

OS AA01

Statement of details of parent law and other
information for an overseas company



Companies House

300059/20

☒ What this form is for
You may use this form to
accompany your accounts
disclosed under parent law

☒ What this form is NOT for
You cannot use this form to register
an alteration of manner of compliance
with accounting requirements

THURSDAY



A15 17/09/2015 #185
COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of
overseas company ①

World Gold Council, an Association

UK establishment
number

B R 0 1 2 7 0 7

→ Filling in this form
Please complete in typescript or in
bold black capitals

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state

**Part 2 Statement of details of parent law and other
information for an overseas company**

A1 Legislation

Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited

Legislation ②

Swiss law & Swiss Auditing Standards

② This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box

☐ No Go to Section A3

☒ Yes Please enter the name of the organisation or other
body which issued those principles below, and then go to Section A3

Name of organisation
or body ③

International Accounting Standards Board

③ Please insert the name of the
appropriate accounting organisation
or body

A3 Accounts

Accounts


Have the accounts been audited? Please tick the appropriate box

☐ No Go to Section A5

☒ Yes Go to Section A4

OS AA01

Statement of details of parent law and other information for an overseas company

A4 Audited accounts		
Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box <input type="checkbox"/> No Go to Part 3 'Signature' <input checked="" type="checkbox"/> Yes Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'	Please insert the name of the appropriate accounting organisation or body
Name of organisation or body ①	Swiss Federal Audit Oversight Authority	
A5 Unaudited accounts		
Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box <input type="checkbox"/> No <input type="checkbox"/> Yes	
Part 3 Signature		
I am signing this form on behalf of the overseas company		
Signature	Signature X  X	
This form may be signed by Director, Secretary, Permanent representative		

OS AA01

Statement of details of parent law and other information for an overseas company



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **Gordon Fuller**

Company name **World Gold Council, An Association**

Address **10 Old Bailey**

Post town **London**

County/Region

Postcode **E C 4 M 7 N G**

Country

DX

Telephone **020 7826 4743**



Checklist

We may return forms completed incorrectly or with information missing

Please make sure you have remembered the following

- ☒ The company name and, if appropriate, the registered number, match the information held on the public Register
- ☒ You have completed all sections of the form, if appropriate
- ☒ You have signed the form



Important information

Please note that all this information will appear on the public record



Where to send

You may return this form to any Companies House address

England and Wales

The Registrar of Companies, Companies House,
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DX 33050 Cardiff

Scotland

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

Northern Ireland

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG
DX 481 N R Belfast 1



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This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

Consolidated financial statements for the year ended 31 December 2014



COMPANIES HOUSE

ABOUT THE WORLD GOLD COUNCIL

The World Gold Council is the global authority on gold and its uses and the first source of informed opinion and advice for stakeholders and decision makers. We use this knowledge to develop insights into the future role that gold can play across a number of sectors and then, in collaboration with partners, intervene to deliver solutions and create new markets, and to increase and sustain the demand for gold.

In the Investment sector we make gold fundamental to investment decision making.

For Governments and Central Banks, we are a trusted advisor to policy makers and reserve asset managers on all matters related to the gold market.

In the Technology sector, we work to place gold at the heart of technological advancement, and we are the authority on innovative uses of gold in industry and society.

As the global advocate for gold, we are committed to playing a key role in the development of a responsible gold mining industry. Our members, the leading gold mining companies, regard the management of the local environment and relationships with local communities as paramount considerations during the lifetime of any mine project. Together, we work to ensure the industry as a whole is striving to develop and integrate best practice.

All our work is informed by a deep understanding of the wide role gold has in society and its potential both now and in the future. Through commercial partnerships and industry leading research, we develop a clear understanding of, and insight into, each of its key markets. Using this insight, we create new, relevant and innovative solutions that deliver against clearly identified market needs. Our insight adds value to our partners and stakeholders across all sectors, and informs each of our programmes and market interventions.

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Report of the Chief Executive Officer

The World Gold Council's financial position at the end of 2014 as compared to that at the end of 2013 is included in the financial performance highlights below

Financial performance

Members' dues for the year amounted to US\$12.5 million (2013 US\$28.2 million) whilst income from the sponsor fees payable by SPDR® Gold Trust in 2014 was US\$46.1 million (2013 US\$71.5 million). Operational expenditure in 2014 totalled US\$86.1 million (2013 US\$115.8 million). Operational expenditure exceeded revenue by US\$25.1 million (2013 US\$12.6 million) before interest, other income, exchange differences and taxation.

The cash holdings of the World Gold Council decreased from US\$63.8 million at the end of 2013 to US\$45.7 million at the end of the 2014 financial year.

Net cash flow from operating activities generated a deficit of US\$39.0 million (2013 deficit US\$29.5 million), whilst investing activities resulted in a net inflow of US\$22.3 million (2013 net outflow of US\$2.2 million).

Employees

Staff numbers at the end of the year were 91 (2013 92).



Aram Shishmanian
Chief Executive Officer
22 February 2015

Company Secretarial report

General

The consolidated financial statements of the World Gold Council for the year ended 31 December 2014 are presented. The World Gold Council is an Association established under Swiss Law and carried out its activities during 2014 through a number of subsidiaries, branches and representative offices together with an interest in a joint venture, which are detailed in notes 17 and 18 to the consolidated financial statements.

The World Gold Council has voluntarily elected to comply with the International Financial Reporting Standards ("IFRS") in compiling its financial statements for the year ended 31 December 2014.

Membership

Members of the World Gold Council are made up of gold mining and gold royalty companies which are listed on Page 11 of these consolidated financial statements.

Governance

Corporate governance refers to what the Board does, how it sets the values and objectives of the World Gold Council and how the Board goes about ensuring that these values and objectives are met. The following briefly explains the individual aspects of the governance that the World Gold Council applies.

Leadership

- The World Gold Council is headed by a board which is collectively responsible for its long-term success.
- There is a clear division of responsibilities between the Board and the executives responsible for the daily operations of the World Gold Council's business.
- The Chairman is responsible for the leadership of the Board and ensuring its effectiveness in all aspects of its role.

Effectiveness

- There is a formal and transparent procedure for the appointment of new directors to the Board as contained in the Articles of Association.
- The Board is to be supplied, in a timely manner, with information in a form and of a quality appropriate to enable it to discharge its duties.

Accountability

- The Board is responsible for determining the nature and extent of the risks that it is willing for the World Gold Council to take in achieving its strategic objectives.
- The Board requires the World Gold Council to maintain sound management and internal control systems.

Company Secretarial report (continued)

- The Board is responsible for establishing formal and transparent arrangements for considering how they should apply principles for corporate reporting, risk management, internal control and for maintaining an appropriate relationship with the World Gold Council's auditor

Relations with Members

The Directors represent the Members and are selected from the Officers of the companies that they represent

Internal Control

The Board is responsible for the World Gold Council's system of internal control. Internal control is embedded in all key aspects of the World Gold Council's undertakings. In the context of the World Gold Council's business any such system can only reasonably be expected to manage rather than eliminate all risks arising from its operations. It can, therefore, only provide reasonable and not absolute assurance against material loss or misstatement.

The main areas of financial risk are set out in note 5 to the accounts.

The Board of Directors

The Board is responsible for the management, control and direction of the activities, affairs and property of the World Gold Council in accordance with the Articles of Association. The composition of the Board is shown on Page 11. Board Directors, and their Alternate Directors, hold office for one year, which is renewable annually. The Chairman holds office for two years, which is renewable once.

Responsibilities of the Board

- The Board's role is to provide leadership of the organisation within an internal control framework which enables risks to be assessed and managed.
- The Board sets the organisation's strategic aims, and ensures that the necessary financial and human resources are in place for the organisation to meet its objectives whilst reviewing management's performance.
- The Board sets the organisation's values and standards and ensures that its obligations to the Members and others are understood and met.
- There is a clear distinction between the responsibilities of the Chairman of the Board and the Chief Executive Officer of the World Gold Council.
- The Chairman is responsible for the leadership of the Board and ensuring its effectiveness on all aspects of its role and the setting of the Board's agenda.
- The Chief Executive Officer is responsible for the day to day operations of the World Gold Council, along with ensuring that the World Gold Council's strategy is met.

Company Secretarial report (continued)

Meetings of the Board

The Board met either in person or by way of a telephone conference call four times (2013 four times) during the year ended 31 December 2014

Election of Directors and Committees

The election of Directors by Members and Associates is governed by the World Gold Council's Articles of Association

Directors and Alternate Directors of the World Gold Council, as at the date of this report, are listed on Page 11 of these consolidated financial statements

The Audit Committee

The Audit Committee's role is to assist the Board in meeting its responsibilities in the areas of financial systems and internal control, reporting, ethical standards, and in overseeing the processes by which the World Gold Council identifies, measures and manages risk

The Committee comprises of at least three non-executive Directors. The Committee operates under terms of reference determined by the Board. Reports of the Committee's proceedings are made available to the Board. The Committee has unlimited access to both internal and external auditors. The Committee meets on a regular basis and met three times (2013 two times) during 2014

Details of the Members of the Audit Committee of the World Gold Council, as at the current date, are listed on Page 11 of these consolidated financial statements

The Audit Committee is responsible for

- Monitoring the integrity of the financial statements of the organisation and any formal announcement relating to the organisation's financial performance and reviewing significant financial reporting judgements contained therein
- Reviewing the organisation's financial controls and the internal control and risk management systems
- Monitoring and reviewing the effectiveness of the organisation's internal audit function
- Making recommendations to the Board on the appointment and approval of the terms of engagement of the external auditors and their remuneration
- Developing and implementing a policy on the engagement of the external auditors to supply additional non audit services, taking into account relevant guidance regarding the provision of non audit services by an external audit firm
- Reviewing and monitoring the external auditors' independence and objectivity, the effectiveness of the audit process, whilst taking into consideration the relevant professional and regulatory requirements

Company Secretarial report (continued)

As a general rule the World Gold Council ensures that the external auditor only undertakes functions for the World Gold Council that the World Gold Council believes does not impair their independence. The World Gold Council has employed different professional firms to undertake the functions of

- External Auditor
- Internal Auditor
- Tax advisor

The Remuneration Committee

The World Gold Council has established a Remuneration Committee, which operates under terms of reference determined by the Board, comprising of at least three directors. The Chief Executive Officer is a standing member of the Committee. However, no director plays a part in any discussion about their own remuneration. Details of the members of the Remuneration Committee of the World Gold Council, as at the current date are to be found on Page 11 of these consolidated financial statements. The Remuneration Committee met two times in 2014 (2013: three times).

The Committee is responsible for all aspects of remuneration policy, bonuses, retirement and all other benefit arrangements. The Committee determines the individual remuneration packages of the Chief Executive Officer and members of the Leadership Team.

The Investment Committee

The World Gold Council established an Investment Committee, which operates under terms of reference determined by the Board, comprising six directors. The Chief Executive Officer is a standing member of the Committee. The Committee is responsible to oversee and report to the Board on capital investments and commitments entered into by World Gold Council or its subsidiaries to prescribed funding limits set by the Board. The Investment Committee met once in 2014 (2013: once).

Employees and the World Gold Council's Treatment of Employees

The World Gold Council's overall policy is to consult and discuss with employees through meetings, both formal and informal, those matters most likely to affect employees' interests.

Employees are incentivised directly through the World Gold Council's bonus scheme, performance reviews, training and development opportunities. The World Gold Council's aim is to recruit and retain sufficiently skilled and motivated employees to meet the needs of the business.

It is the World Gold Council's policy to give full and fair consideration to all applications for employment from disabled persons, having regard to their particular aptitudes and abilities and to encourage the training and career development of all personnel employed by the World Gold Council. Should an employee become disabled, the World Gold Council would, where practicable, seek to continue the employment making all adaptations required.



Aram Shishmanian
Chief Executive Officer
22 February 2015

Going concern statement

The Directors of the World Gold Council have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the World Gold Council has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing these financial statements.

The Directors' judgement is based on the following:

- The revenue generated from SPDR® Gold is independent of the level of membership and covers a significant proportion of the World Gold Council's fixed costs.
- There is a substantial asset in the form of deferred consideration receivable in gold which is paid in instalments each year.
- There are no material contractual obligations, except property leases, that are longer than one year.
- The World Gold Council has no borrowings and maintains a strong cash position that is adequate for ongoing working capital requirements.
- The World Gold Council aims to operate a balanced budget where income equals or exceeds expenditure. The World Gold Council continuously monitors expenditure commitments to ensure compliance. Variances of actual spend against budgeted spend are analysed on a monthly basis.

Directors' Responsibilities

The Directors are responsible for preparing the consolidated financial statements in accordance with applicable laws and regulations. In preparing these consolidated financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Present information including the accounting policies in a manner that provides relevant, reliable, comparable and understandable information.
- Maintain proper books and records that show and explain the World Gold Council's financial position.
- Prepare the consolidated financial statements of the World Gold Council on a going concern basis.

Going concern statement (cont'd)

Directors' Responsibility Statement

We confirm to the best of our knowledge that

- The consolidated financial statements, which are prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and reserves of the World Gold Council, its branches and subsidiary undertakings
- The various reports included with the annual financial statements include a fair review of the development and performance of the business and the position of the World Gold Council, its branches and subsidiary undertakings, together with a description of the principal risks and uncertainties that the World Gold Council faces in carrying out its activities

By Order of the Board



Randall Oliphant
Chairman
22 February 2015



Aram Shishmanian
Chief Executive Officer
22 February 2015

Members of the World Gold Council

- 1 African Barrick Gold plc
- 2 Agnico-Eagle Mines Limited
- 3 Alamos Gold Inc
- 4 Barrick Gold Corporation
- 5 Buenaventura
- 6 Centerra Gold Inc
- 7 Eldorado Gold Corporation
- 8 Franco-Nevada Corporation
- 9 Goldcorp Inc
- 10 Golden Star Resources Ltd
- 11 Kinross Gold Corporation
- 12 New Gold Inc
- 13 Newcrest Mining Limited
- 14 Newmont Mining Corporation
- 15 Primero Mining Corporation
- 16 Royal Gold Inc
- 17 Silver Wheaton
- 18 Yamana Gold Inc

All the above are members of the World Gold Council at the date of signing this report

Directors, Officers and Committees

The Directors, Officers and Committees who served during 2014 and to the date of this report were

Directors	Alternate	Member
S Boyd	D Smith	Agnico-Eagle Mines Limited
J McCluskey	-	Alamos Gold Inc
K Dushnisky	A Al-Joundi	Barrick Gold Corporation *
R Benavides	P Solis	Cia de Minas Buenaventura SAA
I Atkinson	J Parr	Centerra Gold Inc
R Gilmore	P Wright	Eldorado Gold Corporation
D Harquail	S Rana	Franco-Nevada Corporation
C Jeannes	R Ball	Goldcorp Inc
S Coetzer	T Baker	Golden Star Resources Ltd
J Rollinson	T Giardini	Kinross Gold Corporation
R Oliphant (Chairman)	B Penny	New Gold Inc
S Biswas	G Bond	Newcrest Mining Limited
G Goldberg	R Engel	Newmont Mining Corporation
W Nesmith	J Conway	Primero Mining Corporation
T Jensen	W Heissenbuttel	Royal Gold Inc
R Smallwood	G Brown	Silver Wheaton
P Marrone	C Main	Yamana Gold Inc

* African Barrick Gold plc is represented by Barrick Gold Corporation

Officers

R Oliphant (Chairman)

A Shishmanian, CEO

R Lee, CFO, Treasurer & Company Secretary – resigned 31 December 2014

Audit Committee

S Boyd (Chairman)

J McCluskey

T Giardini

P Marrone

A Shishmanian

Remuneration Committee

C Jeannes (Chairman)

R Benavides

T Jensen

R Oliphant

A Shishmanian

Principal Bankers

HSBC Bank plc
8 Canada Square
London, E14 5HQ
United Kingdom

Principal Place of Business

10 Old Bailey
London, EC4M 7NG
United Kingdom

Auditors

KPMG SA, Geneva

Registered Company Numbers

UK Companies House – FC014324
World Gold Council, an Association
Swiss Registry – CH-660-0534987- 6



Report of the Statutory Auditor on the Consolidated Financial Statements to the Board of Directors of the

World Golf Council, an Association, Geneva

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of World Gold Council, an Association, which comprise the consolidated statement of financial position, consolidated statement of comprehensive deficit, consolidated statement of changes in equity, consolidated statement of cash flows and notes for the year ended 31 December 2014.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.



*World Gold Council, An Association, Geneva
Report of the Statutory Auditor
on the Consolidated Financial Statements
to the Board of Directors*

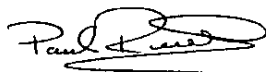
Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors

We recommend that the consolidated financial statements submitted to you be approved.

KPMG SA



Paul Rieveley
*Licensed Audit Expert
Auditor in Charge*



Stéphane Nusbaumer

Geneva, 22 February 2015

Enclosure

- Consolidated financial statements (consolidated statement of financial position, consolidated statement of comprehensive deficit, consolidated statement of changes in equity, consolidated statement of cash flows and notes)

Consolidated financial statements
Consolidated statement of financial position
At 31 December 2014

	Notes	2014 US\$ 000's	2013 US\$ 000's
Assets			
Investments	20	9,350	9,350
Investment in joint ventures	18	2	2
Property, plant and equipment	6	1,034	2,841
Intangible assets	7	559	3,599
Other non-current assets	9	1,753	1,807
Gold holdings - research and development and other gold	8	816	823
Current tax assets	15	9,288	1,127
Deferred tax asset	15	20,261	15,790
Deferred consideration receivable	13	64,933	77,871
Non-current assets		107,996	113,210
Gold holdings - gold reserve	8	23,378	35,951
Other current assets	10	7,215	9,856
Prepaid expenses		1,533	1,455
Cash and cash equivalents		45,690	63,769
Deferred consideration receivable	13	7,374	7,533
Current assets		85,190	118,564
Total assets		193,186	231,774
Equity			
Reserves		148,047	176,959
Total reserves attributable to members		148,047	176,959
Liabilities			
Provisions	12	4,235	5,474
Deferred consideration payable	13	2,819	3,481
Non-current liabilities		7,054	8,955
Creditors and accrued expenses	11	16,907	24,384
Provisions	12	2,988	3,988
Deferred consideration payable	13	1,412	645
Current tax liabilities	15	16,778	16,843
Current liabilities		38,085	45,860
Total liabilities		45,139	54,815
Total equity and liabilities		193,186	231,774

The accompanying notes form part of these financial statements

The annual financial statements were approved by the Board on 22 February 2015 and signed on their behalf by


Randall Oliphant
Chairman


Aram Shishmanian
Chief Executive Officer

Consolidated financial statements

Consolidated statement of comprehensive deficit

For the year ended 31 December 2014

	Notes	2014 US\$ 000's	2013 US\$ 000's
Revenue			
Members' dues		12,479	28,240
Sponsor fees		46,119	71,459
Other income		2,399	3,436
Total revenue		60,997	103,135
Expenses			
Market development expenditure	14	(31,499)	(56,370)
Personnel expenditure	14	(30,366)	(32,697)
General and administrative expenditure	14	(23,474)	(26,692)
Total operational expenditure		(85,339)	(115,759)
Results from operating activities		(24,342)	(12,624)
Interest income		374	290
Interest expense and similar items		(129)	(121)
Net finance income		245	169
Net foreign exchange transaction losses		(5,044)	(93)
Changes in fair value of financial instruments	13	2,382	(35,435)
Loss on disposal of assets		(32)	(22)
Impairment	7	(2,667)	-
Total other expenditure and income		(5,361)	(35,550)
Deficit before income tax		(29,458)	(48,005)
Income taxes	15	4,214	(14,181)
Deficit after tax		(25,244)	(62,186)
Other comprehensive income			
Foreign currency translation differences - foreign operations		(2,922)	(2,107)
Remeasurement of defined benefit liability	12	(746)	-
Total other comprehensive income		(3,668)	(2,107)
Total comprehensive deficit for the year		(28,912)	(64,293)

The accompanying notes form part of these financial statements

Consolidated financial statements
Consolidated statement of changes in equity
For the year ended 31 December 2014

	Donation of net assets US\$ 000's	Translation reserve US\$ 000's	Retained surplus US\$ 000's	Total equity US\$ 000's
At 1 January 2013	152	(51,244)	292,344	241,252
Deficit for the year – 2013	-	-	(62,186)	(62,186)
Exchange differences on translation of overseas operations – 2013	-	(2,107)	-	(2,107)
Comprehensive deficit – 2013	-	(2,107)	(62,186)	(64,293)
At 31 December 2013	152	(53,351)	230,158	176,959
Deficit for the year – 2014	-	-	(25,244)	(25,244)
Exchange differences on translation of overseas operations – 2014	-	(2,922)	-	(2,922)
Remeasurement of defined benefit liability	-	-	(746)	(746)
Comprehensive deficit – 2014	-	(2,922)	(25,990)	(28,912)
At 31 December 2014	152	(56,273)	204,168	148,047

The accompanying notes form part of these consolidated financial statements

Consolidated financial statements
Consolidated statement of cash flows
For the year ended 31 December 2014

	2014 US\$ 000's	2013 US\$ 000's
Cash flow from operating activities		
Operating (deficit)/surplus	(24,342)	(12,624)
Depreciation on property, plant and equipment	1,068	1,022
Amortisation of intangibles	373	85
Impairment of Property Plant and Equipment	756	-
Non-cash Items	(1,232)	(2,628)
(Decrease) / increase in provisions	(2,239)	(1,773)
Decrease / (increase) in other assets	2,723	11,942
(Decrease) / increase in other liabilities	(7,966)	(6,804)
Taxes paid	(8,145)	(18,768)
Net cash outflow from operating activities	(39,004)	(29,548)
Cash flow from investing activities		
Interest and other income received	374	290
Net (purchase) / consideration of property, plant and equipment	(120)	(718)
Purchase of intangible	-	(1,017)
Investment in joint ventures	-	(2)
Sale of gold holdings	22,040	-
Deferred consideration paid	-	(750)
Net cash received / (used) in investing activities	22,294	(2,197)
Foreign exchange (loss) / gain on cash and cash equivalents	(1,369)	(1,739)
Net (decrease) / increase in cash and cash equivalents	(18,079)	(33,484)
Cash and cash equivalents at 1 January	63,769	97,253
Cash and cash equivalents at end of year*	45,690	63,769

*This comprises bank balances and cash in hand

The accompanying notes form part of these consolidated financial statements

Notes to the consolidated financial statements

For the year ended 31 December 2014

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Notes to the consolidated financial statements

For the year ended 31 December 2014

1 Reporting entity

The World Gold Council, an Association is established under Swiss law. The location of the World Gold Council's principal place of business is London. The consolidated financial statements of the World Gold Council as at and for the year ended 31 December 2014 include the financial statements of the World Gold Council, its branches and its wholly-owned subsidiaries (see note 17) and interests in joint ventures (see note 18).

The World Gold Council is organised for the purposes of

- Promoting the use of gold in various markets, e.g. investment, industrial applications, and as a store of value
- Research and development leading to new uses of gold and gold products
- Collecting and disseminating information about gold

2 Basis of preparation

Statement of compliance

The World Gold Council prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board. The financial statements have been prepared on a going concern basis as explained on pages 8 and 9.

The consolidated financial statements were authorised for issue by the Board of Directors on 22 February 2015.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the consolidated statement of financial position:

- **Gold holdings – gold reserve**

Gold held is fair valued at current prices at the end of each financial year with the fair value adjustment going through the consolidated statement of comprehensive deficit.

- **Deferred consideration**

The consideration receivable is based on a discounted cash flow projection utilising the closing price of gold, the gold curve for a maximum period of six years, an estimate of the gold forward curve beyond six years and an applied relevant discount factor over the period of the deferred consideration. Fair value is determined by multiplying each instalment of the deferred income by the forward price of gold and discounting the resulting value at an appropriate rate to determine the net present value. The London PM fix (or AM fix if no PM fix) is used as the fair value per ounce of gold.

Functional and presentation currency

These financial statements are presented in the functional currency of the World Gold Council which is United States Dollars ("US\$") as a substantial portion of the World Gold Council's revenue and expenditure incurred is denominated in US\$.

Notes to the consolidated financial statements

For the year ended 31 December 2014

2 Basis of preparation (continued)

Critical accounting judgements required and key sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These judgements and estimates are based on the Directors' best knowledge of the relevant facts and circumstances, having regard to previous experience and actual results may differ from these estimations.

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

Information about critical judgements in applying accounting policies that have the most significant effect on amounts recognised is included in the accounting policies and/or the Notes to the financial statements.

Areas of judgement that have the most significant effect on the amounts recognised in the financial statements are:

- The fair value of the deferred consideration receivable in gold – note 13
- The valuation of investment in BullionVault – note 20
- The valuation of intangible assets – note 7

Changes in accounting policies

There were no changes in accounting policies from the prior year applied to these financial statements.

New standards and interpretations

There were no applicable standards due to be adopted in 2014 that had a material impact on the financial statements of the World Gold Council.

A number of new standards, amendments to standards and interpretations were effective for annual periods beginning after 1 January 2015, which have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the World Gold Council.

3 Significant accounting policies

Basis of consolidation

• Subsidiaries

Subsidiaries are entities controlled by the World Gold Council. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until that date that control ceases. All intergroup transactions and balances have been eliminated.

Notes to the consolidated financial statements

For the year ended 31 December 2014

3 Significant accounting policies (continued)

- **Foreign currency transactions**

The individual financial statements of each group entity are recorded in the currency of the primary economic environment in which it operates (i.e. its functional currency). Foreign currency transactions in the World Gold Council's entities are accounted for at the average year to date exchange rates at that time. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive deficit. The resulting balances are translated at year-end exchange rates. Non-monetary items that are measured in terms of historic cost in a foreign currency are not retranslated.

- **Foreign operations**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition which are reported in these consolidated financial statements, are translated to US\$ at exchange rates at the reporting date. The income and expenses of foreign operations are translated into US\$ at the average exchange rates for the year. Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified in the statement of comprehensive deficit as part of the gain or loss on disposal. When the World Gold Council disposes of part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reallocated to non-controlling interests. When the World Gold Council disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified as surplus or deficit.

Financial instruments

- **Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, cash balances and deposits with maturities of less than three months.

- **Derivative financial instruments – hedging policy**

The World Gold Council may enter into foreign exchange forward contracts to match anticipated future cash outflows in foreign currencies. The World Gold Council's policy is to enter into foreign exchange forward contracts up to a maximum of 100% of the anticipated foreign currency expenditures for up to 12 months in advance limited to the approved annual expenditure budget for those currencies. The World Gold Council does not use derivative financial instruments for speculative purposes.

Property, plant and equipment

- **Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Notes to the consolidated financial statements

For the year ended 31 December 2014

3 Significant accounting policies (continued)

• Depreciation

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term or their useful lives unless it is reasonably certain that the World Gold Council will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years are as follows:

Leasehold Property	Over the period of the lease
Furniture and Fittings	5 to 7 years
Office Equipment	3 to 5 Years
Computer Equipment	3 years
Motor Vehicles	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets

Capitalised computer software and development is stated at cost, net of amortisation and any provision for impairment. Amortisation is charged so as to write off the cost of the assets to their estimated residual value by equal instalments over their expected useful lives up to a maximum of three years.

Leased assets

Leases in terms of which the World Gold Council assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Other leases are operating leases and are not recognised in the World Gold Council's statement of financial position.

Deferred consideration in gold

On the basis that the value of the consideration is dependent on the market price of gold, it is considered that the deferred consideration is akin to a financial instrument.

Deferred consideration in gold receivable in connection with the sale of the Gold Bullion Holdings subsidiary entities in 2008 is measured at fair value. Movements in the fair value of the deferred consideration are recognised in the consolidated statement of comprehensive deficit.

Notes to the consolidated financial statements

For the year ended 31 December 2014

3 Significant accounting policies (continued)

Gold holdings

Within the financial statements, gold holdings are broken down into gold reserve, research and development gold, and other gold

- **Gold reserve**

Gold received relates to gold bullion bars which are recorded at fair value based on the London PM Fix (or the AM Fix where the PM Fix is not available) on the date that it is received. Subsequent to initial recognition the gold reserve is carried at its revalued amount, being fair valued based on the London PM Fix on the date of revaluation. Management of the World Gold Council believes that the use of fair value is the most appropriate valuation approach to take in relation to gold reserve.

- **Research and development gold**

Gold held for the research and development process is valued at cost. This asset is considered to be a non-current asset due to the usage rate in the research and development process.

- **Other gold**

Other gold comprises holdings of gold in physical bars, coins or jewellery. This asset is considered to be a non-current asset due to the long-term promotional nature and use of the asset.

Impairment

- **Non-derivative financial assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date, to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

- **Loans and receivables**

An impairment loss in respect of a financial asset measured at amortised cost is calculated, and the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the consolidated statement of surplus, being reflected in an allowance account against loans and receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in the impairment loss is reversed through the consolidated statement of comprehensive deficit.

Notes to the consolidated financial statements

For the year ended 31 December 2014

3 Significant accounting policies (continued)

- **Non-financial assets**

The carrying amounts of the World Gold Council's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised in the consolidated statement of comprehensive deficit.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

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

Employee benefits

- **Post employment medical benefits**

The World Gold Council's obligation in respect of post employment medical benefit premiums for Geneva retirees is calculated using the projected unit method.

The actuarial method employed for the valuing of this liability projects forward the known current year premiums allowing for future premium growth and the anticipated mortality of the retirees using agreed upon rates for inflation and discount. The resulting cash flows are then discounted back to the measurement date using the discount rate to derive the total liability that is recorded in these financial statements.

The discount rate that has been applied to this valuation is that of the Swiss SBI AA Rated over 10 year corporate bond index. This index is used as all of the retirees are Geneva based and the medical premiums are Swiss denominated. For further information see note 12.

- **Other long term benefits**

The World Gold Council's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior years at present value.

Provisions

A provision is recognised if, as a result of a past event, the World Gold Council has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows where the effect is material at a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Notes to the consolidated financial statements

For the year ended 31 December 2014

3 Significant accounting policies (continued)

- **Onerous contracts**

A provision for onerous contracts is recognised when the expected benefits to be derived by the World Gold Council from a contract are lower than the unavoidable cost of meeting its obligation under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the World Gold Council recognises any impairment loss on the assets associated with that contract.

Revenue

- **Members' dues**

Members' dues are assessed and recognised quarterly on an accruals basis. These revenues are recorded at their estimated net collectible amounts.

- **Sponsor fees**

This represents the fee payable to the World Gold Council's subsidiary, World Gold Trust Services, LLC, ("WGTS") by the SPDR® Gold Trust. This fee is recognised on an accruals basis in accordance with the terms of the Trust Indenture governing the administration of the Trust. This revenue is recorded at its collectible amount. Further information on WGTS's duties in respect of the Trust can be found in note 19 to these consolidated financial statements.

- **Other income**

This primarily represents royalty fees recognised on an accruals basis in accordance with the substance of the underlying agreement relating to GBS/ETFS products.

Market development expenditure

Market development expenditure comprises all project related costs including marketing, promotions, PR campaigns, advertisement and publications.

Lease payments

Payments made under operating leases are recognised in the statement of comprehensive deficit on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Income tax

The World Gold Council provides for income taxes on the basis of taxable earnings for the year. The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year and imputed return on annual expenditure.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws relevant to the various jurisdictions in which the World Gold Council operates.

Deferred income tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Notes to the consolidated financial statements

For the year ended 31 December 2014

3 Significant accounting policies (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the consolidated statement of comprehensive deficit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced by the value that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the statement of financial position date. Income and expenditure are translated at the average exchange rates for the period. Exchange differences arising if any are recognised in other comprehensive income and accumulated in reserves.

Comparatives

Certain comparative amounts have been reclassified to conform with the current year's presentation.

4 Activities

The World Gold Council's activities can be broken down into five areas, being investment, technology, government affairs and infrastructure. Currently these activities are carried out by the World Gold Council in India, the Far East, Europe and the USA.

5 Financial risk management

Risk management is carried out by the World Gold Council and management gives consideration to capital, currency, credit, market, interest rate and liquidity risks. Capital is regarded as the retained reserves attributable to members.

The World Gold Council operates a balanced budget methodology whilst ensuring that programme related costs do not exceed revenue received.

The Group's policy is to ensure that its net exposure to expenditure denominated in foreign currencies is kept to an acceptable level through appropriate treasury management.

The deferred consideration in gold and gold received in lieu of cash pertaining to the sale of the GBS entities in 2008 was classified having regard to IAS 39 ('Financial Instruments: Recognition and Measurement'). Management believe that there is limited credit risk in respect of the deferred consideration and their view of this risk is reflected in the discount rate used in the valuation of the receivable. The value of the deferred consideration will vary directly in line with changes in the gold price, the discount factor used and the gold yield curve.

Management believe that the World Gold Council's exposure to interest rate risks is limited.

Notes to the consolidated financial statements

For the year ended 31 December 2014

6 Property, plant and equipment

	Leasehold improvements US\$000's	Furniture and fittings US\$000's	Office equipment US\$000's	Computer equipment US\$000's	Motor vehicles US\$000's	Total US\$000's
Cost						
1 January 2013	2 593	1,571	142	1,513	55	5,874
Additions	294	5	7	424	47	777
Disposals	(16)	(39)	(1)	(41)	-	(97)
Movement in exchange rates	(2)	10	(3)	28	(13)	20
31 December 2013	2,869	1,547	145	1,924	89	6,574
Additions	163	-	2	10	-	175
Disposals	(234)	(39)	-	(110)	(47)	(430)
Impairment	(908)	(468)	-	-	-	(1,376)
Movement in exchange rates	(100)	(63)	(5)	(81)	(2)	(251)
31 December 2014	1,790	977	142	1,743	40	4,692
Depreciation						
1 January 2013	967	818	88	783	45	2,701
Depreciation for the year	427	145	20	416	14	1,022
Disposals	-	(16)	-	-	-	(16)
Movement in exchange rates	12	9	(4)	16	(7)	26
31 December 2013	1,406	956	104	1,215	52	3,733
Depreciation for the year	544	140	16	360	8	1,068
Disposals	(209)	(22)	-	(67)	(44)	(342)
Impairment	(298)	(322)	-	-	-	(620)
Movement in exchange rates	(69)	(44)	(2)	(65)	(1)	(181)
31 December 2014	1,374	708	118	1,443	15	3,658
Carrying amounts						
At 1 January 2013	1,626	753	54	730	10	3,173
At 31 December 2013	1,463	591	41	709	37	2,841
At 31 December 2014	416	269	24	300	25	1,034

Notes to the consolidated financial statements

For the year ended 31 December 2014

7 Intangible assets

	Technology US\$ 000's	Computer software and development US\$ 000's	Total US\$ 000's
Cost			
1 January 2013	3,667	-	3,667
Additions	-	1,017	1,017
31 December 2013 and 31 December 2014	3,667	1,017	4,684
Amortisation and realisation			
1 January 2013	1,000	-	1,000
Amortisation	-	85	85
31 December 2013	1,000	85	1,085
Amortisation	-	373	373
Impairment	2,667	-	2,667
31 December 2014	3,667	458	4,125
Carrying amounts			
At 1 January 2013	2,667	-	2,667
At 31 December 2013	2,667	932	3,599
At 31 December 2014	-	559	559

Technology cost of \$3.7 million relates to gold catalytic patents, applications and license rights of gold based catalytic converter technology ('Gold Technology'). In 2012, the World Gold Council received US\$1.0 million for a sale of license rights of Gold Technology to a third party which was included as other income. The basis of the original \$3.7 million value paid had not materially changed in 2012 and 2013, accordingly in 2012, \$1.0 million of the original value was realised.

Due to the continuation of the low price of platinum when compared to gold and the levels required to trigger an income from the existing royalty agreement, Management believe there is less certainty over the economic benefit of the technology IP and has impaired it down to \$100.

8 Gold holdings

This is made up of gold held for research and development purposes, gold reserves which arise from the receipt of the deferred consideration and royalties settled in gold, and other gold which comprise bars, coins and jewellery.

	2014 US\$ 000's	2013 US\$ 000's
Non-current		
Research and development gold - cost	58	65
Other gold - cost	758	758
At 31 December	816	823
Current		
Gold reserve – market value	23,378	35,951

Notes to the consolidated financial statements

For the year ended 31 December 2014

8 Gold holdings (continued)

The movement in the value of the gold reserve is a factor of the gold received of US\$9.8m, a sale of gold reserve of US\$22.0m and a fair value movement of US\$0.3m

Research and development gold market value at 31 December 2014 was US\$0.2 million (2013 US\$0.2 million). Other gold market value at 31 December 2014 was US\$0.9 million (2013 US\$0.9 million).

The gold reserve represents a level 1 fair value measurement as this is derived from quoted gold prices.

Amounts received in respect of the deferred consideration and licence fees were 6,567 ounces (2013 6,567 ounces) and 1,005 ounces (2013 2,256 ounces) respectively. As at 31 December 2014, 19,494 oz (2013 29,922 oz) of gold was held in reserves.

Sensitivity to movement in Gold Price – gold reserve

For every US\$10 movement in the gold price, the World Gold Council is subject to an approximate US\$195,000 (2013 US\$300,000) fluctuation in the value of its gold reserve holdings.

9 Other non-current assets

	2014 US\$ 000's	2013 US\$ 000's
Other non-current assets		
Lease and utility deposits	1,067	1,227
Other non-current assets	686	580
Total other non-current assets	1,753	1,807

10 Other current assets

	2014 US\$ 000's	2013 US\$ 000's
Other current assets		
Dues receivable from members	1,817	1,450
Receivable from SPDR Gold Trust	1,957	4,112
Trade partner receivables	302	268
VAT receivable	1,923	2,413
Other current assets	1,216	1,613
Total other current assets	7,215	9,856

11 Creditors and accrued expenses

	2014 US\$ 000's	2013 US\$ 000's
Creditors	1,081	2,625
Accrued expenses	15,800	21,421
Other taxes payable	17	59
Other payables	9	279
Total creditors and accrued expenses	16,907	24,384

Notes to the consolidated financial statements

For the year ended 31 December 2014

12 Provisions

	Post employment medical benefits US\$000's	LTIP US\$000's	Other US\$000's	Total US\$000's
Current liabilities	53	3,741	194	3,988
Non-current liabilities	1,216	3,473	785	5,474
Balance at 1 January 2014	1,269	7,214	979	9,462
Increase in provisions	-	184	1 056	1,240
Amounts utilised	(55)	(4,000)	(194)	(4,249)
IAS 19 movements	770	-	-	770
Balance at 31 December 2014	1,984	3,398	1,841	7,223
Analysis between non-current and current liabilities				
Current liabilities	60	2,666	262	2,988
Non-current liabilities	1,924	732	1,579	4,235
Balance at 31 December 2014	1,984	3,398	1,841	7,223

IAS 19 ('Employee Benefits') movements consist of interest costs of US\$24,000, included within Personnel Expenditure, exchange gain of US\$130,000 and actuarial loss of US\$876,000 included within Other Comprehensive Income

Post employment medical benefits

There are currently 8 (2013 10) Geneva retirees. Each year the World Gold Council pays a maximum of 50% of total medical insurance premiums for the retirees.

For 2014 the World Gold Council obtained a third party actuarial valuation of its liability in this respect, which brings into account inflation, discount rates and longevity assumptions.

An actuarial loss arose following an increase in the inflation rate reflecting past experience.

There are no assets in the Scheme. Benefits are met out of future company cash flow.

The provision for retiree benefits (present value of scheme benefits) increased by an overall US\$715,000 during the year (2013 US\$19,000 increase).

The principal assumptions around the 2014 valuation have been updated from the 2011 actuarial valuation to reflect current market conditions with inflation of 8% (2013 4%) and the use of a liability discount rate of 0.85% (2013 1.95%).

	2014 US\$ 000's	2013 US\$ 000's
Amounts recognised in the balance sheet		
Present value of scheme liabilities	(1,984)	(1,269)
Related deferred tax asset	397	266
Net liability	(1,587)	(1,003)

The council expects to contribute US\$60,000 (2014 US\$53,000) to the scheme during the year ending 31 December 2015.

Notes to the consolidated financial statements

For the year ended 31 December 2014

12 Provisions (continued)

Long term incentive plans (LTIPs)

During the financial year ended 31 December 2013, a Long Term Incentive Plan was in place for a number of members of the Leadership Team. However, this plan was closed during the current year.

During the current year there was a net decrease in this provision of US\$3.8 million (2013: US\$1.7 million decrease). The total amount provided at 31 December 2014 is US\$3.4 million (2013: US\$7.2 million). The terms of the LTIP are such that US\$2.7 million (2013: US\$3.7 million) will vest within the next financial year with the balance vesting in subsequent periods.

Other provisions

Other provisions include two onerous lease contracts in New York for non-cancellable leases for office space. One of these has been created in the current year.

The provisions have been calculated with reference to the net rental costs to the end of the lease term in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

13 Deferred consideration

Deferred consideration overview

During 2004 the World Gold Council invested US\$74,817 in exchange for 39% of Gold Bullion Holdings Limited ("GBH") which, in turn, owned 100% of Gold Bullion Securities Limited ("GBSJ"). Both companies are registered in Jersey, Channel Islands. GBH acquired 100% of Gold Bullion Securities Limited ("GBSA"), a company registered in Australia, on 1 January 2005. Both GBSJ and GBSA were set up in order to issue gold-backed securities, which are listed on the London and Australian Stock Exchanges respectively.

On 11 July 2008, the World Gold Council acquired the 28% of GBH owned by Gold Bullion Investment Trust ("GBIT") for deferred cash consideration of US\$10.0 million making GBH a 67% subsidiary of the WGC. The remaining 33% interest in GBH was owned by Exchange Traded Fund Securities Limited ("ETFS"). The US\$10 million is payable in instalments through to December 2019 and the investment was accounted for at its fair value at the time of purchase of US\$8.8 million. The 28% shareholding is in a class of shares which only entitles the holders to 5% of the economic interest in GBH.

On 18 July 2008 GBH completed the sale ("the Disposal") of its subsidiaries, GBSJ and GBSA, to ETFS for deferred consideration in gold of 492,500 ounces payable, in equal instalments every 6 months, between 2008 and 2058 (the "Deferred Consideration").

On 18 July 2008, GBH cancelled the 33% shareholding in GBH which belonged to ETFS by transferring one third of the proceeds of the Disposal to them (164,167 ounces payable between 2008 and 2058 – a result of this series of transactions, GBH became a 100% subsidiary of the

World Gold Council and would receive Deferred Consideration totalling 328,333 ounces ("deferred consideration receivable").

The whole deferred consideration contract was designated at the time of the transaction akin to a financial asset measured at fair value through profit and loss, accordingly movements in the fair value of the contract will be taken to the consolidated statement of comprehensive deficit over the life of the deferred consideration.

Notes to the consolidated financial statements

For the year ended 31 December 2014

13 Deferred consideration (continued)

The deferred consideration represents a level 3 fair value measurement as this is derived from a combination of quoted gold prices and inputs other than quoted prices. At the end of December 2014 the number of ounces payable to World Gold Council Holdings Limited by ETFS is 285,650 ounces (2013 292,218) after 3,283.33 ounces had been received in both March 2014 and September 2014.

Statement of financial position

	2014 US\$ 000's	2013 US\$ 000's
At 1 January	85,404	117,650
Gold received	(8,557)	(9,642)
Fair value adjustment	(4,540)	(22,604)
At 31 December	72,307	85,404
Current assets	7,374	7,533
Non-current assets	64,933	77,871
Total receivables	72,307	85,404

	2014 US\$ 000's	2013 US\$ 000's
Fair Value Adjustment on Gold		
Fair value on deferred consideration	(4,540)	(22,604)
Fair value adjustment on gold holdings	(322)	(10,609)
Foreign Exchange	7,244	(2,222)
	2,382	(35,435)

Deferred consideration receivable

The accounting treatment adopted for the deferred consideration receivable for the GBS entities is based on a discounted cash flow projection. The present value of each instalment of the Deferred Consideration is valued by multiplying the number of ounces of gold receivable by a gold forward price and discounting the resulting value at an appropriate discount rate that reflects the current market assessments of the time value of money and the risks specific to the deferred consideration. The value of the Deferred Consideration will vary in line with changes in gold spot and forward prices along with the discount factor used.

The gold forward price for the next 10 years is an observable input into the valuation of Deferred Consideration, based on market data. Thereafter, no observable market data in respect to gold forward prices is available, consistent with the lack of liquidity in the market for gold beyond 10 years. At 31 December 2014, the present value of Deferred Consideration receivable within the next 10 years is US\$43.1 million (2013 US\$50.4 million) representing 59.6% (2013 59%) of the present value of total deferred consideration receivable.

To calculate the gold forward price for years 11 to 44, a forward rate of 6.66% has been used, which approximates the 10-year Gold Forward Offered Rate ("GOFO").

Valuation techniques that rely to a greater extent on unobservable inputs require a higher level of management judgement to calculate a fair value than those based wholly on observable inputs relating to the discount rate and the gold forward price. The valuation of Deferred Consideration is highly sensitive to changes in current gold price and to a lesser extent gold forward prices beyond 10 years.

Notes to the consolidated financial statements

For the year ended 31 December 2014

13 Deferred consideration (continued)

Sensitivity analysis has been performed in respect of the GOFO beyond 10 years. The value of deferred consideration based on the maximum and minimum historical rolling average estimated 10-year gold forward price of 1% and 7% would be US\$54.4 million (2013: US\$74.2 million) and US\$74.1 million (2013: US\$126.4 million) respectively, which highlights the sensitivity of the calculation. The present value of Deferred Consideration receivable recognised at 31 December 2014 of US\$72.3 million is considered to be a reasonable approximation of fair value.

Given the uncertainty and subjective nature of valuing financial instruments at fair value, it is possible that the outcomes in the next financial year could differ from that of the current year, due to the assumptions used. Differences in assumptions used could result in a material adjustment in the carrying amount of the Deferred Consideration measured at fair value. Movements in fair value will be taken to the consolidated statement of comprehensive deficit over the life of the Deferred Consideration.

A discount rate of 17.66% (2013: 12.69%) has been applied, which reflects a risk-free rate (referenced to LIBOR), a risk premium (which reflects the Association's assumed cost of funding) and a credit risk premium for ETFS (to estimate the credit risk associated with lending to ETFS for a remaining period of circa 45 years). At 31 December 2014 and to the date of this report, the assets of ETFS are more than sufficient to permit payments to be made.

The table below highlights the sensitivity of the valuation of the Deferred Consideration to changes in other significant assumptions at the reporting date.

Sensitivity Summary (US\$ millions)	2014	2013
Discount rate sensitivity		
1% Increase	5.6 decrease	7.3 decrease
1% Decrease	6.6 increase	8.7 increase
Gold price movement		
US\$10 increase	0.6 increase	0.7 increase
US\$10 decrease	0.6 decrease	0.7 decrease
1% increase	0.7 increase	0.9 increase
1% decrease	0.7 decrease	0.9 decrease

In the event of liquidation of ETFS, the right of World Gold Council to receive payments in gold would revert to GBSJ and GBSA (i.e. GBSJ and GBSA would become liable to continue making the payments to Gold Bullion Holdings Limited).

Notes to the consolidated financial statements

For the year ended 31 December 2014

13 Deferred consideration (continued)

Deferred consideration payable

The deferred liability using a discount rate of 2.79% is broken down as follows

	2014 US\$ 000's	2013 US\$ 000's
Amount payable to GBIT	4,126	4,756
Effective interest	105	120
Payments during the year	-	(750)
At 31 December	4,231	4,126
Current Liabilities	1,412	645
Non-current Liabilities	2,819	3,481
Total Liabilities	4,231	4,126

14 Operating expenditure

	2014 US\$ 000's	2013 US\$ 000's
Media and promotional expenditure	15,513	34,912
Research and consultancy costs	13,793	15,486
Marketing and development costs	2,193	5,972
Total market development expenditure	31,499	56,370
Key management personnel compensation*	9,361	9,689
Other personnel expenditure	21,005	23,008
Total personnel expenditure	30,366	32,697
Facility costs	10,841	8,704
Membership governance	547	721
Professional fees	8,441	9,596
Travel and other costs	3,645	7,671
Total general and administrative expenditure	23,474	26,692
Total operational expenditure	(85,339)	115,759

* Key management personnel compensation is comprised of short-term employee benefits of US\$9.1 million (2013: US\$6.8 million), post employment benefits of US\$ nil (2013: US\$ nil), long-term employee benefits of US\$ nil million (2013: US\$2.0 million), and termination benefits of US\$0.2 million (2013: US\$0.9 million)

Amounts receivable by auditors and their associates in respect of:	2014 US\$ 000's	2013 US\$ 000's
Audit of these financial statements	268	241
Audit of financial statements of subsidiaries of the company	154	129
Taxation compliance services	210	206
Total fees	632	576

Notes to the consolidated financial statements

For the year ended 31 December 2014

14 Operating expenditure (continued)

	2014 No.	2013 No.
Employee numbers		
Number of employees at year end	91	92
	2014 US\$ 000's	2013 US\$ 000's
Contributions to retirement plans (all staff)		
Contributions made to retirement plans	1,304	1,429

In addition to the above numbers the valuation adjustment in respect of the LTIPs (Long Term Incentive Plans) are set out in note 12

15 Taxation

	2014 US\$ 000's	2013 US\$ 000's
Analysis of tax charge		
Current taxes on profit for year	4,267	28,587
Current taxes adjustment for prior years	(3,995)	1,009
Deferred taxation on profit for year	(5,181)	(14,982)
Deferred taxation adjustment for prior years	695	(433)
Taxation for the year	(4,214)	14,181

The World Gold Council is an Association registered in Switzerland and operating worldwide across a number of fiscal jurisdictions with varying tax legislation and rates

The World Gold Council has a mutual status for UK Corporation Tax. As a result of this, the charge to UK Corporation Tax is levied only on its non-mutual trading income. Changes in fair value of financial instruments are not subject to tax.

Tax reconciliation

	2014 US\$ 000's	2013 US\$ 000's
Deficit in the consolidated statement of comprehensive deficit	(30,204)	(48,005)
Tax credit at the standard rate of UK tax of 21.5% (2013: 23.25%)	(6,494)	(11,161)
Expenses not deductible and income not taxable	1,485	18,355
Creation of tax losses not recognised and similar	2,796	3,537
Overseas tax rates and local taxes	1,299	2,874
Adjustments in respect of prior years	(3,300)	576
Taxation for the year	(4,214)	14,181

Notes to the consolidated financial statements

For the year ended 31 December 2014

15 Taxation (continued)

Reconciliation of taxation – current liability	UK Tax US\$ 000's	Foreign Tax US\$ 000's	Total US\$ 000's
Balance at 1 January 2014	2,546	13,170	15,716
Charge for current year	(2,752)	3,024	272
Exchange differences	(281)	(72)	(353)
Tax paid	(5,498)	(2,647)	(8,145)
Balance at 31 December 2014	(5,985)	13,475	7,490
Shown as receivable in consolidated statement of financial position	(5,985)	(3,303)	(9,288)
Shown as payable in consolidated statement of financial position	-	16,778	16,778
Total as above	(5,985)	13,475	7,490

Reconciliation of deferred taxation - foreign	Tax losses US\$ 000's	Other timing differences US\$ 000's	Total US\$ 000's
Balance at 1 January 2014	-	(15,790)	(15,790)
Credit for current year	(19,507)	15,021	(4,486)
Exchange difference	-	15	15
Balance at 31 December 2014	(19,507)	(754)	(20,261)

The Group's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Group's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The resolution of issues is not always within the control of the Group and it is often dependent on the efficacy of the legal processes in the relevant tax jurisdictions in which the Group operates.

16 Financial commitments and guarantees

	2014 US\$ 000's	2013 US\$ 000's
(a) Capital commitments at the end of the financial year which are contracted but not provided for	Nil	Nil

(b) Total commitments under non-cancellable operating lease rentals payable are as follows

	2014 US\$ 000's	2013 US\$ 000's
Due within one year	3,087	3,221
Due between 2 and 5 years	8,621	9,438
Due beyond 5 years	1,706	3,564
Total non-cancellable operating lease commitments	13,414	16,223

Notes to the consolidated financial statements

For the year ended 31 December 2014

16 Financial commitments and guarantees (continued)

The commitments for 2014 include the gross commitment of US\$8.6 million (2013: US\$1.8 million) in regards to the office space that is no longer required. The obligation for the discounted future payment, net of expected rental income as an onerous lease provision is recorded in the 2014 financial statements.

Bank guarantees

The World Gold Council has bank guarantees totalling US\$1,497,000 (2013: US\$1,497,000) which it holds in the normal course of its operations and in addition holds a letter of credit totalling US\$517,500 (2013: US\$517,500) in favour of the lessor for the office space in New York.

17 Subsidiaries, branches and representative offices

The consolidated financial statements incorporate the assets, liabilities, revenue and expenditure (other than intra-group items) of the following subsidiaries, branches and representative offices through which the World Gold Council conducts its operations:

Subsidiaries (100% owned)	Location
WGC (US) Holdings Inc	USA
World Gold Trust Services, LLC	USA
WGC USA Inc	USA
WGC USA Distribution Company, LLC	USA
WGC (UK) Finance Limited	United Kingdom
World Gold Council KK	Japan
World Gold Council (Far East) Pte Limited	Singapore
WGC Financial Services SA	Switzerland
WGC Holdings Limited	Jersey
Gold Bullion Holdings Limited	Jersey
World Gold Council (IOM) Limited	Isle of Man
World Gold Council Holdings Technology Limited	Jersey
WGC (UK) Limited	United Kingdom
World Gold Council (India) Private Limited	India
World Gold Council China Co Limited	China – Beijing
World Gold Council China Co Limited	China – Shanghai
Gold Bullion Securities Limited	Hong Kong
WGC Investment Services Limited	Hong Kong
Gold Bullion Nominees Limited	Hong Kong (Dormant)
Branches and representative offices	Location
United Kingdom	London
China	Beijing and Shanghai
India	Mumbai and Chennai

Notes to the consolidated financial statements

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18 Investment in joint ventures

In October 2013 World Gold Council, via its subsidiary WGC (UK) Limited acquired a 50% share in Metals Focus Data Limited for US\$1,638 (£1,000). The business of the joint venture is the collection of data relating to the supply and demand for precious metals and licensing of data to third parties.

Joint ventures	Location
Metals Focus Data Limited (50% owned)	United Kingdom

19 Related party transactions

In accordance with IAS 24 ('Related Party Disclosures') the Directors believe that the following are related party transactions in respect of internal and external dealings that the World Gold Council may have.

Trading transactions

Transactions between the World Gold Council, its subsidiaries and its branches, are eliminated on consolidation and are not disclosed in this note. Transactions with members of the World Gold Council are disclosed separately below.

Transactions with trading partners who are joint shareholders in investments that the World Gold Council holds are disclosed below.

Members' Dues	2014 US\$ 000's	2013 US\$ 000's
Top 10 Members' dues	11,453	26,008
Percentage of total Members' dues	91.77%	92.10%
Amounts due from members at 31 December	1,817	1,450

Total Members' dues in 2014 amounted to US\$12.5 million (2013: US\$28.2 million).

Trading transactions with Gold Bullion Investment Trust (GBIT)	2014 US\$ 000's	2013 US\$ 000's
Accrued liability / loan to GBIT	105	121
Deferred consideration paid to GBIT	-	750
Deferred consideration current liability	1,412	645
Deferred consideration non-current liability	2,819	3,481

The beneficiaries of Gold Bullion Investment Trust ("GBIT") include a number of the Members of the World Gold Council. However, the World Gold Council is unable to influence the actions of GBIT. As a result, the operations of GBIT are seen as distinct from that of World Gold Council and are not consolidated in the World Gold Council's results.

Transactions with joint ventures

Transactions with Metals Focus Data Limited ("MFD") included expenses recorded of US\$1,627,057 (2013: US\$200,000). At 31 December 2014 US\$16,337 (2013: nil) was owed to MFD.

Notes to the consolidated financial statements

For the year ended 31 December 2014

19 Related party transactions (continued)

Other significant trading parties

The following parties are significant for the underlying operations of the World Gold Council. The World Gold Council does not exert influence over these parties, but due to the nature, significance and timeframe of the relationship the transactions are detailed below

Trading transactions with ETF Securities	2014 US\$ 000's	2013 US\$ 000's
Participation fee from ETFS	1,232	2,951
Participation fee receivable from ETFS at year end	95	124
Semi-annual capital gold received	8,557	9,642

The above represents transactions with ETF Securities ("ETFS") in 2014. ETFS was the third party that the subsidiaries of Gold Bullion Holdings Limited were sold to in 2008. The above transactions represent a flow of income to the World Gold Council and World Gold Council Holdings Limited as a result of the 2008 transaction. World Gold Council Holdings Limited currently receives gold from ETFS by way of the semi annual payment until March 2058. The royalty fee is received monthly in gold.

ETFS has been included in the related party analysis due to the magnitude and nature of the receivable, along with the timeframe over which the gold will be received.

Trading transactions with SPDR® Gold Trust	2014 US\$ 000's	2013 US\$ 000's
Sponsor fees from the Trust	46,119	71,459
Amount receivable from the Trust at year end	1,957	4,112

The above relates to all the transactions undertaken with the SPDR® Gold Trust by the World Gold Council's US based subsidiary World Gold Trust Services LLC ("WGTS")

WGTS, a company wholly owned by the ultimate parent company the World Gold Council, is the sponsor of SPDR® Gold Trust (the "Trust"), an investment trust whose shares are traded on NYSE Arca Inc. The shares of the SPDR® Gold Trust are also listed on the Singapore Exchange, the Mexican Stock Exchange (Bolsa Mexicana de Valores), the Tokyo Stock Exchange and the Stock Exchange of Hong Kong.

WGTS was responsible for establishing the Trust and for the registration of the Trust's shares. WGTS generally oversees the performance of the Trustee (The Bank of New York Mellon) and the Trust's principal service providers, but does not exercise day-to-day oversight over the Trustee or such service providers.

WGTS regularly communicates with the Trustee to monitor the overall performance of the Trust. WGTS, with the assistance and support of the Trustee, is responsible for preparing and filing periodic reports on behalf of the Trust with the United States Securities and Exchange Commission, along with that of the Tokyo stock exchange and will provide any required certification for such reports. WGTS will designate the independent registered public accounting firm of the Trust and from time to time employs legal counsel for the Trust. WGTS maintains a public website on behalf of the Trust, which contains information about the Trust and the Trust's shares, and oversees certain shareholder services, such as prospectus fulfilment.

Fees are paid to the Sponsor as compensation for services performed under the trust indenture and for services performed in connection with maintaining the Trust's website.

Notes to the consolidated financial statements

For the year ended 31 December 2014

20 Investments

	2014 US\$ 000's	2013 US\$ 000's
Investment in BullionVault	9 270	9,270
Other investments	80	80
Balance at 31 December	9,350	9,350

BullionVault

World Gold Council through its Jersey based subsidiary WGC Holdings Limited holds 39,971 shares in Galmarley Limited trading as BullionVault.com. This represents 11.45% of the issued share capital of Galmarley Limited.

WGC Holdings Limited purchased the shares on 17 June 2010 for a consideration of £6,249,865 plus fees of £18,785 (US\$9,270,467).

BullionVault provides investors with an around-the-clock on-line platform which can be used to buy, sell, and own 100% physical gold bullion. BullionVault is the global leader in this rapidly growing segment - storing over US\$1.3 billion of physical gold for more than 50,000 users. The investment in BullionVault is aligned with World Gold Council's mission to stimulate and sustain the demand for gold.

A review of the carrying value of its shareholding for the year ended 31 December 2014 has indicated that the investment value is a good proxy for management's best estimate of the fair value of the stake held.

Other investments

This represents the value invested in a gold technology start up company by World Gold Council Holdings Limited.

21 Subsequent events

On 20 January 2015, the company announced to its employees that it would be eliminating certain activities that will result in a reduction in its workforce and lower office requirements. It is expected that the costs of the restructuring will be in the region of \$15 million. A provision of \$1.1m was made in the year ended 31 December 2014.

Locations of the World Gold Council

The World Gold Council network covers the USA, Europe, India and the Far East including China and Japan. This network provides us with expertise in every aspect of the gold market and is fundamental to creating local and increasingly global initiatives with partners. Strong contacts with local governmental organisations and trade bodies enable the World Gold Council to play a leading role in liberalising markets.

Strong local trade contacts have also allowed the development of joint marketing initiatives with retailers, manufacturers and trade organisations. Local offices develop the relationships with the key partners helping to create demand for specific partner pieces and to improve the image of gold.

Location	Address
London (head office)	10 Old Bailey, London EC4M 7NG United Kingdom Tel +44 (0)20 7826 4700 Fax +44 (0)20 7826 4799
Registered Swiss address	c/o Pestalozzi Lachenal Party 65 Rue de Rhone Geneva 3 Switzerland CH 1211
New York	510 Madison Avenue, 9th Floor New York, NY 10017, United States of America Tel +1 212 317 3800 Fax +1 212 688 0410
Singapore	9 Raffles Place, Level 57, Republic Plaza Singapore 048619, Republic of Singapore Tel +65 6823 1510 Fax +65 6823 1410
Beijing	Room 556, 5/F China Life Tower No. 16 Chaowai Street, Chaoyang District 100020 Beijing, People's Republic of China Tel +86 10 5877 1037 Fax +86 10 5877 1596
Shanghai	Room 5B, 48 th Floor 1717 Nanjing Road (West) Wheelock Square, Jing'an District, 200040 Shanghai, People's Republic of China T +86 21 2226 1188 F +86 21 2226 1199
Hong Kong	Level 19, Two International Finance Centre 8 Finance Street Central, Hong Kong Tel +852 2251 8923 Fax +852 2251 8976
Mumbai	B-6/3, 6th floor, Laxmi Towers C-25, Bandra Kurla Complex Bandra (East), Mumbai – 400051, India Tel +91 22 6157 9100 Fax +91 22 6157 9199
Chennai	2B Alexander Square, 34/35 Sardar Patel Road Guindy Chennai 600 032, India Tel +91 44 2230 0083/0084 Fax +91 44 2230 0086
Tokyo	Shin Aoyama Building / East 19F 1-1-1 Minami-Aoyama, Minato-ku Tokyo 107-0062, Japan Tel +81 3 3402 4811 Fax +81 3 3423 3803

Websites

www.gold.org
www.exchangetradegold.com
www.spdrgoldshares.com