	Group 2022 £'000	Company 2022 £'000
	Notes				
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	8	68,399	67,344	63,580	62,457
Intangible assets	9	11,845	11,845	11,362	11,362
Deferred tax asset	16	-	-	292	292
Investments	10	2,763	1,000	2,482	1,000
Retirement benefit surplus	17	6,484	6,484	1,596	1,596
<b>TOTAL NON-CURRENT ASSETS</b>		<b>89,491</b>	<b>86,673</b>	<b>79,312</b>	<b>76,707</b>
<b>CURRENT ASSETS</b>					
Inventories	11	95,836	95,836	71,775	71,775
Derivative financial instruments	24	3,118	3,118	1,708	1,708
Current tax asset	7	898	898	-	-
Trade and other receivables	12	37,998	39,635	30,172	32,143
Cash and cash equivalents	22	7,242	6,994	10,945	10,736
<b>TOTAL CURRENT ASSETS</b>		<b>145,092</b>	<b>146,481</b>	<b>114,600</b>	<b>116,362</b>
<b>CURRENT LIABILITIES</b>					
Current tax liability	7	-	-	(2,053)	(2,053)
Borrowings	13	(12,651)	(12,651)	(19,604)	(19,604)
Trade and other payables	14	(128,527)	(128,657)	(89,544)	(89,925)
Derivative financial instruments	24	(834)	(834)	(469)	(469)
<b>TOTAL CURRENT LIABILITIES</b>		<b>(142,012)</b>	<b>(142,142)</b>	<b>(111,670)</b>	<b>(112,051)</b>
<b>NET CURRENT ASSETS</b>		<b>3,080</b>	<b>4,339</b>	<b>2,930</b>	<b>4,311</b>
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	13	(2,062)	(2,062)	(1,372)	(1,372)
Accruals and deferred income	14	(1,112)	(1,112)	(1,265)	(1,265)
Deferred tax liability	16	(8,215)	(8,215)	(6,620)	(6,620)
Provision for liabilities and charges	15	(544)	(544)	(537)	(537)
<b>NET ASSETS</b>		<b>80,638</b>	<b>79,079</b>	<b>72,448</b>	<b>71,224</b>
<b>EQUITY</b>					
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		26,660	25,436	14,625	13,909
Profit for the year		10,165	9,830	13,154	12,646
Other		(1,410)	(1,410)	(1,119)	(1,119)
Retained earnings at 31 March		35,415	33,856	26,660	25,436
Hedging reserve		(96)	(96)	469	469
<b>TOTAL EQUITY</b>		<b>80,638</b>	<b>79,079</b>	<b>72,448</b>	<b>71,224</b>

The notes on pages 54 to 90 form part of the financial statements.

The financial statements on pages 47 to 90 were approved by the Board of Directors on 12 July 2023 and signed on its behalf by



Huw Lewis  
Chief Financial Officer  
12 July 2023

The Royal Mint Limited  
Company registration number: 6964873

## Consolidated and Company Statements of Cash Flows

For the year ended 31 March 2023

Notes	Group 2022-23 £'000	Company 2022-23 £'000	Group 2021-22 £'000	Company 2021-22 £'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before tax	12,882	12,547	17,966	17,458
Depreciation on non-current assets	6,778	6,710	6,386	6,315
Amortisation on non-current assets	3,017	3,017	2,652	2,652
Loss on disposal of assets	1	1	-	-
Impairment	1,461	1,461	-	-
Interest charge	1,470	1,455	645	627
Cash flow hedges	(1,610)	(1,610)	72	72
Share of associate	(414)	-	(663)	-
Changes in operating assets and liabilities:				
Difference between pension charge and cash contribution	19	19	(93)	(93)
Inventory	(24,061)	(24,061)	(12,280)	(12,280)
Trade and other receivables	(7,826)	(7,492)	1,045	955
Trade and other payables	38,488	38,237	5,652	5,724
Provisions	7	7	(90)	(90)
Cash generated from operations	30,212	30,291	21,292	21,340
Interest paid	(978)	(963)	(86)	(68)
Tax (paid) / refunded	(4,997)	(4,997)	(1,499)	(1,500)
Net cash generated from operating activities	24,237	24,331	19,707	19,772
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Acquisition of property, plant & equipment	(11,268)	(11,268)	(7,122)	(7,122)
Acquisition of intangible assets	(3,766)	(3,766)	(1,321)	(1,321)
Net cash used in investing activities	(15,034)	(15,034)	(8,443)	(8,443)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Movement in borrowings	(7,121)	(7,121)	(4,117)	(4,117)
Principal lease payments	(738)	(738)	(737)	(737)
Net dividends (paid) / received	(4,925)	(5,058)	(3,630)	(3,730)
Net cash used in financing activities	(12,784)	(12,917)	(8,484)	(8,584)
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>				
Cash and cash equivalents at start of year	10,945	10,736	7,929	7,755
Effects of exchange rate changes on cash and cash equivalents	(122)	(122)	236	236
Cash and cash equivalents at end of year	22	7,242	6,994	10,945
			10,945	10,736

The notes on pages 54 to 90 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. Unless otherwise stated, these policies have been consistently applied to all the years presented, unless otherwise stated.

##### 1.3 Basis of preparation

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Royal Mint Limited transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 April 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported because of the change in framework. The consolidated financial statements of the Group and Company have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

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 the standard permits a choice of accounting policy, the accounting policy that 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; these particular policies adopted are described below. These policies 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 has rights or exposure 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 that 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, along with unrealised losses, are 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*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2022:

- proceeds before intended use - amendments to IFRS 16; and
- cost of fulfilling a contract - amendments to IAS 37.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### *New standards, amendments and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### 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, responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

### 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, 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 year in which they are incurred.

Depreciation is calculated on a straight-line basis 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

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.

#### *Software licences*

IT system, online website and licences for computer software are amortised on a straight-line basis over a period between three and eight years.

#### *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 initially held within assets in the course of construction within intangible assets before being transferred to IT assets within intangibles. Other costs included in this category relate to capital projects not yet completed.

#### *Research and Development costs*

Research costs are expensed as incurred.

Capitalised development costs are direct employee and other costs relating to 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 before 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 that 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 financial assets at amortised cost, 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, and 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, which is 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; and
- (ii) Financial assets at amortised cost 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 in a certain way. 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 using 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 year 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, whilst 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.

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

Note 1 continued

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 based on 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 the 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 the 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.

## 1.20 Employee benefits

### (a) Pension obligations

The Group operates both 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 surplus 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. Independent actuaries annually calculate the defined benefit obligation 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, which are denominated in the currency in which the benefits will be paid, and 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, the Company accounts for them 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

Based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments, the Group recognises a liability and an expense for profit sharing and incentive schemes. A provision is recognised when the Group is 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 because 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.

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

No significant element of financing is deemed present, because the sales are paid either 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). As 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 from 1 month to 7 years, but may have extension options.

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.

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.

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.

**1.23 Leases continued**

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 an 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.

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 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.

**1.24 Exceptional items**

Exceptional items are those significant items that 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 £36 million revolving credit facility from the Royal Mint Trading Fund has been extended until 30 November 2028. 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 couple of years, 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.

**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. Key assumptions, including sensitivities, are disclosed in note 8.

**(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 that, 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 divisions, Collector Services and the RME are included in the Consumer results, whilst 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 2022-23**

	Currency £'000	Consumer £'000	Precious Metals £'000	Total Segments £'000	Unallocated £'000	Total £'000
Segment revenue	74,376	149,199	1,654,188	1,877,763	387	1,878,150
Depreciation and amortisation	5,504	2,238	690	8,432	1,363	9,795
Operating (loss) / profit before IFRS 9 and exceptional items and allocation of central costs	(13,095)	29,760	32,771	49,436	(31,731)	17,705
IFRS 9 and exceptional items	(3,768)	-	-	(3,768)	-	(3,768)
Allocation of central costs	(8,093)	(8,872)	(3,738)	(20,703)	20,703	-
Total operating (loss)/profit	(24,956)	20,888	29,033	24,965	(11,028)	13,937
Segment assets and liabilities:						
Non-current assets	41,780	15,259	563	57,602	31,889	89,491
Current assets	50,904	57,884	15,813	124,601	20,491	145,092
Current liabilities	(25,556)	(33,812)	(20,890)	(80,258)	(61,754)	(142,012)
Non-current liabilities	-	(1,656)	-	(1,656)	(10,277)	(11,933)
Net assets/(liabilities)	67,128	37,675	(4,514)	100,289	(19,651)	80,638

**ANALYSIS BY CLASS OF BUSINESS 2021-22**

	Currency £'000	Consumer £'000	Precious Metals £'000	Total Segments £'000	Unallocated £'000	Total £'000
Segment revenue	64,104	122,820	1,216,495	1,403,419	70	1,403,489
Depreciation and amortisation	5,521	2,505	835	8,861	177	9,038
Operating (loss) / profit before IFRS 9 and exceptional items and allocation of central costs	(4,534)	26,946	20,311	42,723	(24,661)	18,062
IFRS 9 and exceptional items	(114)	-	-	(114)	-	(114)
Allocation of central costs	(8,002)	(9,106)	(4,106)	(21,214)	21,214	-
Total operating (loss)/profit	(12,650)	17,840	16,205	21,395	(3,447)	17,948
Segment assets and liabilities:						
Non-current assets	40,943	15,177	546	56,666	22,646	79,312
Current assets	39,585	23,236	33,374	96,195	18,405	114,600
Current liabilities	(18,981)	(11,639)	(38,737)	(69,357)	(42,313)	(111,670)
Non-current liabilities	-	(1,802)	-	(1,802)	(7,992)	(9,794)
Net assets / (liabilities)	61,547	24,972	(4,817)	81,702	(9,254)	72,448

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 that are not specifically attributed to a segment.



Note 2 continued

2022-23

2021-22

## B) GEOGRAPHICAL ANALYSIS OF REVENUE

Revenue by destination is set out below:

	£'000	£'000
UK	557,327	463,665
Germany	226,120	185,813
Rest of Europe	156,520	138,878
United States of America	765,275	473,240
Rest of Americas	5,934	3,670
Asia	119,684	87,072
Africa	29,329	34,068
Rest of the World	17,961	17,083
<b>Total revenue</b>	<b>1,878,150</b>	<b>1,403,489</b>

During 2022-23 there were no customers (2021-22: one customer: £161.0 million) that represented in excess of 10% of revenue.

## Note 3a

### GROUP AND COMPANY OPERATING PROFIT

	Group 2022-23	Company 2022-23	Group 2021-22	Company 2021-22
Group and Company operating profit is stated after charging/(crediting):	£'000	£'000	£'000	£'000
Depreciation	6,778	6,710	6,386	6,315
Amortisation	3,017	3,017	2,652	2,652
Loss / (profit) on disposal	1	1	(205)	(205)
Research and development	1,875	1,875	2,039	2,039
Exceptional items (note 5)	5,211	5,211	426	426
Commodity hedges loss / (gain)	2,744	2,744	(312)	(312)
Foreign exchange gain	(2,141)	(2,141)	(217)	(217)
Precious metal consignment arrangement fees	6,803	6,803	3,244	3,244
<b>Auditors' remuneration</b>				
Audit of the Company and Group financial statements	115	115	99	99
Audit of subsidiary financial statements	115	115	99	99
Non-audit fees - other	-	-	-	-

## Note 3b

### LEASES RECOGNISED IN THE INCOME STATEMENT

	Group 2022-23	Company 2022-23	Group 2021-22	Company 2021-22
The Income Statement shows the following amounts relating to leases:	£'000	£'000	£'000	£'000
Depreciation of right-of-use assets				
Plant and machinery	666	666	656	656
Interest expense (included in finance costs)	71	71	79	79
Expense relating to short-term leases (included in administrative expenses)	796	796	126	126
Expense relating to low-value leases (included in administrative expenses)	78	78	33	33

**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**

	2022-23		2021-22	
	£'000	£'000	£'000	£'000
<b>Wages and salaries</b>				
Staff with a permanent contract	42,127		36,864	
Other staff	986		658	
		43,113		37,522
<b>Social Security costs</b>				
Staff with a permanent contract	3,983		3,263	
Other staff	105		65	
		4,088		3,328
<b>Other Pension costs</b>				
Defined benefit:				
Staff with a permanent contract	2,679		2,749	
Defined contribution:				
Staff with a permanent contract	2,624		2,130	
Other staff	67		48	
		5,370		4,927
		52,571		45,777

**AVERAGE NUMBER EMPLOYED**

The monthly average number of people, including directors, employed during the year:

	2022-23		2021-22	
	Number	Number	Number	Number
<b>Production</b>				
Staff with a permanent contract	482		457	
Other staff	5		-	
		487		457
<b>Sales and Marketing</b>				
Staff with a permanent contract	234		190	
Other staff	8		4	
		242		194
<b>Administration</b>				
Staff with a permanent contract	167		139	
Other staff	13		5	
		180		144
		909		795

**Directors' emoluments**

	2022-23	2021-22
	£'000	£'000
Aggregate emoluments excluding the long-term incentive scheme	1,003	965
Aggregate amounts receivable under the long-term incentive scheme	158	165
Contributions under the defined contribution pension scheme	25	24
Highest-paid director:		
Total amounts of emoluments and amounts receivable under the long-term incentive scheme	378	363
Accrued defined benefit pension at year-end	42	36
Accrued lump sum at year-end	619	519

Retirement benefits accrued to two Executive Directors under a defined benefit scheme during the year (2021-22: two).

## Note 5

### A) EXCEPTIONAL ITEMS

	Group 2022-23 £'000	Company 2022-23 £'000	Group 2021-22 £'000	Company 2021-22 £'000
Decommissioning costs	3,698	3,698	364	364
Restructuring costs	251	251	62	62
Impairment	1,262	1,262	-	-
Exceptional charge	5,211	5,211	426	426

Decommissioning costs have been incurred following the strategic investment into a new direct brass production line and a provision for decommissioning relating to the impairment review detailed below.

The restructuring costs relate to the exit of staff from the Currency business and through a process that enabled staff to request to leave and receive a one-off payment.

The Group assesses whether there have been any impairment indicators at the end of each reporting year whenever events or circumstances indicate that the carrying amount may not be recoverable. During 2022-23, the directors decided that the changes in the Currency market represented such an impairment trigger resulting in £1.3 million (2021-22: £nil) of assets with no prospective use being impaired and charged to the Income Statement.

### 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 profit or 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 2022-23 £'000	Company 2022-23 £'000	Group 2021-22 £'000	Company 2021-22 £'000
Interest (income) / cost on pension plan liabilities	(43)	(43)	38	38
Interest and finance charges paid / payable for lease liabilities and financial liabilities not at fair value through profit and loss	1,621	1,606	607	589
Interest and finance charges received / receivable for lease liabilities and financial liabilities not at fair value through profit and loss	(108)	(108)	-	-
Total finance costs	1,470	1,455	645	627

**Note 7**  
**TAXATION**

**Analysis of tax charge in year**

	Group 2022-23 £'000	Company 2022-23 £'000	Group 2021-22 £'000	Company 2021-22 £'000
UK corporation tax:				
- Current year	2,327	2,327	3,304	3,304
- Prior year	(281)	(281)	(117)	(117)
Deferred tax:				
- Current year	384	384	342	342
- Prior year	287	287	73	73
- Effect of tax rate change on opening balance	-	-	1,210	1,210
<b>Taxation charge</b>	<b>2,717</b>	<b>2,717</b>	<b>4,812</b>	<b>4,812</b>

The tax charge for the year differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK (2022-23: 19%, 2021-22: 19%):

	Group 2022-23 £'000	Company 2022-23 £'000	Group 2021-22 £'000	Company 2021-22 £'000
Profit before tax	12,882	12,547	17,966	17,458
Profit multiplied by the standard rate of corporation tax of 19% (2021-22: 19%)	2,448	2,384	3,414	3,317
Effects of:				
Expenses not deductible for tax purposes	160	224	(59)	38
Income not taxable	(54)	(54)	(48)	(48)
Depreciation in respect of ineligible assets	66	66	240	240
Remeasurement of deferred tax for changes in tax rates	91	91	-	-
Adjustments in respect of prior years	6	6	(44)	(44)
Change in tax rate	-	-	1,309	1,309
<b>Taxation charge</b>	<b>2,717</b>	<b>2,717</b>	<b>4,812</b>	<b>4,812</b>

A change to the main UK corporation tax rate was included in the Finance Bill 2021, which had its third reading on 24 May 2021, and is now considered substantively enacted. The rate applicable from 1 April 2020 to 31 March 2023 remains at 19% but the rate from 1 April 2023 will increase to 25%. Deferred taxes at the reporting date have been measured using these enacted tax rates and reflected in these financial statements.

In addition to the amount charged to the Income Statement, a deferred tax charge relating to actuarial gain on defined benefit pension schemes of £1,216,000 (2021-22: £870,000) has been charged directly to the Consolidated and Company Statements of Comprehensive Income.

**Current tax creditor**

	Group 2023 £'000	Company 2023 £'000	Group 2022 £'000	Company 2022 £'000
UK corporation tax	898	898	(2,053)	(2,053)

**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	30,146	12,548	106,000	2,933	151,627
At 1 April 2022					
Additions	-	11,268	-	1,576	12,844
Transfers	320	(10,955)	10,635	-	-
Disposals	-	-	(826)	(51)	(877)
Impairment	-	(66)	(1,129)	-	(1,195)
At 31 March 2023	30,466	12,795	114,680	4,458	162,399
Accumulated depreciation					
At 1 April 2022	10,087	-	76,307	1,653	88,047
Charge for year	1,165	-	4,947	666	6,778
Disposal	-	-	(825)	-	(825)
At 31 March 2023	11,252	-	80,429	2,319	94,000
Net book value at 31 March 2023	19,214	12,795	34,251	2,139	68,399

	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 2021	29,775	7,793	109,822	2,560	149,950
Additions	-	7,122	-	373	7,495
Transfers	371	(2,367)	1,996	-	-
Disposals	-	-	(5,818)	-	(5,818)
At 31 March 2022	30,146	12,548	106,000	2,933	151,627
Accumulated depreciation					
At 1 April 2021	8,947	-	77,535	997	87,479
Charge for year	1,140	-	4,590	656	6,386
Disposal	-	-	(5,818)	-	(5,818)
At 31 March 2022	10,087	-	76,307	1,653	88,047
Net book value at 31 March 2022	20,059	12,548	29,693	1,280	63,580

The Group assesses whether there have been any impairment indicators at the end of each reporting year whenever events or circumstances indicate that the carrying amount may not be recoverable.

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 £67.5 million. Management has identified that the CGU is represented by those cash flows generated that 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 that have then been extended to the end of the projected useful life with nil growth rate from year four.

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 75% 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.

Note 8 continued

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	30,146	12,548	104,635	2,933	150,262
At 1 April 2022					
Additions	-	11,268	-	1,576	12,844
Transfers	320	(10,955)	10,635	-	-
Disposals	-	-	(826)	(51)	(877)
Impairment	-	(66)	(1,129)	-	(1,195)
At 31 March 2023	30,466	12,795	113,315	4,458	161,034
Accumulated depreciation					
At 1 April 2022	10,087	-	76,065	1,653	87,805
Charge for year	1,165	-	4,879	666	6,710
Disposals	-	-	(825)	-	(825)
At 31 March 2023	11,252	-	80,119	2,319	93,690
Net book value at 31 March 2023	19,214	12,795	33,196	2,139	67,344

	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 2021	29,775	7,793	108,457	2,560	148,585
Additions	-	7,122	-	373	7,495
Transfers	371	(2,367)	1,996	-	-
Disposals	-	-	(5,818)	-	(5,818)
At 31 March 2022	30,146	12,548	104,635	2,933	150,262
Accumulated depreciation					
At 1 April 2021	8,947	-	77,364	997	87,308
Charge for year	1,140	-	4,519	656	6,315
Disposals	-	-	(5,818)	-	(5,818)
At 31 March 2022	10,087	-	76,065	1,653	87,805
Net book value at 31 March 2022	20,059	12,548	28,570	1,280	62,457

**Note 9**  
**INTANGIBLE ASSETS**  
**GROUP AND**  
**COMPANY**

	Payments on account and assets in the course of construction £'000	Software licences £'000	Patents £'000	Development costs £'000	Total £'000
<b>Cost</b>					
At 1 April 2022	1,133	20,352	1,947	952	24,384
Additions	3,766	-	-	-	3,766
Transfers	(1,693)	1,693	-	-	-
Impairment	-	(266)	-	-	(266)
At 31 March 2023	3,206	21,779	1,947	952	27,884
<b>Accumulated Amortisation</b>					
At 1 April 2022	-	11,008	1,062	952	13,022
Amortisation for year	-	2,822	195	-	3,017
At 31 March 2023	-	13,830	1,257	952	16,039
<b>Net book value at 31 March 2023</b>	<b>3,206</b>	<b>7,949</b>	<b>690</b>	<b>-</b>	<b>11,845</b>

Amortisation charges of £2,805,000 (2021-22: £2,440,000) and £212,000 (2021-22: £212,000) are included within administration expenses and cost of sales respectively.

The Group assesses whether there have been any impairment indicators at the end of each reporting year whenever events or circumstances indicate that the carrying amount may not be recoverable; impairment of £198,000 relates to a company website with no future use which is shown within administration costs, remaining balance is treated as exceptional within Note 5.

The Group's ERP system is deemed to be material and has a net book value of £3,822,000 and remaining useful life of two years and 7 months.

	Payments on account and assets in the course of construction £'000	Software licences £'000	Patents £'000	Development costs £'000	Total £'000
<b>Cost</b>					
At 1 April 2021	593	19,571	1,947	952	23,063
Additions	1,321	-	-	-	1,321
Transfers	(781)	781	-	-	-
Disposals	-	-	-	-	-
At 31 March 2022	1,133	20,352	1,947	952	24,384
<b>Accumulated Amortisation</b>					
At 1 April 2021	-	8,551	867	952	10,370
Amortisation for year	-	2,457	195	-	2,652
At 31 March 2022	-	11,008	1,062	952	13,022
<b>Net book value at 31 March 2022</b>	<b>1,133</b>	<b>9,344</b>	<b>885</b>	<b>-</b>	<b>11,362</b>

**Note 10**  
**INVESTMENTS**

	Company £'000
Investment in associate at 31 March 2023 and 31 March 2022	1,000

The Group had the following subsidiaries at 31 March 2023 and 31 March 2022. All are incorporated and domiciled in the UK and the address of the registered office for all is Llantrisant, Pontyclun, CF72 8YT.

<i>Subsidiary</i>	<i>% holding</i>	<i>Principal activity</i>
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. Sovereign Rarities is also incorporated and domiciled in the UK and its principal activity is acting as a historic coin dealership. It's address is 2nd Floor 17-19 Maddox Street London W1S 2QH.

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 2023, Sovereign Rarities had £78,000 of fixed assets, £13,564,000 of current assets comprising £12,941,000 of stock and £623,000 of debtors, less liabilities of £3,802,000 resulting in total net assets of £9,840,000. The Royal Mint share was therefore £2,303,000 with a share in profits of £415,000 during the year meaning the total value of the investment included in the Group was £2,763,000.

At 31 March 2022, Sovereign Rarities had £91,000 of fixed assets, £11,815,000 of current assets comprising £11,022,000 of stock and £793,000 of debtors, less liabilities of £3,268,000 resulting in total net assets of £8,638,000. The Royal Mint share was therefore £2,021,000 with a share in profits of £663,000 during the year meaning the total value of the investment included in the Group was £2,482,000.

**Note 11**  
**INVENTORIES**  
**GROUP AND COMPANY**

	2023 £'000	2022 £'000
Metal inventory	51,906	50,026
Work in progress (excluding metal)	10,994	8,693
Stores and packing materials	6,826	5,978
Finished goods	26,110	7,078
	<b>95,836</b>	<b>71,775</b>

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 £1.1 million (2021-22: increase of £199,000). The amount of inventories written down to net realisable value during the year was £nil (2021-22: £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 £1,069.9 million at 31 March 2023 (2022: £814.9 million). Consignment fees under these arrangements are recognised within cost of sales.



**Note 12****TRADE AND OTHER RECEIVABLES**

	Group 2023 £'000	Company 2023 £'000	Group 2022 £'000	Company 2022 £'000
Trade receivables	34,200	34,179	28,323	28,302
Less provision for impairment of receivables	(332)	(332)	(459)	(459)
VAT recoverable	1,062	1,062	246	246
Prepayments and accrued income	3,068	3,068	1,869	1,869
Amounts owed by affiliates	-	-	193	193
Amounts owed by subsidiary undertaking	-	1,658	-	1,992
	<b>37,998</b>	<b>39,635</b>	<b>30,172</b>	<b>32,143</b>

Included within the receivables are the following:

	£'000	£'000	£'000	£'000
Central Government bodies	13,324	13,324	506	506
Other Government bodies	9	9	25	25
Amounts owed by affiliates	-	-	193	193
Amounts owed by subsidiary undertaking	-	1,658	-	1,992
	<b>13,333</b>	<b>14,991</b>	<b>724</b>	<b>2,716</b>

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

	Group 2023 £'000	Company 2023 £'000	Group 2022 £'000	Company 2022 £'000
Pounds sterling	27,275	28,912	21,527	23,498
US dollars	7,477	7,477	6,339	6,339
Euros	3,246	3,246	2,306	2,306
	<b>37,998</b>	<b>39,635</b>	<b>30,172</b>	<b>32,143</b>

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	2022-23 £'000	2021-22 £'000
At 1 April	(459)	(504)
Utilised in the year	127	45
At 31 March	<b>(332)</b>	<b>(459)</b>

**Note 13****BORROWINGS**

	Group 2023 £'000	Company 2023 £'000	Group 2022 £'000	Company 2022 £'000
Lease obligations less than one year	516	516	469	469
Lease obligations greater than one year	1,621	1,621	810	810
Loans less than one year	12,135	12,135	19,135	19,135
Loans greater than one year	441	441	562	562
	<b>14,713</b>	<b>14,713</b>	<b>20,976</b>	<b>20,976</b>

The Company has a revolving credit facility from the Royal Mint Trading Fund of £36.0 million, of which £12.0 million was drawn down at 31 March 2023. This amount is shown as due within one year, as the facility has a maturity date of 30 November 2023; an agreement to extend the credit facility was completed after 31 March 2023. In addition, the Company has a fixed term loan of which £577,000 was outstanding at 31 March 2023 - £135,000 is due in less than one year and the remaining balance of £442,000 is due in more than one year. The Company also has an overdraft facility of £20 million.

**Note 14****TRADE AND OTHER PAYABLES**

	Group 2023 £'000	Company 2023 £'000	Group 2022 £'000	Company 2022 £'000
Trade payables	21,615	21,707	22,168	22,341
Other payables	57,481	57,481	7,613	7,613
Payments received on account	28,751	28,751	42,025	42,025
Taxation and social security	1,276	1,268	1,143	1,143
Accruals and deferred income	19,404	19,417	16,595	16,574
Amounts owed to subsidiary companies	-	33	-	229
	<b>128,527</b>	<b>128,657</b>	<b>89,544</b>	<b>89,925</b>

	Group 2023 £'000	Company 2023 £'000	Group 2022 £'000	Company 2022 £'000
Included within the payables are the following:				
Other Central Government bodies	3,783	3,783	1,320	1,320
Public Corporations and Trading Funds	17	17	-	-
	<b>3,800</b>	<b>3,800</b>	<b>1,320</b>	<b>1,320</b>

The £1,112,000 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 (2021-22: £1,265,000).

**Note 15****PROVISION FOR LIABILITIES AND CHARGES  
GROUP AND COMPANY**

	Returns provision £'000
At 1 April 2022	537
Provided in year	503
Utilised in year	(317)
Released in year	(179)
At 31 March 2023	<b>544</b>

	Returns provision Total £'000
At 1 April 2021	627
Provided in year	402
Utilised in year	(226)
Released in year	(266)
At 31 March 2022	<b>537</b>

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 2023 – Group and Company	524	20	-	-
At 31 March 2022 – Group and Company	471	66	-	-

**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 25% (2022: 25%).

**Group and Company**

	2022-23 £'000	2021-22 £'000
Liability at 1 April	6,328	3,833
Movements on deferred tax were:		
Charged to the Income Statement	671	1,625
Charged / (credited) to Statement of Comprehensive Income	1,216	870
Liability at 31 March	8,215	6,328

**Group and Company**

	Assets £'000	Liabilities £'000	2023 Net £'000	Assets £'000	Liabilities £'000	2022 Net £'000
Accelerated tax depreciation	-	6,179	6,179	-	6,073	6,073
Derivative instruments	-	595	595	-	193	193
Retirement benefit obligation	-	1,562	1,562	-	354	354
Other	(121)	-	(121)	(292)	-	(292)
Deferred tax (asset)/liability	(121)	8,336	8,215	(292)	6,620	6,328

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 2022	6,073	- 193	- 354	-	(292)	6,328
Charged/(credited) to the Income Statement	106	402	(8)	-	171	671
Charged to Statement of Comprehensive Income	-	-	1,216	-	-	1,216
At 31 March 2023	6,179	595	1,562	-	(121)	8,215

	Accelerated tax depreciation £'000	Derivative instruments £'000	Retirement benefit obligations £'000	Tax losses £'000	Other £'000	Total £'000
At 1 April 2021	4,250	160	(398)	-	(179)	3,833
Charged / (credited) to the Income Statement	1,823	33	(118)	-	(113)	1,625
Credited to Statement of Comprehensive Income	-	-	870	-	-	870
At 31 March 2022	6,073	193	354	-	(292)	6,328

	2022-23 £'000	2021-22 £'000
Deferred tax charged / (credited) to the Consolidated and Company Statement of Comprehensive Income during the year was:		
Remeasurements on defined benefits schemes	1,216	870

Note 16 continued

	Group and Company 2023 £'000	Group and Company 2022 £'000
Analysis of deferred tax (asset)/liability		
Deferred tax asset after 12 months	-	(292)
Deferred tax liability after 12 months	8,215	6,620
	<u>8,215</u>	<u>6,328</u>

The deferred tax at 31 March 2023 has been calculated based on the rate of 25% that was substantively enacted at the balance sheet date (2022: 25%). 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 Group 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 £2,691,000 (2021-22: £2,178,000) 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: <ul style="list-style-type: none"> <li>i. Remain in RMLS;</li> <li>ii. Transfer into PCSPS or CSOPS; or</li> <li>iii. Transfer into a defined contribution scheme (at Cash Equivalent Transfer Value).</li> </ul> <p>The majority of staff opted to transfer into a defined contribution scheme and only 1% opted to transfer into PCSPS or CSOPS.</p>

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 PCSPS continues for those employees who were within ten years of their normal pension age on 1 April 2012. The scheme 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 were able to 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 related to their salaries 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 2024 are £2,500,000.

Whilst the PCSPS and Alpha are defined benefit schemes, the Company accounts for them 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 £2,696,000 (2021-22: 2,749,000) 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.

### **RMLS Scheme**

The Company participates in Prudential Platinum Pension - The Royal Mint Limited, a funded defined benefit pension scheme in the UK. The sub-scheme is administered within a trust that is legally separate from the Company. An independent trustee acts in the interest of the sub-scheme and all relevant stakeholders, including the members and the Company. The trustee is responsible for the investment of the sub-scheme's assets. This sub-scheme provides pensions and lump sums to members on retirement and to their dependants upon their death. Members who leave service before retirement are entitled to a deferred pension.

### **Risks**

The residual RMLS poses a number of risks to the Company, including longevity, interest rate, inflation and salary. 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 2019. These actuarial valuations are carried out in accordance

Note 17 continued

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.

**Details of valuation assumptions**

An accounting valuation of the RMLS assets and liabilities for financial reporting purposes was carried out on 31 March 2023 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.

The principal actuarial assumptions used were:

	2023	2022
Discount rate	4.85%	2.70%
Price inflation RPI	3.15%	3.30%
Price inflation CPI (pre 2030)	2.15%	2.30%
Price inflation CPI (post 2030)	2.95%	3.10%
Revaluation of deferred pensions: benefits accrued before 01/02/2014	3.15%	3.30%
Revaluation of deferred pensions: benefits accrued after 01/02/2014 (pre 2030)	2.05%	2.30%
Revaluation of deferred pensions: benefits accrued after 01/02/2014 (post 2030)	2.85%	3.10%
Increase to pensions in payment: benefits accrued before 01/02/2014	3.15%	3.30%
Increase to pensions in payment: benefits accrued after 01/02/2014 (pre 2030)	2.15%	2.30%
Increase to pensions in payment: benefits accrued after 01/02/2014 (post 2030)	2.95%	3.10%
Mortality assumption – male pre and post-retirement	113% SAPS S3PMA CMI 2021 1.25% long-term trend 0.2% initial addition 7.5% 2020 weighting 7.5% 2021 weighting	113% SAPS S3PMA CMI 2020 1.25% long-term trend 0.2% initial addition 20% 2020 weighting
Mortality assumption – female pre and post-retirement	106% SAPS S3PFA CMI 2021 1.25% long-term trend 0.2% initial addition 7.5% 2020 weighting 7.5% 2021 weighting	106% SAPS S3PFA CMI 2020 1.25% long-term trend 0.2% initial addition 20% 2020 weighting
Future expected lifetime of current pensioner at age 65		
Male aged 65 at year-end	85.9	85.9
Female aged 65 at year-end	88.9	88.8
Future expected lifetime of future pensioner at age 65		
Male aged 45 at year-end	87.2	87.1
Female aged 45 at year-end	90.3	90.3

The discount rate reflects the yield on the AA-rated corporate bonds of equivalent currency and term of liabilities as the Scheme. 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:	2023	2022	2021	2020	2019
	£'000	£'000	£'000	£'000	£'000
Fair value of plan assets	20,428	23,173	22,695	17,456	16,973
Present value of plan liabilities	(13,944)	(21,577)	(24,635)	(18,987)	(22,424)
Net defined benefit asset / (liability)	6,484	1,596	(1,940)	(1,531)	(5,451)

Note 17 continued

Amounts recognised in the Income Statement:	2022-23	2021-22
Service Cost:	£'000	£'000
Administration expenses	60	131
Net interest expense	(43)	38
Amounts charged to the Income Statement	17	169
Re-measurements of the net (asset)/liability:		
Return on scheme assets (excluding amounts included in interest expense)	3,149	(243)
(Gain) / loss arising from changes in financial assumptions	(10,779)	(2,026)
Gain arising from changes in demographic assumptions	6	(1,542)
Experience loss / (gain)	2,760	330
(Credit) / charge recorded in other comprehensive income	(4,864)	(3,481)
Total defined benefit (credit) / charge	(4,847)	(3,312)
	2022-23	2021-22
	£'000	£'000
Fair value of net liability / (asset) at beginning of year	1,596	(1,940)
Movements in year:		
Employer contributions	-	-
Administration expenses paid	41	224
Administration expenses charge	(60)	(131)
Net interest cost	43	(38)
Re-measurement gains / (losses):		
Actuarial gains / (losses) arising from changes in financial assumptions	10,779	2,026
Actuarial gains arising from changes in demographic assumptions	(6)	1,542
Return on scheme assets (excluding amounts included in interest expense)	(3,149)	243
Other experience items	(2,760)	(330)
Net Scheme asset/( liabilities) at end of year	6,484	1,596
Changes in the present value of assets over the year:		
	2022-23	2021-22
	£'000	£'000
Fair value of assets at beginning of year	23,173	22,695
Movements in year:		
Return on scheme assets (excluding amounts included in interest expense)	(3,149)	243
Interest income	623	452
Administrative expenses paid	41	224
Employer contributions	-	-
Benefits paid	(200)	(310)
Administration expenses	(60)	(131)
Scheme assets at end of year	20,428	23,173
Actual return on assets over the year was £(2,526,000) (2021-22: £695,000).		
Changes in the present value of liabilities over the year:		
	2022-23	2021-22
	£'000	£'000
Scheme liabilities at beginning of year	21,577	24,635
Movement in year:		
Interest cost	580	490
Re-measurement (gains) / losses:		
Actuarial losses / (gains) arising from changes in financial assumptions	(10,779)	(2,026)
Actuarial gains arising from changes in demographic assumptions	6	(1,542)
Other experience items	2,760	330
Benefits paid	(200)	(310)
Scheme liabilities at end of year	13,944	21,577

Note 17 continued

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

	2023 £'000	2022 £'000
Deferred pensioners	11,603	18,889
Pensions in payment	2,341	2,688
	<b>13,944</b>	<b>21,577</b>

Average duration of the scheme's liabilities at the end of the period (years)	23	28
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The major categories of scheme assets are as follows:

	2023 £'000	2022 £'000
<b>Return seeking</b>		
UK equities	6,210	6,129
Overseas equities	5,796	5,863
Diversified growth fund	1,119	1,156
	<b>13,125</b>	<b>13,148</b>

	2023 £'000	2022 £'000
<b>Debt instruments</b>		
Corporates	3,615	4,671
Index linked	3,688	5,354
	<b>7,303</b>	<b>10,025</b>
<b>Total market value of assets</b>	<b>20,428</b>	<b>23,173</b>

The equity and debt instruments are all unquoted, with the exception of the index-linked debt instruments, which are quoted. 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 meet the cost of administrative expenses for the Scheme during the year ending 31 March 2024.

**Sensitivity of the liability value to changes in the principal assumptions**

If the discount rate was 0.1% higher (lower), the scheme liabilities would decrease by £317,000 (increase by £327,000) if all the other assumptions remained unchanged.

If the inflation assumption was 0.1% higher (lower), the scheme liabilities would increase by £320,000 (decrease by £311,000). 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 £461,000 (decrease by £490,000) if all the other assumptions remained unchanged.

**Note 18**

DIVIDENDS GROUP AND COMPANY	2022-23 £'000	2022-22 £'000
Dividends paid: 84.30p per share (2021-22: 62.17p per share)	5,058	3,730

Post year-end, the Board declared a dividend for 2022-23 of £4.1 million



**Note 19****CAPITAL COMMITMENTS  
GROUP AND COMPANY**

	2023	2022
	£'000	£'000
Commitments in respect of contracts – tangible assets	5,471	1,418
Commitments in respect of contracts – intangible assets	18	92
	<b>5,489</b>	<b>1,510</b>

**Note 20****OPERATING LEASE COMMITMENTS  
GROUP AND COMPANY**

	2023	2022
	£'000	£'000
Operating lease rentals due on leases expiring:		
Less than one year	11	109
Between one and five years	267	108
After five years	-	9
	<b>278</b>	<b>226</b>

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'.

**Note 21****RELATED PARTY TRANSACTIONS**

The Royal Mint Limited is a Company wholly owned by HM Treasury. Regarded as a related party, HM Treasury, 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 £415,018 (2021-22: £375,000);
- 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 £465,325 (2021-22: £420,000);
- 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's collection within the restrictions set out in the funding agreement signed 18<sup>th</sup> March 2018. The amount received for the year is £168,805 (2021-22: £138,160); and
- 4) The Royal Mint Limited has donated coins to the Museum collection which are included within heritage assets at a cost of £190,518 (2021-22: £356,846).

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.

Note 21 continued

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 Limited were £32,146,213 (2021-22: £7,099,051) and the amount outstanding at 31 March 2023 was £300,536 (2022: £534,365); and
- 2) The Royal Mint Limited's sales to Sovereign Rarities Limited were £11,387,823 (2021-22: £6,380,763) and the amount outstanding at 31 March 2023 was £195,938 (2022: £9,385).

**Remuneration of key management staff**

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

**GROUP AND COMPANY**

	2022-23 £'000	2021-22 £'000
Salaries and other employee benefits	1,680	1,582
Post-employment benefits	223	222
	<b>1,903</b>	<b>1,804</b>

Salaries and other employee benefits includes remuneration, STIP and LTIP amounts earned; further details can be found within the Remuneration Report.

**Note 22**

**ANALYSIS OF NET DEBT**

GROUP	At 1 April 2022 £'000	Non-cash changes £'000	Cash flow £'000	At 31 March 2023 £'000
Cash at bank and in hand	10,945	-	(3,703)	7,242
Obligations under lease	(1,279)	(1,596)	738	(2,137)
Loans	(19,697)	-	7,121	(12,576)
	<b>(10,031)</b>	<b>(1,596)</b>	<b>4,156</b>	<b>(7,471)</b>

	At 1 April 2021 £'000	Non-cash changes £'000	Cash flow £'000	At 31 March 2022 £'000
Cash at bank and in hand	7,929	-	3,016	10,945
Obligations under lease	(1,563)	(453)	737	(1,279)
Loans	(23,814)	-	4,117	(19,697)
	<b>(17,448)</b>	<b>(453)</b>	<b>7,870</b>	<b>(10,031)</b>

COMPANY	At 1 April 2022 £'000	Non-cash changes £'000	Cash flow £'000	At 31 March 2023 £'000
Cash at bank and in hand	10,736	-	(3,742)	6,994
Obligations under lease	(1,279)	(1,596)	738	(2,137)
Loans	(19,697)	-	7,121	(12,576)
	<b>(10,240)</b>	<b>(1,596)</b>	<b>4,117</b>	<b>(7,719)</b>

	At 1 April 2021 £'000	Non-cash changes £'000	Cash flow £'000	At 31 March 2022 £'000
Cash at bank and in hand	7,755	-	2,981	10,736
Obligations under lease	(1,563)	(453)	737	(1,279)
Loans	(23,814)	-	4,117	(19,697)
	<b>(17,622)</b>	<b>(453)</b>	<b>7,835</b>	<b>(10,240)</b>

**Note 23****OTHER (LOSSES) / GAINS – NET  
GROUP AND COMPANY**

	2022-23	2021-22
	£'000	£'000
Foreign exchange (loss) / gain	(2,141)	217
Foreign exchange forward contracts gain / (loss)	617	(201)
Precious metal forward contracts gain	1,951	965
Ineffectiveness of commodity hedges	176	336
Set up costs and operational losses associated with ETC	97	(422)
Release of grant income	153	153
Other gains - net	853	1,048

In February 2020, the Group was involved with launching a financial services listed product – a gold backed Exchange Traded Commodity ('ETC') that tracks the price of gold. The ETC is called 'The Royal Mint Physical Gold ETC Securities', it trades with ticker code RMAU and 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. The product become profitable during the year.

**Note 24****FINANCIAL INSTRUMENTS  
GROUP AND COMPANY**

	2023	2022
	£'000	£'000
Derivative asset		
Foreign currency fair value	825	66
Commodity fair value	341	677
Precious metal fair value	1,952	965
	3,118	1,708
Derivative liability		
Foreign currency fair value	384	386
Commodity fair value	449	83
Precious metal fair value	1	-
	834	469

**Financial risk management**

The main risk exposures arising from the Group's activities are currency, commodity price, interest rate, credit and liquidity. 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.

Note 24 continued

	Contract amount 2023 £'000	Average forward rate 2023	Fair value 2023 £'000	Contract amount 2022 £'000	Average forward rate 2022	Fair value 2022 £'000
Forward contract – sell £/buy EUR Maturing in less than 1 year	14,475	1.1185	(135)	4,699	1.1708	(49)
Forward contract – sell £ / buy USD Maturing in less than 1 year	1,177	1.2194	(13)	1,671	1.3228	9
Forward contract – buy £ / sell USD Maturing in less than 1 year	18,070	1.1862	628	16,129	1.3520	(329)
Maturing in more than 1 year	3,538	1.2235	37	-	-	-
	21,608	1.2048	665	16,129	1.3520	(329)
Forward contract – buy £ / sell EUR Maturing in less than 1 year	12,097	1.1363	(41)	6,116	1.1680	49
Maturing in more than 1 year	2,114	1.1373	(35)	-	-	-
	14,211	1.1363	(76)	6,116	1.1680	49

The movements shown below largely result from foreign exchange gains/losses on translation of US dollar and/or 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 2023	Effect on net earnings of a 10% decrease 2023 £'000	Closing exchange rate 2022	Effect on net earnings of a 10% decrease 2022 £'000
Euros	1.1360	309	1.1774	135
US dollars	1.2386	781	1.3138	699
		1,090		834

	Closing exchange rate 2023	Effect on net earnings of a 10% increase 2023 £'000	Closing exchange rate 2022	Effect on net earnings of a 10% increase 2022 £'000
Euros	1.1360	(253)	1.1774	(110)
US dollars	1.2386	(639)	1.3138	(572)
		(892)		(682)

Note 24 continued

### 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 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 2023	Value at average price 2023 £'000	Fair value 2023 £'000	Tonnes 2022	Value at average price 2022 £'000	Fair value 2022 £'000
Cashflow hedges:						
Copper futures –						
GBP denominated contracts:						
Maturing in less than 1 year	100	593	112	25	161	35
Nickel futures –						
GBP denominated contracts:						
Maturing in less than 1 year	60	1,397	(233)	36	352	559
Maturing in more than 1 year	18	355	12	-	-	-
	78	1,752	(221)	36	352	559

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 2023 £	Effect on net earnings of a 10% decrease 2023 £'000	Effect on equity of a 10% decrease 2023 £'000	Closing price/tonne 2022 £	Effect on net earnings of a 10% decrease 2022 £'000	Effect on equity of a 10% decrease 2022 £'000
Copper	7,221	24	(85)	7,875	(4)	(15)
Nickel	18,668	(328)	181	25,446	(1)	(90)
Zinc	2,349	-	-	3,245	-	-
		(304)	96		(5)	(105)

	Closing price/tonne 2023 £	Effect on net earnings of a 10% increase 2023 £'000	Effect on equity of a 10% increase 2023 £'000	Closing price/tonne 2022 £	Effect on net earnings of a 10% increase 2022 £'000	Effect on equity of a 10% increase 2022 £'000
Copper	7,221	146	(85)	7,875	35	(15)
Nickel	18,668	(33)	181	25,446	100	(9)
Zinc	2,349	-	-	3,245	-	-
		113	96		135	(24)

The Group has precious metal (gold, silver and platinum) consignment arrangements with seven 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.

Note 24 continued

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

	ozs 2023	Value at average price 2023 £'000	Fair value 2023 £'000	ozs 2022	Value at average price 2022 £'000	Fair value 2022 £'000
Gold forwards – GBP denominated contracts: Maturing in less than 1 year	45,325	70,738	1,947	27,828	40,393	904
Silver forwards – GBP denominated contracts: Maturing in less than 1 year	186,222	3,590	4	338,234	6,355	61

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 2023 £	Effect on net earnings of a 10% decrease 2023 £'000	Closing price/oz 2022 £	Effect on net earnings of a 10% decrease 2022 £'000
Gold	1,598	(7,269)	1,478	(4,130)
Silver	19	(359)	19	(642)
Platinum	792	-	748	-
		(7,628)		(4,772)

	Closing price/oz 2023 £	Effect on net earnings of a 10% increase 2023 £'000	Closing price/oz 2022 £	Effect on net earnings of a 10% increase 2022 £'000
Gold	1,598	7,269	1,478	4,130
Silver	19	359	19	642
Platinum	792	-	748	-
		7,628		4,772

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

	Closing price/oz 2023 £	Effect on net earnings of a 10% change 2023 £'000	Closing price/oz 2022 £	Effect on net earnings of a 10% change 2022 £'000
Gold	1,598	481	1,478	327
Silver	19	187	19	85
Platinum	792	83	748	37
		751		449

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 that gives exposure to interest rate risk.

The interest rate risk that 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:

		Effect on net earnings of a 10% change		Effect on net earnings of a 10% change
	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Loans	12,576	70	19,697	46

### 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; and
- 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:				
2023	16	-	-	-
2022	24	22	30	-

### 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:				
2023	28	6	1	2
2022	27	-	1	3

## 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 (Status 0 = no missed payments, Status 1 = missed one payment, Status 2 = missed two payments and Status 3 = missed three or more payments). The table below shows outstanding balances as at 31 March.

	Statement 0 status	Balance overdue statement 1 status	Balance overdue statement 2 status	Balance overdue statement 3 status
	£'000	£'000	£'000	£'000
Business to Consumer receivables:				
2023	4,514	40	34	172
Expected loss allowance at 31 March 2023	(135)	(8)	(15)	(172)
2022	3,152	141	36	85
Expected loss allowance at 31 March 2022	(95)	(28)	(16)	(85)

### 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 2023 or 2022.

### 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 2023 the amount is £33,869,000 for the Group and £35,505,000 for the Company (2022: Group £28,057,000 and Company £30,028,000). 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); and
- 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 2023 was £102.4 million (2022: £98.7 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 £36.0 million until 30 November 2028, of which £12.0 million was drawn down at 31 March 2023 (2022: £19.1 million). It is anticipated that this will be sufficient to meet future requirements in conjunction with an overdraft facility of £20 million. The Group also has a fixed-term loan of which £577,000 was outstanding at 31 March 2023 (2022: £697,000).



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 2023	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Borrowings	12,135	135	306	-
Lease liabilities	851	823	1,341	-
Derivative financial instruments	834	-	-	-
Trade and other payables*	127,095	-	-	-
<b>COMPANY</b> At 31 March 2023	<b>Less than 1 year £'000</b>	<b>Between 1 and 2 years £'000</b>	<b>Between 2 and 5 years £'000</b>	<b>Over 5 years £'000</b>
Borrowings	12,135	135	306	-
Lease liabilities	851	823	1,341	-
Derivative financial instruments	834	-	-	-
Trade and other payables*	127,233	-	-	-

\* excluding non-financial liabilities

GROUP At 31 March 2022	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Borrowings	19,135	135	427	-
Lease liabilities	754	470	597	-
Derivative financial instruments	469	-	-	-
Trade and other payables*	88,248	-	-	-
<b>COMPANY</b> At 31 March 2022	<b>Less than 1 year £'000</b>	<b>Between 1 and 2 years £'000</b>	<b>Between 2 and 5 years £'000</b>	<b>Over 5 years £'000</b>
Borrowings	19,135	135	427	-
Lease liabilities	754	470	597	-
Derivative financial instruments	469	-	-	-
Trade and other payables*	88,630	-	-	-

\* 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 2023 £'000	Company carrying value 2023 £'000	Group carrying value 2022 £'000	Company carrying value 2022 £'000
Assets as per the Statement of Financial Position:				
Derivatives used for hedging	341	341	677	677
Financial assets at an amortised cost			28,057	30,028
Trade and other receivables	33,868	35,505		
Cash and cash equivalents	7,242	6,994	10,945	10,736
Derivatives at fair value through profit and loss	2,777	2,777	1,031	1,031
Liabilities as per the Statement of Financial Position:				
Borrowings	(14,713)	(14,713)	(20,976)	(20,976)
Derivatives used for hedging	(449)	(449)	(83)	(83)
Derivatives at fair value through profit and loss	(385)	(385)	(386)	(386)
Trade and other payables	(127,095)	(127,233)	(88,248)	(88,630)

**Note 25**

**SHARE CAPITAL AND SHARE PREMIUM**

**GROUP AND COMPANY**

Allotted, called up and fully paid: £1 each (2022: £1 each)

	Number of shares	Ordinary shares £'000
Share capital		
At 1 April 2022 and 31 March 2023	6,000,001	6,000
	2023 £'000	2022 £'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](http://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.