THE ROYAL MINT®

THE ORIGINAL MAKER

ANNUAL REPORT

2020–2021

THE ROYAL MINT®
THE ORIGINAL MAKER

The Royal Mint Limited

CONSOLIDATED ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

Company registration number: 6964873

The Royal Mint Limited

ANNUAL REPORT 2020–21

DIRECTORS

Graham Love*
CHAIRMAN

Anne Jessopp
CHIEF EXECUTIVE

Nicola Howell
CHIEF COMMERCIAL OFFICER

Andrew Mills
DIRECTOR OF CURRENCY

Huw Lewis
CHIEF FINANCIAL OFFICER

Xenia Carr-Griffiths*

Cheryl Toner*

Michael Clayforth-Carr*

William Spencer*

Shimi Shah*

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

*Non-Executive Directors

EXECUTIVE MANAGEMENT TEAM

Anne Jessopp
CHIEF EXECUTIVE

Andrew Mills
DIRECTOR OF CURRENCY

Nicola Howell
CHIEF COMMERCIAL OFFICER

Leighton John
DIRECTOR OF OPERATIONS

Huw Lewis
CHIEF FINANCIAL OFFICER

Sarah Bradley
DIRECTOR OF HR AND SHE

Sean Millard
CHIEF GROWTH OFFICER

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
Email: informationoffice@royalmint.com
Website: royalmint.com

Certifications

ISO 9001 – QUALITY MANAGEMENT

ISO 9001 is a certified Quality Management System (QMS) for organisations who have proven their ability to consistently provide products and services that meet the needs of their customers and other relevant stakeholders.
Certificate number FM 13962

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 EMS 84940

ISO 50001 – ENERGY MANAGEMENT

The standard specifies the requirements for establishing, implementing, maintaining and improving an energy management system.
Certificate number EnMS 719847

Memberships

LBMA

The London Bullion Metals Association is an international trade association, representing the London market for gold and silver bullion.

LPPM

The London Platinum and Palladium Market is a trade association that acts as the co-ordinator for activities conducted on behalf of its members and other participants in the London market.

Contents

Chairman's Statement

The past year has been an extraordinarily challenging one for the world as a whole, and The Royal Mint has been no exception. Our staff, our customers, our suppliers and partners have all faced a wide variety of personal and business challenges, and we have felt a strong sense of responsibility in supporting all of them where we could through this difficult period. Many of our staff have been working from home, or have had to adjust to different working practices in order to stay safe whilst continuing to serve our customers to the best of our abilities. I am grateful to all of them for the dedication and resilience they have shown during this testing period.

I am also pleased to report that, despite the significant headwinds of the past year, particularly in our Currency division, our management team has done an outstanding job of accelerating the diversification strategies we had already initiated. This meant that, not only were we able to survive without requesting any Government assistance, but overall we delivered one of our best ever trading results – exceeding one billion pounds in revenue for the first time.

Underpinning these strong financial results is a 3-year plan, which acknowledges that, whilst our historic core mission remains to ensure the availability of circulating UK coinage, the pandemic has accelerated the long term trend away from the use of cash. It therefore requires a significant push into adjacent areas where our skills in working with precious metals can be deployed to bring new products to market, or our existing products to new markets. Early achievements include a significant increase in our international sales of commemorative coins, particularly in the USA, and a major step up in volumes through our expanded range of precious metals investment products.

As a Board, we take our Environmental, Social and Governance responsibilities very seriously. In addition to generating our own power from our wind turbine and photovoltaic plant, we constantly monitor the environmental impact of our processes to ensure these are as low as possible. We also have a range of local outreach and charitable programmes, and we are particularly proud to have contributed to the fight against coronavirus by producing nearly 2 million visors for the NHS, at cost price.

We had a number of changes to the Board during the year. David Morgan retired by rotation after six years on the board in September 2020, and I should like to thank David for the outstanding contribution he made to The Royal Mint's development during that time - particularly in his role as chair of the audit committee. In May 2020, we were delighted to welcome Bill Spencer to the board. Bill has had a distinguished career in business and as a senior member of the accountancy profession, and he takes over from David as chair of the audit committee. In March 2021 we also welcomed Shimi Shah as a new non-executive director. Shimi brings a wealth of valuable international business experience, and will also be the board lead on diversity and inclusion. In addition, Huw Lewis replaced Martin McDade as Finance Director in September 2020. I am fortunate to be supported by an outstanding group of colleagues, both on the board and across The Royal Mint as a whole.

Lastly, I should like to pay tribute to our many customers who have supported us with their business through these challenging times, and allowed us to continue to build on the wonderful heritage of The Royal Mint, 'The Original Maker'

Graham Love
CHAIRMAN

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... we delivered one of our best ever trading results – exceeding one billion pounds in revenue for the first time.

Chief Executive's Report

REINVENTING THE ROYAL MINT

In 2018 we launched our ambition to "reinvent The Royal Mint for the twenty first century". The strategy focused on managing the impact of declining cash use, growing our Consumer division and exploring new profitable ventures.

Three years on, I am proud to say that we have successfully reinvented The Royal Mint – quicker than expected, with record breaking results and under conditions we could not possibly have envisaged at the start.

Our Currency division has reduced costs and capacity to sustainable levels; our Consumer division has grown its operating profit from £17 million to £37 million, and we introduced a new historic coin division. In addition, we significantly grew our share of the precious metals investment market, launched a compelling new brand proposition, and fulfilled our core objective of producing coins for the UK public.

This performance has seen The Royal Mint return to profitability for the financial year 2020-21. We delivered an operating profit of £12.7 million (£1.1 million in 2019-20), grew our revenues to £1.1 billion (£568.5 million in 2019-20).

Equally as important during these unprecedented times - we kept our people safe, supported our community and contributed to the fight against coronavirus. Over the financial year we made 1.9 million medical visors for the NHS, made contributions to the Rhondda food bank, recruited over 30 young people through the Government's 'Kickstart' scheme, and launched 'Mintlings' – a free education and learning resource for children.

The year was challenging for all our teams as they coped with the personal impact of the coronavirus. We made it a priority to provide support for all our people – focusing on wellbeing and creating an environment where anyone could ask for help with their mental or physical health. Our reinvention and the strong performance of 2020-21 would not have been possible without the hard work and dedication of every single member of The Royal Mint, and our extended team including suppliers. It is a privilege to be leading such a great organisation and my sincere thanks goes to every individual.

THE ORIGINAL MAKER

A key strand of our reinvention strategy was to realise the full potential of our brand - attracting more customers and challenging perceptions. Few companies can boast a heritage as rich as ours. With a story dating back 1,100 years we have built a business based on centuries of trust, high standards and fine craftsmanship.

In September 2020 we unveiled our new brand positioning as 'The Original Maker' – celebrating our heritage as Britain's oldest company, and signalling that everything we make has an original twist unique to us.

Being the Original Maker is more than a marketing initiative, it's a set of principles that run through the business – making it clear what a customer, employee or partner of The Royal Mint can expect when they interact with us. It stands for British made, ethically driven and trusted.

As The Original Maker we are distinct from our competitors and have elevated our customer experience to become a unique British brand - offering precious metals products and services to the UK and overseas.

MAKING IT COUNT

I would like to highlight a few areas that demonstrate the progress we've made in reinventing the business into a premium consumer brand:

- With an unrivalled expertise in coin manufacturing, our Commemorative division continued to expand into larger 'Masterwork' pieces. These one of one pieces appeal to collectors who value exclusivity, and works of art which hold their value. This has become a growing area of our business and over the course of the year we made Masterworks to mark the Queen's 95th birthday and saw the completion of the Queen's Beasts range.
- Continued geopolitical uncertainty in the year led to a buoyant precious metals market, however our division outperformed our competitors – growing our market share and doubling sales of gold and silver. Our unique position in the market means we attracted over 26,000 new customers, and were able to work with our supply chain to continue to offer gold and silver when they were in short supply.
- The Royal Mint is the voice of authority on UK coins, and the home of precious metals. As lockdown restricted our ability to meet customers in person to showcase this expertise, we invested in new technology to connect with them directly via our online portal. We developed a new digital suite in our offices, and an exclusive webinar service to enable us to connect with customers around the world.
- Launching products and services with international appeal has become the fastest growth area of our business, and we saw particular success in the US and Asian markets in 2020-21. Our Music Legends series reached new heights when we launched a David Bowie coin into space making headlines globally.
- Our Collector Services division continued to go from strength to strength. It has expanded the authentication and valuation of historic coins into new markets for collectors – achieving 582% sales growth since its inception in 2017.

MAKING A DIFFERENCE

The last financial year saw a huge shift socially, and being an ethical and inclusive employer has never been so important. In 2020 we made a commitment to ensure that The Royal Mint reflects greater diversity through its coins, and offers an inclusive workplace for all employees.

Key achievements in the year included:

- In October 2020 we introduced the landmark 'Diversity Built Britain' 50 pence coin to coincide with Black History Month. To support the coin, we partnered with the West India Committee to create a free education pack that was supplied to every primary school in England and Wales.
- In Spring 2021 we reported our gender pay gap. I am proud that one of Britain's oldest firms remains one of the most progressive on this front, with a pay gap marginally in favour of women and with women represented at all levels of the business.
- In March 2021 we unveiled the first depiction of Britannia as a woman of colour on a coin as part of a new four-year series that will see the 2,000-year-old embodiment of Britain reimagined to reflect a diverse nation.
- We created a dedicated diversity and inclusion working group within the business – looking at how we present ourselves externally, support for employees, achieve greater community engagement and product development.
- We created a new non-executive director role to specifically support us on our Diversity and Inclusion journey. I'm delighted that Shimi Shah took up the position in March 2021.

MAKING OUR FUTURE SECURE

Over the next three years we will continue to manage the decline in circulating coin whilst retaining our capability to make UK coins; we will grow internationally thanks to our strong brand appeal and focus on sustainably expanding our precious metals capability.

Environmental sustainability is a key focus for the organisation. Our teams are using their skills to innovate processes to achieve sustainability objectives. This will be a key focus for the next three years.

As we look to the next stage of our strategy I feel confident that our business will remain relevant and valued for many years to come. We know who we are, and where our purpose lays. We know the route forward and where we should focus our efforts to grow. Our aim is to secure long term employment and to further increase the value of our brand by making precious metals, and metals that are precious to our customers.

Anne Jessopp
CHIEF EXECUTIVE

[1] before exceptional items and IAS 39 adjustments

Strategic Report

ACTIVITIES AND STRUCTURE

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

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

FINANCIAL PERFORMANCE

The Royal Mint Group generated an operating profit before exceptional items and IFRS 9 adjustments of £12.7 million (2019–20: £0.5 million). After accounting for exceptional items, IFRS 9 adjustments, financing costs and share of associates profit the Group generated a profit before tax of £12.4million (2019-20: loss of £(0.2) million).

THE ROYAL MINT LIMITED COMPANY

The Royal Mint Limited has two main channels of business: Currency and Consumer. The Consumer channel includes Precious Metals, Commemorative Coin, Collector Services, The Royal Mint Experience ('RME') and our gold backed Exchange Traded Commodity (ETC).

Overall revenue increased to £1.1 billion (2019–20: £568.5 million). This was predominately driven by a significant increase in the revenue generated by our Precious Metals division during the coronavirus pandemic.

Operating profit before accounting for the impact of IFRS 9-related items and exceptional items increased to £12.8 million (2019–20: £1.3 million). The performance of the individual businesses is discussed in more detail on the following pages.

Capital expenditure of £7.7 million (2019–20: £8.0 million) reflected our continued investment in the future, mainly across the following areas:

- The development of a new brass plating line set to open in 2021;
- New sprinkler system and a laser printer to further enhance operations; and
- Development costs relating to a new business venture.

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 that was previously outsourced to an external party. RME made a small profit in the year to 31 March 2021. This profit represents an operator charge to The Royal Mint Limited and is eliminated on consolidation.

RM WYNT LIMITED

RM Wynt Limited is a wholly owned subsidiary which owns the group's wind turbine which has been providing energy to The Royal Mint since September 2018. RM Wynt made a small operating loss in the year to 31 March 2021. Income and charges from The Royal Mint Limited are eliminated upon consolidation. As a responsible business, we are investigating additional sustainable energy options for the future.

SOVEREIGN RARITIES LIMITED

The Royal Mint has a 23.4% share in Sovereign Rarities Limited, a historic coin dealership based in London, in order to grow its historic coin business. During the year, Sovereign Rarities made a profit of £2.5 million of which The Royal Mint has included a 23.4% share in its Income Statement.

RM ASSETS LIMITED

RM Assets Limited has not traded during the year ended 31 March 2021.

CONSOLIDATED FINANCIAL POSITION

Net assets increased by £8.9 million to £60.0 million. The increase in net assets has resulted from generating a profit after tax of £9.7 million; a gain in the hedging reserve of £0.9 million; partially offset by an increase in the pension deficit (net of tax) of £1.7 million.

The Royal Mint Group financial results summary

	2020–21 £m	2019–20 £m
REVENUE		
Currency		
UK	18.3	24.2
Overseas	74.7	109.8
Total Currency	93.0	134.0
Consumer	112.6	76.6
Precious Metals	843.8	356.9
Other	7.5	1.0
Total	1,056.9	568.5
OPERATING (LOSS) / PROFIT		
Currency	(1.4)	3.4
Consumer	21.3	13.6
Precious Metals	15.4	3.9
New Businesses	(1.6)	(1.0)
Central overheads	(20.9)	(18.6)
Total Royal Mint Limited	12.8	1.3
RM Wynt Limited	(0.1)	(0.1)
RM Assets Limited	-	(0.7)
RM Experience Limited	-	0.1
Operating profit before IFRS 9-related adjustments and exceptional items	12.7	0.6
IFRS 9-related adjustments (note 5)	0.8	0.8
Exceptional items (note 5)	(0.8)	(0.3)
Operating profit	12.7	1.1
Sovereign Rarities Limited	0.6	0.2
Net finance cost	(0.9)	(1.5)
Profit /(loss) before tax	12.4	(0.2)

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THE ROYAL MINT®
THE ORIGINAL MAKER

DOMINIQUE EVANS 1/100

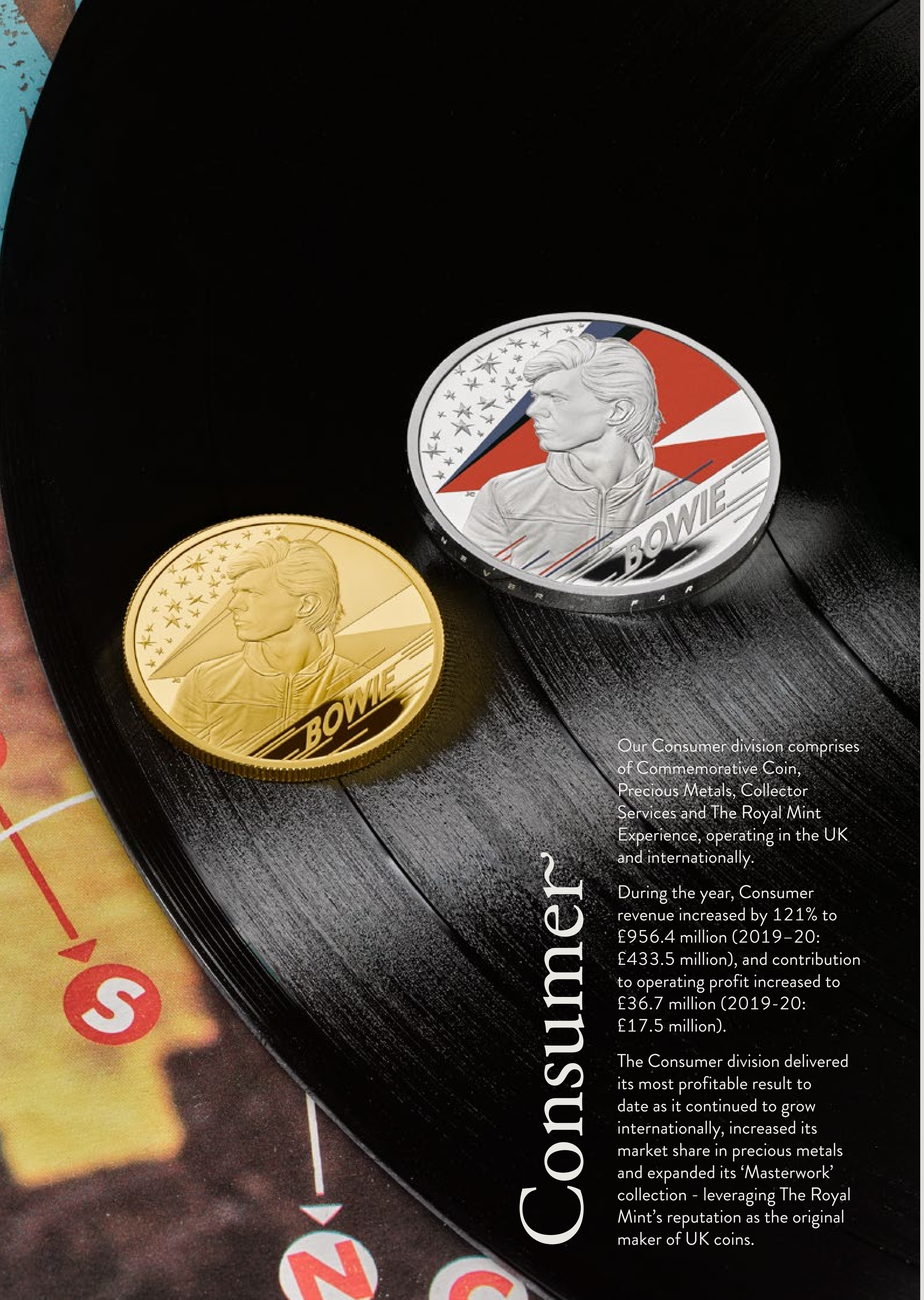
The 50th Anniversary of Decimal Day

MAKING Memories

February 2021 marked 50 years since the United Kingdom's currency became decimal and the coins and metrics we use today were introduced. Known as decimalisation, with the day of the change referred to as Decimal Day, it affected the entire nation, bringing people together as they learnt to master a new currency.

To mark the occasion, The Royal Mint Museum launched an innovative 'memory box' scheme to help care home residents with dementia and Alzheimer's disease recall memories of the changeover and preserve their stories for future generations.

The Royal Mint Museum created 45 of these boxes, which are packed with replica and original items from the time, including pre-decimal coins, newspapers from 1971 and government posters. Each object contains a microchip that, when placed on the box, plays audio clips and tells an aspect of the story of the changeover. The boxes have been shared with care homes across the UK, providing a fun, inclusive activity for residents and helping to spark fond memories of their childhood.



Consumer

Our Consumer division comprises of Commemorative Coin, Precious Metals, Collector Services and The Royal Mint Experience, operating in the UK and internationally.

During the year, Consumer revenue increased by 121% to £956.4 million (2019–20: £433.5 million), and contribution to operating profit increased to £36.7 million (2019-20: £17.5 million).

The Consumer division 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 The Royal Mint's reputation as the original maker of UK coins.

Commemorative Coin

The Royal Mint makes world-leading numismatic products – combining craftsmanship with technologically advanced manufacturing. For over a thousand years our intricately designed coins and medals have marked important historic moments - from coronations to commemorations.

PRINCIPAL ACTIVITIES

- the design, manufacture, marketing and distribution of commemorative coins and medals for the UK and overseas; and
- the operation of a class leading, purpose-built visitor attraction.

In keeping with our brand position as The Original Maker, we continued to develop our capability to make larger, exclusive pieces. During the year we invested in a new manufacturing capability in order to make larger 'Masterwork' coins up to 10kg, launched special one-off items to mark the James Bond movies and completed the final coin in our Queen's Beasts series.

February marked the 50th anniversary since Britain's currency decimalisation. We marked the occasion with a commemorative 50 pence that featured a selection of 'old money' created by Royal Mint designer Dominque Evans; and a nationwide care home initiative in partnership with The Royal Mint Museum.

We engaged new generations of coin collectors by working with a range of licensed partners, including Disney, 'Mr Men and Little Miss' and Team GB. This programme also included the second year of our 'Dinosauria' collection in conjunction with the Natural History Museum and honoured pioneering fossil hunter Mary Anning – making headlines across the UK and attracting strong sales.

The internationally popular 'Music Legends' series continued with new coins celebrating the achievements of Elton John and David Bowie. The series captured the publication's imagination as the Bowie coin was launched into Space, and subsequently offered as a prize on our Facebook page – attracting over 30,000 entries.

In October we issued a landmark 'Diversity Built Britain' 50 pence – marking a commitment to ensure Britain's diverse communities are represented and commemorated in upcoming designs. A Diversity Built Britain 50 pence was issued to every Primary School in England and Wales as part of an education pack produced in partnership with the West India Committee, and ten million coins were manufactured for general circulation.

Our 'Great Engravers' series entered its second year, with William Wyon's iconic 'Three Graces' following last year's remastered edition of 'Una and the Lion'. High anticipation amongst collectors and investors meant that the 'Three Graces' range sold out within 30 minutes, and attracted hundreds of new customers to The Royal Mint.

A Year in Coins: 2020 – 2021

Precious Metals

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

PRINCIPAL ACTIVITIES

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

Building on a successful year in 2019-20, our Precious Metals division saw record revenue growth to £843.8 million (2019–20: £356.9 million) and attracted over 25,000 new customers to the business, growing our market share in the UK and overseas. Whilst this year-on-year revenue growth is significant, the margins on these Precious Metals sales are low. Once the cost of the metal is deducted from the revenue, the increase year-on-year was £22.6m (2020-21: £37.3m, 2019-20: £14.7m), and the contribution to operating profit increased to £15.4 million (2019–20: £3.9 million). The impact of the coronavirus pandemic continued to stimulate the precious metals market, but our marketing, investment in new products and ability to source stock throughout the year meant we achieved continuity of supply, outperforming the market.

We continued to cement our position as the home of precious metals in the UK with a range of innovative options for new investors. We attracted record numbers of millennials to invest in gold by focusing on the ease and affordability of the DigiGold platform. In December 2020 we saw the introduction of 'Little Treasures', our first child savings product allowing investment in physical metal for loved ones' future. Our 1g and 5g gold celebration bars returned with new packaging for Diwali and Christmas, both of which proved to be popular gifts.

For seasoned investors, we strengthened our wealth management proposition, with assets under management for our pensions product growing by 80% year-on-year. Our gold backed Exchange Traded Commodity (ETC) continued to have strong performance with over $340 million assets under management, offered by HANetf, who act as the manager of the 'issuer' and are responsible for the day to day operation of the ETC. The income we receive is under a brand licensing agreement for the use of the Royal Mint logo and intellectual property for the ETC. Further details can be found in note 23 of the financial statements.

THE ROYAL MINT LIMITED | ANNUAL REPORT 2020–21

Collector Services

The Royal Mint is the original maker of UK coins, with an unrivalled heritage dating back 1,100 years – enabling us to offer the leading historic coin finder and authentication service.

PRINCIPAL ACTIVITIES

- Coin care and display: Providing products to help ensure the longevity of coins, as well as stylish and durable means of display.
- Authentication and valuation: A team of numismatic experts are able to provide customers with information and valuations of their coins, as well as suggesting additions to their collections.
- Coin finder service: Working with specialists around the world to track down elusive, rare and valuable coins for collections.

Building on its highest performing year in 2019-20, our Collector Services division grew its contribution to operating profit by 50% to £2.4 million (2019–20: £1.6 million). The division has leveraged The Royal Mint's position as The Original Maker of UK coins to became a voice of authority in the secondary market – attracting new customers in Britain and overseas.

The 50th anniversary of Decimalisation in February 2021 sparked the public's interest in pre-decimal coins. To help collectors learn more about the designs at home, we launched the 'Nation's Big Coin Hunt' – an online database which lets collectors log their coins, learn more about their history, rarity and their potential value on the secondary market. Details of over 12,000 coins have been submitted to date, totalling an estimated £1.8 million in value.

In July the team announced the sale of an extremely rare, James I 'hammered Spur' for £150,000 – making headlines across the UK and emphasising our ability to source rare pieces. As the appeal of rare, high value coins grows we have invested in an auction platform and will begin offering online auctions in 2021.

> "... our Collector Services division grew its contribution to operating profit by 50% to £2.4 million

The Royal Mint Experience

Although our tourist attraction remained closed to the public for the majority of the year it didn't stop us from providing fun and educational activities for families. In spring 2021 we introduced a 360 degree, virtual tour of the site with 'Little Miss Inventor' as part of our partnership to mark the 50th anniversary of the Mr Men and Little Miss characters. To date the virtual tour has been viewed over 1,900 times. As lockdown restrictions ease we expect to reopen The Royal Mint Experience providing a safe and secure environment in early Summer 2021.

Currency

As the original maker of UK coins, the Royal Mint has the Currency division at the heart of our operation, and is the most established area of our business.

Over the last financial year, this area of our business faced the most severe disruption from the impact of coronavirus. Lockdowns accelerated trends around cash use, whilst supply for minting services globally outstripped demand and steel prices increased.

The Royal Mint is a major employer in South Wales, and the focus in our Currency division is to ensure we secure profitable overseas orders, tightly manage our costs, and continue to deliver UK coins – whilst growing other divisions to provide alternate long-term employment.

PRINCIPAL ACTIVITIES

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

PERFORMANCE

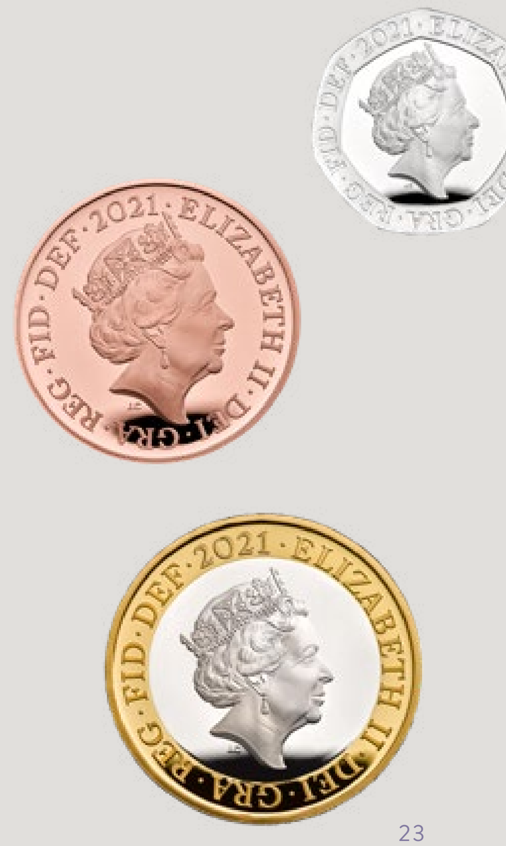
Sales in Currency decreased to £93.0 million (2019–20: £134.0 million) and the business delivered an adjusted operating loss of £1.4 million (2019–20: profit of £3.4 million).

Over the reporting year, The Royal Mint issued 437 million coins (2019–20: 588 million) to UK cash centres. Overseas deliveries of coins and blanks amounted to 1.72 billion pieces in 22 countries (2019–20: 3.0 billion pieces in 23 countries).

As UK cash use declined and coin circulation reduced in 2020-21, we worked with UK banks and HM Treasury to quickly respond and ensure that retailers had access to coinage. We implemented stringent safety measures on site to ensure we could continue to operate safely, and keep the UK and our international customers stocked.

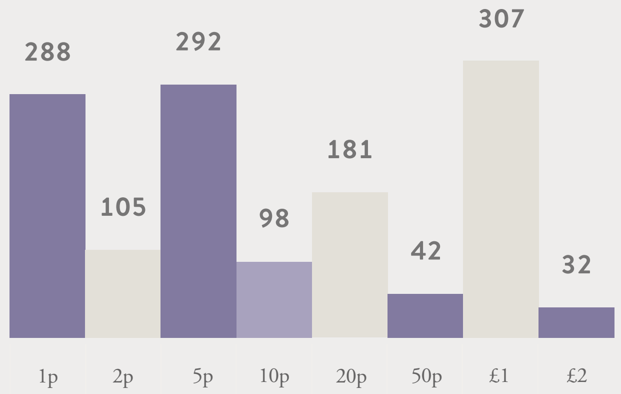
We retained relationships with our direct customers, and reordered work to ensure there was no 'downtime' in our factory to protect employment in light of reduced demand. We also continued to focus on our strategy of designing and producing the world's most intrinsically secure coins, specialising in bi-metallic manufacturing.

During the year, we signed commercial partnerships with Arrandene MFG and Vaultex to share our expertise in the sector, and expand our presence in coin reclamation and recycling. As we looked to manage our costs we reduced our stock holding, have reduced our plating lines to use three more efficient models and improved our 'On Time In Full' (OTIF) delivery metrics.



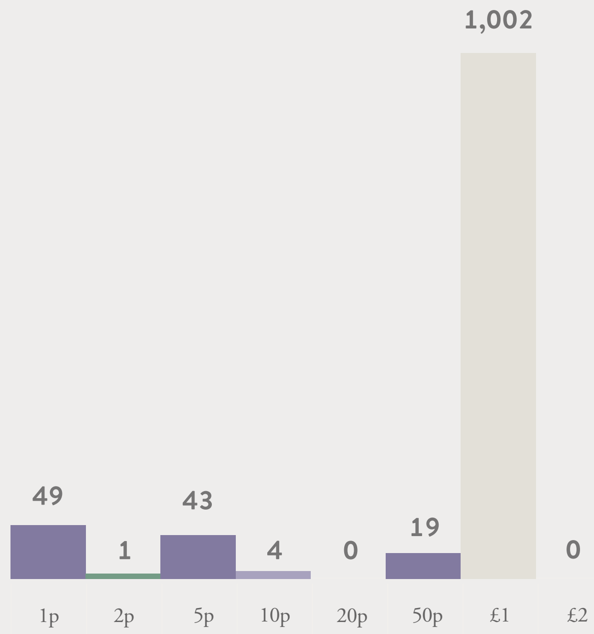
UK Coins Issued in Year

PIECES IN MILLIONS



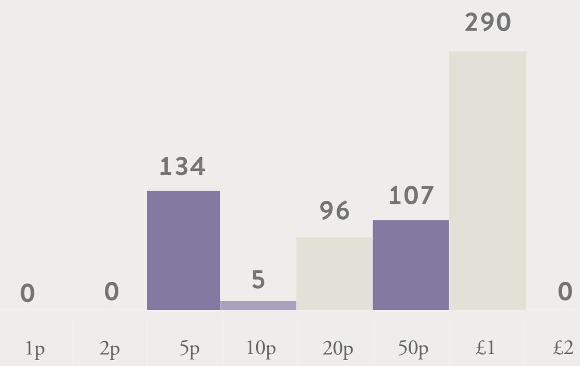
2016–17
TOTAL ISSUED

1,345



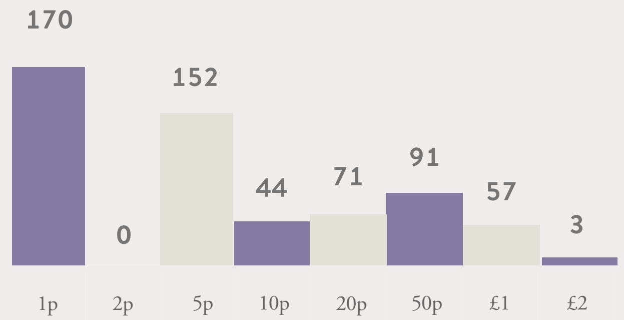
2017–18
TOTAL ISSUED

1,118



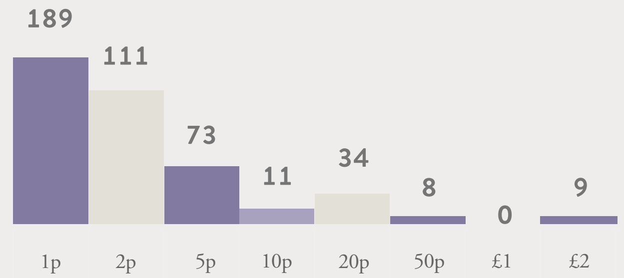
2018–19
TOTAL ISSUED

632



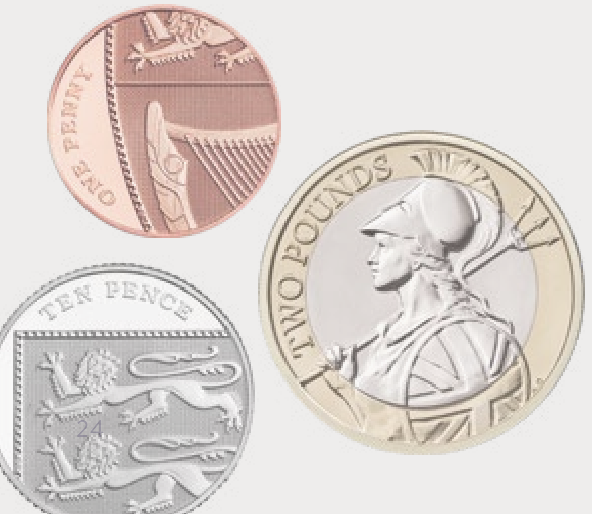
2019–20
TOTAL ISSUED

588



2020–21
TOTAL ISSUED

437



MAKING An Impact

In December 2020, we unveiled the third coin in our Music Legends collection – a coin celebrating the life and career of David Bowie.

Inspired by the musician's time spent living and recording in Berlin, an original depiction of David Bowie, featuring the iconic lightning bolt from his Aladdin Sane period, was created for the reverse of the coin. New minting technology enabled us to create the illusion of stardust on certain editions of the coin, whilst others featured vivid colour printing.

To commemorate Bowie in his own pioneering fashion, we arranged for this UK coin to be the first to travel into space. Reaching 35,656m, it orbited the Earth's atmosphere for 45 minutes before safely descending back to the UK.

The unique design and intergalactic unveiling meant that the David Bowie coin made headlines around the world, attracting more than 11,000 new customers to The Royal Mint and more than 30,000 entries for a competition to win the coin.

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 which were pre-defined at the start of the year.

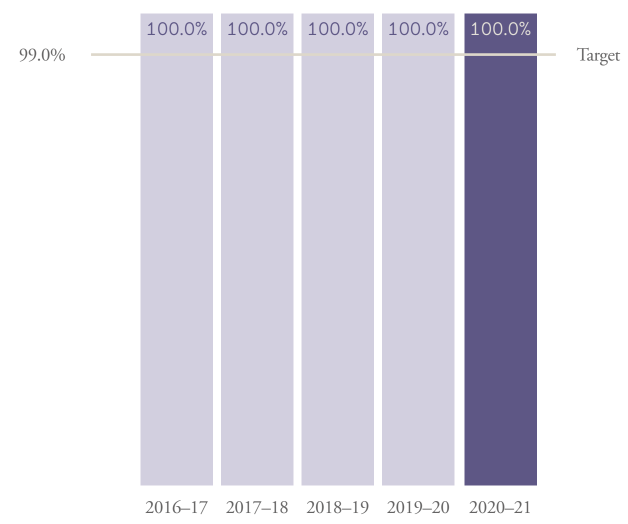
EVA for 2020-21 was £10.7 million against a target of £3.6 million.

Prior to 2020-21, the performance metric for The Royal Mint Group was Return on Average Capital Employed (ROACE) that was calculated by expressing operating profit as a percentage of average monthly capital employed. This was measured on a three-year rolling, average basis.

TARGET 2

UK Circulating Coin

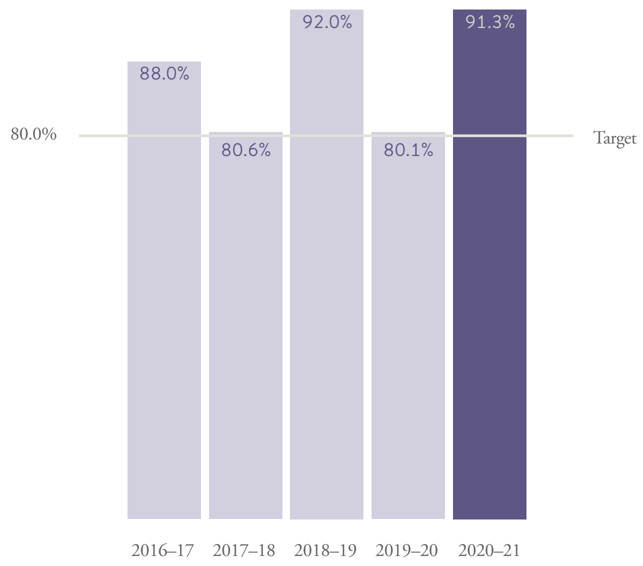
Delivery of accepted orders from UK banks and post offices within 11 days.



TARGET 3

UK Consumer Coin

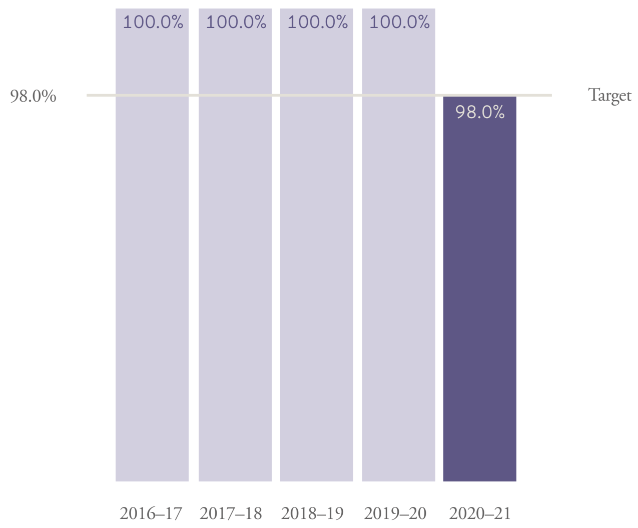
Delivery of orders to individual UK customers within three days, measured from receipt of order or published due date.



TARGET 4

Medals

Orders delivered by the agreed delivery date.



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

The directors of the Company, as those of all UK companies, must act in accordance with a set of duties. These duties are detailed in section 172 of the UK Companies Act 2006, which is summarised as follows:

"A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholder as a whole and, in doing so have regard (amongst other matters) to;

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

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

RISK MANAGEMENT

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

- ensure there are plans in place to recover the situation should a known risk materialise;
- ensure that adequate and efficient processes are in place to identify, report and monitor risks;
- raise risk awareness and ensure there is appropriate risk management within the organisation;
- establish policies for risk management; 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

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

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

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 our suppliers whom are extremely valued by the Company and are key to us achieving our strategy.

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

COMMUNITY AND ENVIRONMENT

The local and wider communities with which we interact are at the heart of the Company. As a large employer in the local community we provide sustainable employment. We also raise money for a local charity every year, and produced medical visors for the NHS when needed at the start of the coronavirus outbreak. To minimise our environmental footprint, we employ sustainable business practices and operate within our environmental permit and our status as an upper-tier 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 2020–21 were in the following areas:

- cyber security;
- a key operational failure;
- political and economic instability of overseas customers;
- failure to deal with change in the organisation;
- compliance and regulation; and
- global pandemic impact.

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. They are discussed at Risk Management Committee meetings and an update is also provided to the Audit Committee at each meeting. Each risk is reviewed by the Board as a separate agenda item at least once a year.

FINANCIAL RISK MANAGEMENT

Derivative financial instruments

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

Metal prices

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

Currency

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

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

Consumer

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

Precious Metals

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

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

Foreign exchange

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

Effects of commodity hedging

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

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

The combined impact of this, together with open forward foreign currency exchange contracts, has been highlighted separately in the Income Statement. In 2020–21, the year-end impact was a profit of £0.8 million (2019–20: £0.8 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 Safety, Health and Environment (SHE) team.

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

This last year has been most challenging for The Royal Mint ensuring all operating requirements have been within coronavirus regulations throughout the pandemic. We have worked hard to ensure the site is coronavirus safe and supported 50% of staff to successfully and safely work from home. We have looked into ways of supporting the community during this uncertain time, helping flood victims as well as donating to the local foodbank.

Adapting to a new way of working we have provided online support sessions for health and wellbeing including desk yoga and disco bingo as well as providing family online sessions for those juggling home working whilst home schooling.

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

- Our SHE culture through upskilling and supporting staff;
- Our SHE systems through auditing and compliance monitoring;
- Our Environmental impact through reduced business travel, air travel and the use of online technology for meetings, energy, water and CO2 emission reductions; and
- Our Health and Wellbeing through interactive sessions and communications.

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 Control of Major Accident Hazard (COMAH) site, overseen by the Competent Authority.

OUTLOOK

The Royal Mint moves into the new financial year with a clear strategy for the future, a unique brand proposition and a focus on international growth. By closely managing costs in our Currency division and maintain momentum in our Consumer division, we are confident of delivering another year of profitable growth.

There are a number of significant Royal events in 2021-22 that are expected to drive strong UK and international interest for our Consumer business. Whilst the unique market condition of 2020-21 mean our precious metals division will have to work extremely hard to replicate their performance this year, they continue to attract new customers and grow their market share. Across all divisions we will focus on our ESG credentials – ensuring we do business in a way that supports communities, reduces impact on the environment and fosters an inclusive culture in the workplace.

Approved by the Board of Directors and signed on its behalf

Anne Jessopp
CHIEF EXECUTIVE
24 June 2021

Directors' Report

The Directors present their report and the audited consolidated financial statements for the year ended 31 March 2021.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Consolidated Annual Report and the financial statements in accordance with applicable law and regulations. Company Law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group and Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under Company Law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 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 and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and as regards the Group financial statements, Article 4 of the IAS regulation.

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

Statement of disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

DIRECTORS

The Directors of the Company who were in office during the year and up to the date of signing of the financial statements, unless as noted below, are shown on page 3.

William Spencer and Shimi Shah were appointed as Non-Executive Directors on 18 May 2020 and 22 March 2021 respectively.

Martin McDade resigned as a Director on 14 September 2020 and Huw Lewis was appointed on the same date.

David Morgan resigned as a Non-Executive Director on 21 September 2020.

DIVIDENDS

Post year-end, the Board declared a dividend for 2020-21 of £3.7 million. No dividends relating to 2019-20 were paid during the year. Dividends relating to 2018-19 earnings of £4.0 million were paid during the prior year.

RESEARCH AND DEVELOPMENT

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

CREDITOR PAYMENT POLICY

The Royal Mint always seeks to comply with agreed terms and a total of 90% (2019–20: 92%) of invoices 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

Our people continue to be a key part of our business and everyone has a part to play in delivering the overall business strategy. The Royal Mint's values continue to guide the way in which we all do our jobs and shape what it means to work as part of The Royal Mint team, no more so than during this last year of a global pandemic.

As we moved into a national lockdown, our focus was to ensure the health and safety of all employees. As designated key workers, our UK coin production teams remained on site, working with Trade Unions, Health and Safety and HR colleagues, to establish safe ways of working.

Other production staff, unable to work from home, were redeployed into making visors for the NHS, and 1.9m visors were made and distributed to protect NHS frontline workers over the course of the following months. The Royal Mint Experience was closed and employees redeployed into other parts of the business. Office based staff were supported to relocate into a home environment. Where employees were identified as needing to shield and were unable to work from home, they remained on full basic pay. The Royal Mint made no furlough claims under the Government Job Retention Scheme.

In June, we carried out a short employee engagement survey that included coronavirus specific questions and as part of our keep in touch programme. The response rate was good, with engagement scores higher than the previous year and we received positive feedback about the support offered to employees during the pandemic. Two further pulse surveys were carried out in October and January to check employee wellbeing once again. As a direct result of the feedback received, from April 2021 all Royal Mint employees will have access to the Employee Assistance Programme (EAP) run by an independent specialist organisation. This programme provides help over the phone or in person, for personal or work related problems, that may impact health, mental and emotional wellbeing.

As well as supporting our chosen charity, Cerebral Palsy Cymru, with nearly £3,000 of donations, our generous staff also contributed to Beddau Food Bank throughout the year and donated 46 bikes so that the local Bike Doctor charity could distribute 'new' bicycles to families for Christmas. We also ran four virtual Santa sessions, attended by 40 staff families and 43 families from our current and previous chosen charity. Over 400 staff volunteered to take part in antibody testing for research being done by Public Health Wales.

> "Our generous staff ... donated 46 bikes so that the local Bike Doctor charity could distribute 'new' bicycles to families for Christmas

We were delighted to welcome 64 new recruits into the business, predominantly to support the growth in the Consumer business and going forward we recognise that location is less of a constraint when seeking to attract specialist talent into the organisation. As an organisation, we are committed to supporting employment in Wales, and were delighted to be accepted onto the Government's Kickstart scheme in November to provide 6-month work placements for 32 young people (16-24 year olds) on Universal Credit. By March 2021, we had 16 people in placements, across a variety of different teams.

DIVERSITY

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

As well as a fair and transparent recruitment process, access to training and development opportunities for all, family friendly policies and membership of Inclusive Employers, we have also taken opportunities throughout the year to highlight and celebrate diversity internally and externally. With sponsorship from our CEO, a range of employees from across the business came together to create a Diversity and Inclusion strategy and an action plan to enable everyone in The Royal Mint to take ownership and feel proud to be a part of such a diverse organisation.

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

Due to the unprecedented circumstances surrounding the coronavirus pandemic, we took the decision to suspend formal reporting of sickness absence for 2020-21. This was due to the volume and complexity involved with tracking employees being medically excluded (shielding); isolating due to a positive coronavirus test; or a confirmed contact via track and trace; as well as various other precautionary measures that were taken throughout the pandemic which involved employees being absent from our site.

The annual sickness absence rate for 2019–20 was 3.3%.

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 24 June 2021. Neither the entity's owner nor others have the power to amend the financial statements after issue.

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

Huw Lewis
CHIEF FINANCIAL OFFICER
24 June 2021

Group Financial Summary

	2020–21 £m	2019–20 £m	2018–19 £m	2017–18 £m	2016–17 £m
UK revenue	441.2	204.8	182.6	197.1	241.8
Overseas revenue	615.7	363.7	239.0	218.8	264.6
Total revenue	1,056.9	568.5	421.6	415.9	506.4
Operating profit before IFRS 9-related items and exceptionals	12.7	0.5	1.9	6.5	14.4
IFRS 9-related items (note 5b)	0.8	0.8	(2.4)	2.2	0.8
Exceptional items (note 5a)	(0.8)	(0.3)	(2.2)	(5.7)	(0.2)
Operating profit /(loss)	12.7	1.1	(2.7)	3.0	15.0
Net finance cost	(0.9)	(1.5)	(1.1)	(0.6)	(0.6)
Share of profit of associate	0.6	0.2	0.1	0.1	–
Profit /(loss) before tax	12.4	(0.2)	(3.7)	2.5	14.4
Tax	(2.7)	(1.2)	0.7	(1.9)	(3.0)
Profit /(loss) after tax	9.7	(1.4)	(3.0)	0.6	11.4
Net assets as at 31 March	60.0	51.1	56.1	62.6	65.8

Making It Count

In December 2020, The Royal Mint launched Little Treasures – the UK's first gold-backed savings account for children. It followed a surge in interest in precious metals investments and has helped The Royal Mint secure its position as the home of gold in the UK.

Taking less than 2 minutes to open an online account, which enables adults to invest in fractional gold for children, Little Treasures is an easy and affordable way to gain access to precious metals. All of the gold is VAT free and is safely stored in The Royal Mint's purpose-built vault – one of the most secure sites in the UK. The account is an easy way for new gold investors to build a nest egg for children, accumulating a digital precious metals holding from as little as £25.00 per month.

The account updates instantly to show the amount of gold that has been purchased using the payments into the account. As the value of gold changes, customers are able to watch their golden nest egg, ready for whatever the future may bring for their own little treasure.

Sustainability Report

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

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

MANAGING RISK

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

- energy Consumption;
- water consumption;
- waste Generation and Disposal including disposal of Filter cake waste from the onsite Effluent Treatment Plant; and
- discharges from site including potential to impact nearby watercourses, ground and ground water.

ACCREDITATIONS

The Royal Mint holds the following International Organisation for Standardisation standards:

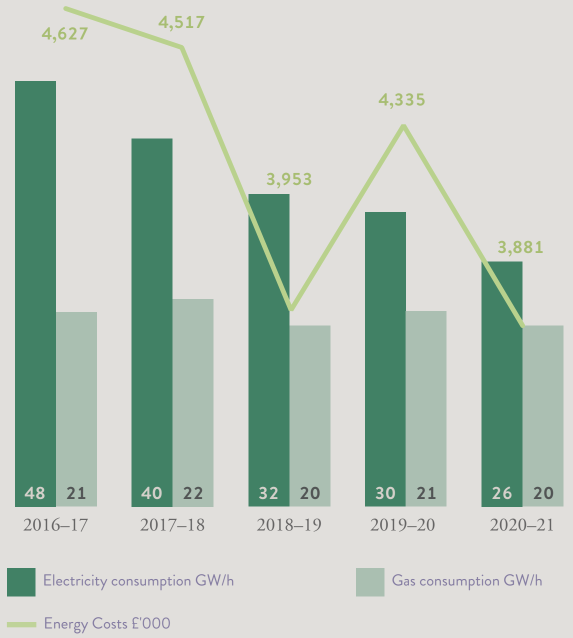
- ISO14001 (2015) Environmental Management System; and
- ISO50001 (2011) Energy Management System

During the year The Royal Mint transitioned to the 2018 version of ISO50001.

GREENHOUSE-GAS EMISSIONS AND ENERGY CONSUMPTION

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

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



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

Energy Consumption per Tonne Currency

2020–21	3,800 Kwh/tonne
2019–20	2,300 Kwh/tonne
2018–19	2,600 Kwh/tonne
2017–18	3,200 Kwh/tonne
2016–17	3,000 Kwh/tonne

The 2020/21 figures reversed the trend of the previous two years due partly to the lower production tonnages produced in the year. The operational plant has a significant base load which is greatly impacted by lower tonnage and plant efficiency.

Based on the 2020 Greenhouse gas reporting - conversion factor for electricity and gas, the CO2 equivalent emissions for this and previous years is as per the following graphs.

Total emissions

Total emissions for 2020-21 were 10,600 tonnes of CO2 equivalent. The reduction in total emissions are partly due to reduced electrical usage on site, increased generation of renewable energy during 2020/21 but again mainly due to the removal of certain plants / functions including onsite casting of non-ferrous metals.

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

The Royal Mint measures 'normalised tonnes' (calculated as tonnes of CO2 equivalent per tonne of Circulating Coin manufactured) as a key indicator of energy efficiency.

For 2020-21 normalised tonnage was 0.87 CO2 equivalent per tonne of Circulating Coin. The increase in normalised emissions are due to lower efficiency of production as a result of lower production tonnages.

Normalised tonnes

RENEWABLE ENERGY

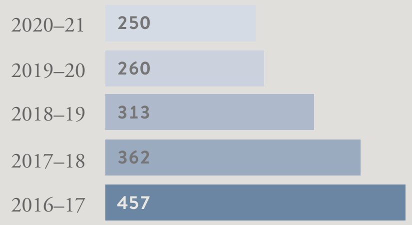
The Royal Mint has two forms of renewable energy sources on site: a wind turbine and small solar panel arrays on building roof tops. The amount of energy generated by these systems was broadly comparable with the previous year. The wind turbine generated 800,000 kWh during 2020/21 and the installed photovoltaic (solar panel) systems generated 27,000 kWh.

WATER CONSUMPTION

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

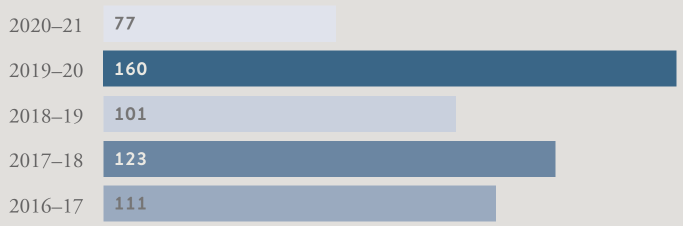
The Royal Mint continues to review its processes to identify opportunities to reduce water consumption.

Total water abstracted (m^3 in '000)



Over the last 5 years, changes in processes and equipment have resulted in reduced amounts of abstracted river water being used on site. During the financial year 104,000 m3 of the abstracted river water were returned to the river a few hundred metres downstream from the abstraction point.

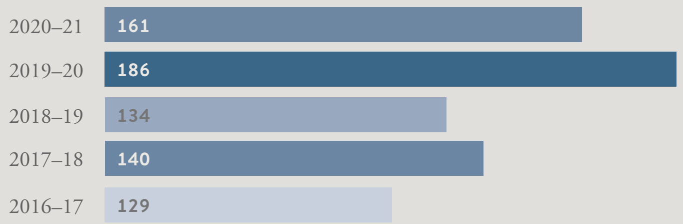
Total water supplied (m^3 in '000)



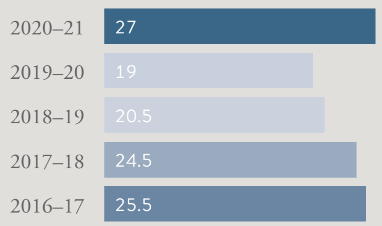
The high mains water usage during 2019-20 was due to an onsite leak that occurred between October 2019 and January 2020. It is calculated that the leak resulted in approximately an additional 69,000 m3 of water distributed to site but not utilised.

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

Water supply costs (£'000)



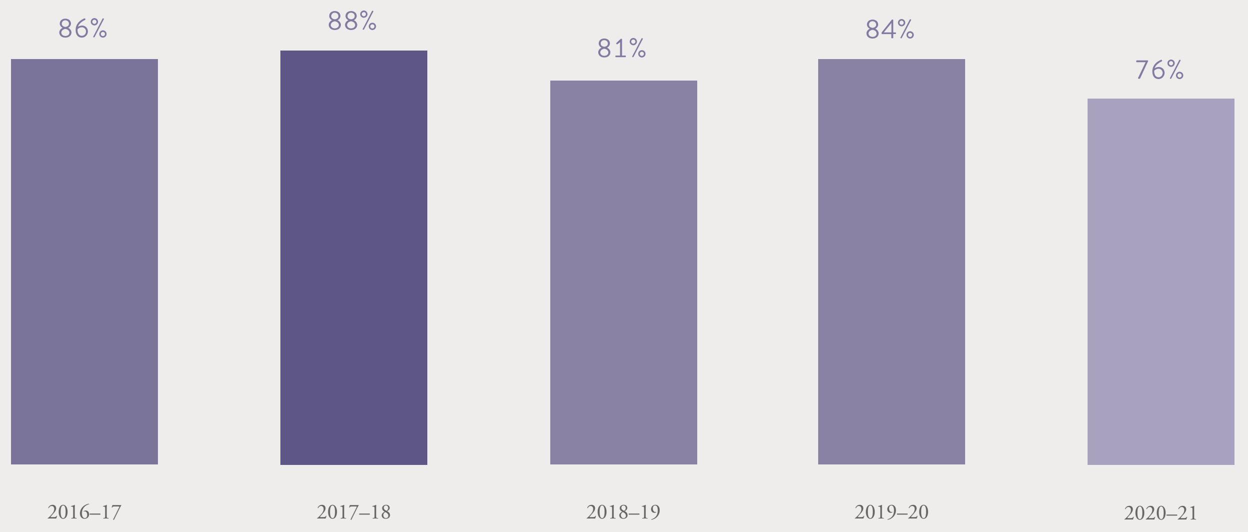
Water usage per tonne of circulating coin (m^3)



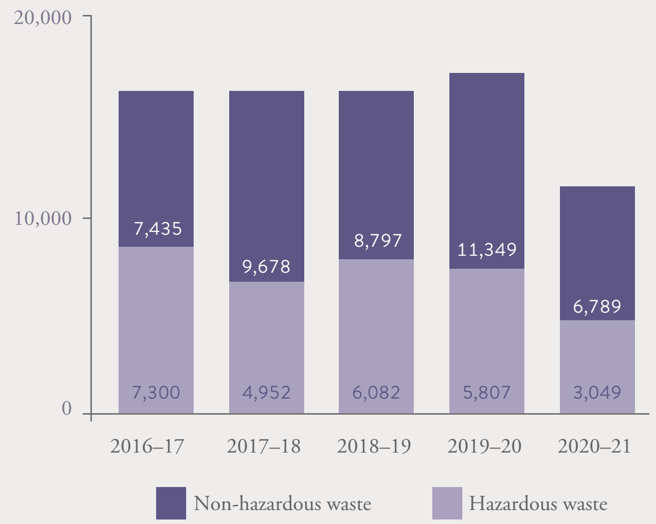
WASTE

The waste figures are calculated from data supplied by internal weighing and information supplied by The Royal Mint's principal waste contractors as at 7th April 2021.

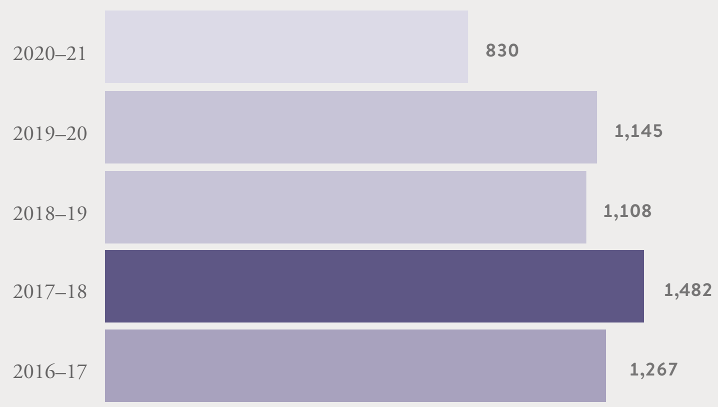
% of Waste Recycled



Waste disposal (tonnes)



Waste costs (£'000)



The reduction in hazardous waste is partly due to process improvements which are aimed are reducing the amount of waste produced for treatment off site. Of the 3,049 tonnes of hazardous waste produced, 1,730 tonnes were filter cake waste produced by the onsite water treatment plant. 333 tonnes of this material went to a recovery site before its closure and the remaining 1,397 tonnes were disposed via landfill.

The Royal Mint continually seeks opportunities to recycle as much waste as possible and recycled 76% of its waste in 2020-21. The reduction from prior years is due to an increase in the generation of non-ferrous and ferrous metal waste, which were recycled offsite.

SCOPE ANALYSIS

Tonnes of CO_2eq		2016–17	2017–18	2018–19	2019–20	2020–21
Scope 1	Natural Gas Usage (Heating and Furnaces)	3,830	4,110	3,740	3,890	3,750
	Use of Royal Mint owned vehicles	1	1	1	1	1
	Process emissions from the Furnace Stack	2	2	0	0	0
	Fugitive Emissions (e.g. air conditioning and refrigeration leaks)	2	16	9	10	186*
Scope 2	Electricity Usage	11,800[1]	10,200[1]	8,100[1]	7,480[1]	6,630
Scope 3	Business Travel	530	740	402	280	32
	Water Supply	38	42	35	55	27
	Water Treatment (off site)	95	72	70	69	46
	Waste disposal	176	228	142	252	149

* The fugitive emissions figures are 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 92kg of refrigerant gas from two pieces of equipment on site.

FINITE RESOURCES

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

PROTECTING AND ENHANCING THE NATURAL ENVIRONMENT

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

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

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

WORKING WITH THE SUPPLY CHAIN

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

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

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

REPORTING AND DATA

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

For transport, the mileages of Royal Mint vehicles are monitored along with data previously supplied by taxi companies. The CO2 emissions from air travel and car hire are calculated from data supplied by the contractors' who supply each service. The Royal Mint gathers data on water use and transport in calculating the scope 3 emissions.

For the purpose of this report The Royal Mint has used the UK Government Conversion Factors for Greenhouse Gas (GHG) reporting Condensed Set for Most Users 2020. This data remains valid until 1 June 2021.

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

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

In the 2019 GHG Conversion Factors, there was a 10% decrease in the UK electricity CO2e factor compared to the previous year because there was a decrease in coal generation and an increase in renewable generation in 2017 (the inventory year for which the 2019 GHG Conversion Factor was derived). In this 2020 update, the CO2e factor has decreased again (compared with 2019) by 9% due to a decrease in coal generation and an increase in renewable generation.

Corporate Governance

INTERNAL CONTROL

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

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

In particular, it includes:

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

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

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

RISK MANAGEMENT

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

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

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

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

The Royal Mint Group's risk priorities in 2020–21 are detailed on page 29.

INTERNAL AUDIT

The Royal Mint Group operates internal audit arrangements to standards defined in the Public Sector Internal Audit Standards. During 2020-21 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. In addition, none of the reports received during the year reported an 'unsatisfactory' conclusion.

THE BOARD AND ITS COMMITTEES

During the year, the Board of Directors comprised the Chairman, six Non-Executive Directors and four Executive Directors (the Chief Executive, Chief Financial Officer, Director of Currency and Chief Commercial Officer). The Board met ten times in 2020/21 (2019/20: ten times). Attendance by members at the Board and Committee meetings is set out below in relation to how many meetings they attended whilst in office:

	Board	Audit Committee	Remuneration Committee	Nominations Committee
Anne Jessopp	10	n/a	n/a	n/a
Andrew Mills	10	n/a	n/a	n/a
Martin McDade	4	n/a	n/a	n/a
Nicola Howell	10	n/a	n/a	n/a
Huw Lewis	6	n/a	n/a	n/a
Graham Love	10	n/a	6	3
David Morgan	5	3	4	2
William Spencer	9	4	5	2
Xenia Carr-Griffiths	10	4	6	3
Michael Clayforth-Carr	10	4	6	3
Cheryl Toner	10	4	6	3
Jamie Carter	10	4	6	3
Shimi Shah	1	-	1	-
Number of meetings	10	4	6	3

All non-executive directors are considered independent upon appointment, with the exception of Jamie Carter who has a seat on the Board as a representative of the Royal Mint Trading Fund and HM Treasury as shareholder. Jamie is a member of the Audit Committee, Remuneration Committee and Nominations Committee.

William Spencer and Shimi Shah were appointed as Non-Executive Directors on 18 May 2020 and 22 March 2021 respectively.

Martin McDade resigned as a Director on 14 September 2020 and Huw Lewis was appointed on the same date.

David Morgan resigned as a Non-Executive Director on 21 September 2020.

During the pandemic, the majority of the meetings listed above were held virtually.

THE ROLE OF THE BOARD

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

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

Quality information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively. At each Board meeting the Directors receive a report from the Chief Executive covering all areas of the business along with financial information detailing performance against budget / latest forecast. There is a rolling Board agenda which 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. The last review took place in July 2020. No significant areas of concern were highlighted during this review but did highlight how well the Board transitioned to, and continued to, perform during the pandemic and its move to virtual meetings. It was noted that action had been taken to address points arising from previous internal reviews, for example, specific skills have been sought in non-executive appointments to complement the breadth of activities undertaken by The Royal Mint, additional focus on strategic opportunities, as well as diversity and inclusion. In addition, the Board facilitated two sessions with a cross-section of employees to gather feedback and understand key issues driving employee engagement.

AUDIT COMMITTEE

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

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

REMUNERATION COMMITTEE

The Committee is made up of no fewer than three Non-Executive Directors and meets at least twice a year. Remuneration decisions are guided by a Directors' Remuneration Framework that was agreed with HM Treasury at the time of the Company's vesting 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 48.

NOMINATIONS COMMITTEE

The Nominations Committee comprises all Non-Executive Directors of the Group and meets as and when necessary. The Committee works with UKGI to appoint Board members on the following basis:
- the Chairman is appointed by the HM Treasury Minister on advice from HM Treasury and UKGI, in consultation with the Chief Executive and the Nominations Committee;
- the Chief Executive appointment is approved by the HM Treasury Minister, on advice of the Chairman, HM Treasury and UKGI and in consultation with the Nominations Committee; and
- other Board appointments are made by the Nominations Committee in consultation with UKGI and with UKGI's consent.

The Board values the varied contribution which the diverse nature of the Board members brings and is supportive of the principle of boardroom diversity, of which gender is an important, but not the only, aspect. It is considered that the ratio of men:women should be at most 75:25 and our Board exceeds this at 55:45.

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

EXECUTIVE MANAGEMENT TEAM

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

The roles and responsibilities of the Executive Management Team are:
- the implementation of the plan and efficient operation of the business;
- the development and subsequent implementation of a long-term strategy in conjunction with the Board;
- the development of an annual budget, for approval by the Board;
- the approval of capital expenditure over £20,000 and major contracts that don't require Board approval (significant expenditure over £0.5m not approved in the annual budget is brought to the Board's attention);
- the preparation of a risk register and subsequent reviews and mitigating actions;
- the development and implementation of performance improvement programmes;
- the establishment, maintenance and development of operating procedures; and
- with reference to the Remuneration Committee develop remuneration systems for staff, including performance-related pay.

GOING CONCERN

The group meets its day-to-day working capital requirements through its banking facilities, precious metal leasing facilities and revolving credit facility from the Royal Mint Trading Fund. The current economic conditions create uncertainty, particularly over (a) the level of demand for the group's products, and (b) the availability of bank finance and the revolving credit facility for the foreseeable future. However, as we have witnessed over the last year, when the economy faces a downturn, the demand for our products, particularly precious metals, increases which provides us with some natural hedge against economic declines. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facilities.

Having assessed the principal risks and the other matters discussed in the Strategic Report, the directors considered it appropriate to adopt the going concern basis of accounting in preparing its consolidated financial statements. Further information on the group's borrowings is given in note 13.

Anne Jessopp
CHIEF EXECUTIVE
24 June 2021

THE ROYAL MINT LIMITED | ANNUAL REPORT 2020–21

MAKING It Secure

In September 2020, The Royal Mint unveiled the world's most visually secure bullion coin. Combining centuries of minting expertise with the latest technology, our bullion Britannia coin has four innovative security features, which enable customers to verify that the coin is authentic simply by rotating it in the light.

Britannia is one of The Royal Mint's most iconic and enduring bullion designs. By adding a latent image, surface animation, micro-text and tincture lines to the design, it has retained its beauty whilst introducing extra layers of security.

The Royal Mint was one of the first mints in the world to use advanced picosecond lasers, which are used in the fields of medicine and aerospace, for the production of coins. This technology enables us to work on a submicron level, creating complex designs using indents that are 200 times narrower than the width of a human hair.

Together, these tiny indents can create spectacular special effects like the movement of waves seen in the background of the Britannia coin. The advanced technology and intricacy of this design makes it incredibly difficult to replicate and gives the owner confidence that they have an authentic bullion coin.

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 Director of HR and SHE. The Chief Executive is invited to attend the Committee. Directors do not take part in any decision affecting their own remuneration.

REMUNERATION POLICY

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

EXECUTIVE MANAGEMENT TEAM

The team as at 31 March 2021 was made up of seven roles: Chief Executive, Chief Commercial Officer, Director of Currency, Director of Operations, Chief Financial Officer, Director of HR and SHE, and Chief Growth Officer.

EXECUTIVE MANAGEMENT TEAM'S TERMS, CONDITIONS AND REMUNERATION

The remuneration package of members of the Executive Management Team consists of the following elements:

i. Basic salary

The basic starting salary of a member of the Executive Management Team is determined as part of the recruitment and selection process. Thereafter it is subject to annual review and external benchmarking is regularly undertaken 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 2020–21. The purpose is to recognise and reward outstanding performance against planned business targets, with a strong focus on Economic Value Added (EVA) and Operating Profit. The maximum award for 2020–21, (given the EVA target was surpassed then Operating Profit over-performance targets triggered STIP awards), was 33% of basic salary for the CEO and 30% of basic salary for the other members of the Executive Management Team.

STIP awards are disclosed and accrued in the year they are earned. The amounts earned in 2020–21 will be paid in 2021–22.

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 CEO and 25% for the other members of the Executive Management Team.

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

There were three LTIP schemes operating during 2020–21. One started in 2018–19 and concluded in 2020–21 and amounts earned will be paid in 2021–22, the other started in 2019–20 and amounts earned will be paid in 2022–23. The third started in 2020–21 and amounts earned will be paid in 2023–24.

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 2020/21 targets set by the remuneration committee in July 2020 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 £3,200,000 being paid in profit share to the employees.

REMUNERATION AND INCENTIVE PLANS

Executive Management Team of The Royal Mint Limited	Total Remuneration 2020–21 £'000	Remuneration before incentives 2020–21 £'000	STIP amounts earned 2020–21 £'000	LTIP amounts earned 2020–21 £'000	Total Remuneration 2019–20 £'000	Remuneration before incentives 2019–20 £'000	STIP amounts earned 2019–20 £'000	LTIP amounts earned 2019–20 £'000
Anne Jessopp	370	220	68	82	291	220	41	30
Andrew Mills	220	141	40	39	174	140	20	14
Chris Howard	-	-	-	-	54	54	-	-
Leighton John	186	119	34	33	151	118	21	12
Martin McDade	72	72	-	-	123	123	-	-
Sarah Bradley	177	113	32	32	144	113	20	11
Nicola Howell	207	131	39	37	170	127	31	12
Sean Millard	140	109	31	-	-	-	-	-
Huw Lewis	90	70	20	-	-	-	-	-
Jonathan McGregor	107	107	-	-	162	128	21	13

Board members during the year were Anne Jessopp, Andrew Mills, Nicola Howell, Martin McDade (up to 14 September 2020) and Huw Lewis (from 14 September 2020).
Chris Howard and Jonathan McGregor resigned in July 2019 and January 2021 respectively.
Sean Millard was appointed in May 2020.

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

MEDIAN PAY

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

Using this basis, in 2020–21 the remuneration of the highest-paid director of The Royal Mint was £370,000 (2019–20: £291,000). This was nine times (2019–20: eight times) the median remuneration of the workforce, which was £40,500 (2019–20: £37,000).

PENSION BENEFITS ACCRUED

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

	Value of pension benefits 2020–21 in CSPS £'000	Value of pension benefits 2020–21 in CSPS £'000	Employee Contributions paid 2020–21 £'000	Increase in accrued pension in year in excess of inflation £'000	Transfer Value as of 31 March 2021 £'000	Transfer Value as of 31 March 2020 £'000	Increase in Transfer Value less employees contributions £'000
Anne Jessopp	84	84	18	54	432	346	68
Andrew Mills	55	54	5	46	554	477	72
Leighton John	46	46	9	22	174	139	26
Martin McDade	18	39	5	19	627	602	20
Sarah Bradley	44	44	8	26	186	147	31

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

Nicola Howell, Huw Lewis, Sean Millard are members of The Royal Mint Group Personal Pension Plan, a defined contribution scheme. Jonathan McGregor was also a member of this scheme until his resignation. Employer contributions made during the year were as follows:

Nicola Howell £15,600 (2019–20: £15,200)

Jonathan McGregor £12,800 (2019-20: £15,300)

Sean Millard £6,500

Huw Lewis £4,200

EMPLOYMENT AGREEMENTS

All permanent members of the Executive Management Team covered by this Annual Report hold appointments that are open-ended. Their notice periods are 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 Jamie Carter are appointed by the Company with approval of UKGI. Either party can terminate his or her engagement upon giving three months' notice.

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

	2020–21 £'000	2019–20 £'000
Graham Love	47	47
David Morgan	12	23
Xenia Carr-Griffiths	23	21
Michael Clayforth-Carr	20	18
Cheryl Toner	20	18
William Spencer	23	-
Shimi Shah	2	-

William Spencer and Shimi Shah were appointed on 18 May 2020 and 22 March 2021 respectively. David Morgan resigned on 21 September 2020.

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 2020/21 was £nil (2019-20: £12,000).

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

Anne Jessopp
CHIEF EXECUTIVE
24 June 2021

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 2021 and of the group's and company's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company Statements of Financial Position as at 31 March 2021; the Consolidated Income statement and Company Income Statement, and the Consolidated Statement of Comprehensive Income and Company Statement of Comprehensive Income, and the Consolidated and Company Statements of Cash Flows, and the Consolidated Statement of Changes in Equity and the Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION

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

Independence

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

CONCLUSIONS RELATING TO GOING CONCERN

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 2021 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, employment regulation and UK tax law, 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 the 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:

- Evaluation of the adequacy of the design of management's controls to prevent and detect irregularities;
- 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. 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
24 June 2021

MAKING a Difference

For more than 1,100 years, the nation's story has been told through coins struck by The Royal Mint, a narrative carried in the pockets and purses of all its people. The contribution of ethnic minority communities has been such an important part of that story but has often gone unrecognised.

In October 2020, The Royal Mint and the Chancellor of the Exchequer Rishi Sunak unveiled a brand-new 'Diversity Built Britain' UK 50p coin, with more designs championing diverse communities set to follow. The reverse design for the coin was created by Dominque Evans, a senior designer at The Royal Mint, and millions of the coins were introduced into circulation.

"The background of the coin features a geodome with a series of interconnecting lines and triangles that form a network. Each part is equal, and symbolises a community of connection and strength. The words 'DIVERSITY BUILT BRITAIN' talks about the differences between us, and the connection which gives us unity. The design also looks to the future, how we can connect, develop bonds and grow stronger together."

Dominique Evans

To support the launch of the coin, The Royal Mint partnered with the West India Committee to create a free Black History Month education pack, which was sent to every primary school in England and Wales. Each pack included a copy of the Diversity Built Britain UK 50p Coin and schoolchildren were encouraged to design their own coin.

Consolidated Income Statement

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Before IFRS 9-related items and exceptionals 2020–21 £'000	IFRS 9-related items (note 5) 2020–21 £'000	Exceptionals (note 5) 2020–21 £'000	Total 2020–21 £'000	Before IFRS 9-related items and exceptionals 2019–20 £'000	IFRS 9-related items (note 5) 2019–20 £'000	Exceptionals (note 5) 2019–20 £'000	Total 2019–20 £'000
Revenue	2	1,056,945	-	-	1,056,945	568,485	-	-	568,485
Cost of sales		(990,833)	(1,656)	-	(992,489)	(513,998)	(433)	-	(514,431)
Gross profit		66,112	(1,656)	-	64,456	54,487	(433)	-	54,054
Administrative expenses		(22,201)	-	(788)	(22,989)	(19,783)	-	(251)	(20,034)
Selling and distribution costs		(29,561)	-	-	(29,561)	(30,978)	-	-	(30,978)
Other (losses)/gains – net	23	(1,678)	2,499	-	821	(3,178)	1,222	-	(1,956)
Operating profit	3	12,672	843	(788)	12,727	548	789	(251)	1,086
Finance costs	6	(918)	-	-	(918)	(1,499)	-	-	(1,499)
Share of profit of associate accounted for using the equity method	10	593	-	-	593	212	-	-	212
Profit / (loss) before tax		12,347	843	(788)	12,402	(739)	789	(251)	(201)
Taxation	7				(2,694)				(1,190)
Profit / (loss) for the financial year					9,708				(1,391)
Loss attributable to: Owners of the parent					9,708				(1,391)

The notes on pages 64 to 95 form part of the financial statements.

All results above relate to Continuing Operations.

Company Income Statement

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Before IFRS 9-related items and exceptionals 2020–21 £'000	IFRS 9-related items (note 5) 2020–21 £'000	Exceptionals (note 5) 2020–21 £'000	Total 2020–21 £'000	Before IFRS 9-related items and exceptionals 2019–20 £'000	IFRS 9-related items (note 5) 2019–20 £'000	Exceptionals (note 5) 2019–20 £'000	Total 2019–20 £'000
Revenue	2	1,056,928	-	-	1,056,928	568,468	-	-	568,468
Cost of sales		(991,286)	(1,656)	-	(992,942)	(514,555)	(433)	-	(514,988)
Gross profit		65,642	(1,656)	-	63,986	53,913	(433)	-	53,480
Administrative expenses		(21,616)	-	(765)	(22,381)	(18,460)	-	(920)	(19,380)
Selling and distribution costs		(29,561)	-	-	(29,561)	(30,978)	-	-	(30,978)
Other (losses) / gains - net	23	(1,678)	2,499	-	821	(3,178)	1,222	-	(1,956)
Operating profit	3	12,787	843	(765)	12,865	1,297	789	(920)	1,166
Dividend received		50	-	-	50	-	-	-	-
Finance costs	6	(896)	-	-	(896)	(1,476)	-	-	(1,476)
Profit / (loss) before tax		11,941	843	(765)	12,019	(179)	789	(920)	(310)
Taxation	7				(2,694)				(1,190)
Profit / (loss) for the financial year					9,325				(1,500)
Profit / (loss) attributable to: Owners of the parent					9,325				(1,500)

The notes on pages 64 to 95 form part of the financial statements.

All results above relate to Continuing Operations.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2021

	Note	2020–21 £'000	2019–20 £'000
Profit / (loss) for the financial year		9,708	(1,391)
Other comprehensive (expense)/income:			
Items that may subsequently be reclassified to profit or loss			
Losses on cash flow hedges		(65)	(880)
Hedging gains / (losses) reclassified to profit or loss		798	(411)
Items that will not be reclassified to profit or loss			
Remeasurements for defined benefit scheme	17	(2,101)	2,038
Deferred tax on remeasurements for defined benefit scheme	16	399	(387)
Other comprehensive (expense) / income for the year, net of tax		(969)	360
Total comprehensive income / (expense) for the year		8,739	(1,031)
Total comprehensive income / (expense) attributable to:			
Owners of the parent		8,739	(1,031)

Company Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2021

	Note	2020–21 £'000	2019–20 £'000
Profit / (loss) for the financial year		9,325	(1,500)
Other comprehensive (expense) / income:			
Items that may subsequently be reclassified to profit or loss			
Losses on cash flow hedges		(65)	(880)
Hedging gains / (losses) reclassified to profit or loss		798	(411)
Items that will not be reclassified to profit or loss			
Remeasurements for defined benefit scheme	17	(2,101)	2,038
Deferred tax on remeasurements for defined benefit scheme	16	399	(387)
Other comprehensive (expense) / income for the year, net of tax		(969)	360
Total comprehensive income / (expense) for the year		8,356	(1,140)
Total comprehensive income / (expense) attributable to:			
Owners of the parent		8,356	(1,140)

The notes on pages 64 to 95 form part of the financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2021

	Note	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Hedging Reserve £'000	Total Equity £'000
At 1 April 2020		6,000	39,319	6,619	(798)	51,140
Profit for the financial year		-	-	9,708	-	9,708
Other comprehensive (expense) / income		-	-	(1,702)	733	(969)
Total comprehensive income for the year		-	-	8,006	733	8,739
Cost of hedging transferred to carrying value of inventory purchased in the year		-	-	-	142	142
At 31 March 2021		6,000	39,319	14,625	77	60,021

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2020

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

The notes on pages 64 to 95 form part of the financial statements.

Company Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2021

	Note	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Hedging Reserve £'000	Total Equity £'000
At 1 April 2020		6,000	39,319	6,286	(798)	50,807
Profit for the financial year		-	-	9,325	-	9,325
Other comprehensive (expense) / income		-	-	(1,702)	733	(969)
Total comprehensive income for the year		-	-	7,623	733	8,356
Cost of hedging transferred to carrying value of inventory purchased in the year		-	-	-	142	142
At 31 March 2021		6,000	39,319	13,909	77	59,305

The notes on pages 64 to 95 form part of the financial statements.

Company Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2020

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

Consolidated and Company Statements of Financial Position

AS AT 31 MARCH 2021

	Notes	Group 2021 £'000	Company 2021 £'000	Group 2020 £'000	Company 2020 £'000
NON-CURRENT ASSETS					
Property, plant and equipment	8	62,471	61,277	60,553	59,287
Intangible assets	9	12,693	12,693	14,560	14,560
Deferred tax asset	16	577	577	1,946	1,946
Investments	10	1,919	1,000	1,376	1,000
TOTAL NON-CURRENT ASSETS		77,660	75,547	78,435	76,793
CURRENT ASSETS					
Inventories	11	59,495	59,495	70,494	70,494
Derivative financial instruments	24	1,160	1,160	3,727	3,727
Current tax asset	7	-	-	1,348	1,352
Trade and other receivables	12	31,217	33,098	22,318	24,182
Cash and cash equivalents	22	7,929	7,755	22,534	22,379
TOTAL CURRENT ASSETS		99,801	101,508	120,421	122,134
CURRENT LIABILITIES					
Current tax liability	7	(366)	(366)	-	-
Borrowings	13	(612)	(612)	(536)	(528)
Trade and other payables	14	(83,060)	(83,370)	(98,538)	(98,950)
Derivative financial instruments	24	(241)	(241)	(4,568)	(4,568)
TOTAL CURRENT LIABILITIES		(84,279)	(84,589)	(103,642)	(104,046)
NET CURRENT ASSETS		15,522	16,919	16,779	18,088
NON-CURRENT LIABILITIES					
Borrowings	13	(24,766)	(24,766)	(36,944)	(36,944)
Accruals and deferred income	14	(1,418)	(1,418)	(1,572)	(1,572)
Retirement benefit liability	17	(1,940)	(1,940)	(1,531)	(1,531)
Deferred tax liability	16	(4,410)	(4,410)	(3,582)	(3,582)
Provision for liabilities and charges	15	(627)	(627)	(445)	(445)
NET ASSETS		60,021	59,305	51,140	50,807
EQUITY					
Share capital	25	6,000	6,000	6,000	6,000
Share premium	25	39,319	39,319	39,319	39,319
Retained earnings at 1 April		6,619	6,286	10,359	10,135
Profit /(loss) for the year		9,708	9,325	(1,391)	(1,500)
Other		(1,702)	(1,702)	(2,349)	(2,349)
Retained earnings at 31 March		14,625	13,909	6,619	6,286
Hedging reserve		77	77	(798)	(798)
TOTAL EQUITY		60,021	59,305	51,140	50,807

The notes on pages 64 to 95 form part of the financial statements.

The financial statements on pages 56 to 63 were approved by the Board of Directors on 24 June 2021 and signed on its behalf by

Huw Lewis
CHIEF FINANCIAL OFFICER
24 June 2021

Consolidated and Company Statements of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2021

	Note	Group 2020–21 £'000	Company 2020–21 £'000	Group 2019–20 £'000	Company 2019–20 £'000
CASH FLOW FROM OPERATING ACTIVITIES					
Profit / (loss) before tax		12,402	12,019	(201)	(310)
Depreciation on non-current assets		6,271	6,202	5,763	5,693
Amortisation on non-current assets		2,399	2,399	1,575	1,575
Loss on disposal of assets		589	586	-	-
Interest charge		918	896	1,499	1,476
Cash flow hedges		(885)	(885)	(711)	(711)
Share of associate		(593)	-	(212)	-
Changes in operating assets and liabilities:					
Difference between pension charge and cash contribution		(1,706)	(1,706)	(1,882)	(1,882)
Inventory		10,999	10,999	(17,713)	(17,713)
Trade and other receivables		(8,899)	(8,916)	17,452	17,312
Trade and other payables		(15,512)	(15,614)	29,350	29,685
Provisions		182	182	(30)	(30)
Cash generated from operations		6,165	6,162	34,890	35,095
Interest paid		(771)	(749)	(1,333)	(1,310)
Tax refunded / (paid)		1,615	1,619	(451)	(455)
Net cash generated from operating activities		7,009	7,032	33,106	33,330
CASH FLOW FROM INVESTING ACTIVITIES					
Acquisition of property, plant & equipment		(6,660)	(6,660)	(6,203)	(6,126)
Acquisition of intangible assets		(1,044)	(1,044)	(1,892)	(1,892)
Net cash used in investing activities		(7,704)	(7,704)	(8,095)	(8,018)
CASH FLOW FROM FINANCING ACTIVITIES					
Movement in borrowings		(13,123)	(13,115)	1,359	1,351
Principal lease payments		(650)	(650)	(450)	(450)
Dividends received / (paid)		50	-	(4,000)	(4,000)
Net cash (used in)/generating from financing activities		(13,723)	(13,765)	(3,091)	(3,099)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		(14,418)	(14,437)	21,920	22,213
Cash and cash equivalents at start of year		22,534	22,379	448	-
Effects of exchange rate changes on cash and cash equivalents		(187)	(187)	166	166
Cash and cash equivalents at end of year	22	7,929	7,755	22,534	22,379

The notes on pages 64 to 95 form part of the financial statements.

Notes to the Financial Statements

NOTE 1 PRINCIPAL ACCOUNTING POLICIES

1.1 GENERAL INFORMATION

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

1.2 SIGNIFICANT ACCOUNTING POLICIES

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

1.3 BASIS OF PREPARATION

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

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

1.4 CONSOLIDATION

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

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

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

1.5 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New standards, amendments and interpretations

There were no new and amended standards and interpretations mandatory for the first time for the financial year commencing on 1 April 2020 that had a material impact on the Group or Company.

New standards, amendments and interpretations not yet adopted

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

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

1.6 SEGMENTAL REPORTING

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

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 so as to charge the depreciable amount of the respective asset to income over its expected useful life. The useful lives of assets are as follows:

	Years
Buildings (including integral features)	up to 50
Plant and machinery	up to 20

No depreciation is provided in respect of land.

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

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

1.9 INTANGIBLE ASSETS

Intangible assets

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

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

Computer software

IT system, online website and licences for computer software are amortised on a straight-line basis over a period of 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 prior to then are held within assets in the course of construction within intangible assets.

Goodwill on associate

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

1.10 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

1.11 FINANCIAL ASSETS

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

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

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

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

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

1.12 IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

1.13 TRADE RECEIVABLES

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

1.14 FINANCIAL LIABILITIES

(a) Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised at commencement of the related contracts and are measured initially at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance costs. Borrowing costs are recognised in the Income Statement in the 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, while the ineffective portion is recognised in the Income Statement within Other Gains and Losses. Amounts taken to equity are transferred to the Income Statement when the hedged transaction affects the Income Statement in Cost of Sales, such as when a forecast sale or purchase occurs.

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

1.16 INVENTORIES

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

1.17 CASH AND CASH EQUIVALENTS

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

1.18 TRADE PAYABLES

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

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

1.19 CURRENT AND DEFERRED TAX

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

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

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

1.20 EMPLOYEE BENEFITS

(a) Pension obligations

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

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

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

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

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

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

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

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

(b) Profit sharing and incentive schemes

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

1.21 PROVISIONS

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

1.22 REVENUE RECOGNITION

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

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

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

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

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

NOTE 1 CONTINUED

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

1.23 LEASES

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

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

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

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

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

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

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

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

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

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

1.24 EXCEPTIONAL ITEMS

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

1.25 DIVIDEND DISTRIBUTION

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

1.26 SHARE CAPITAL

Ordinary shares are classified as equity.

1.27 GRANTS

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

1.28 INVESTMENTS

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

1.29 RELATED PARTIES

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

1.30 GOING CONCERN

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

NOTE 1 CONTINUED

1.31 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS IN APPLYING THE ACCOUNTING POLICIES

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

(a) Pension benefits

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

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

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

(b) Impairment of non-financial assets

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

When value in use calculations are undertaken because an impairment indicator is in place, management estimate the expected future cash flows from the asset or income-generating unit and choose a suitable discount rate in order to calculate the net present value of those cash flows. 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 which, although based on the Group's historical experience of customer repayment patterns, remains inherently uncertain.

(d) Inventory

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

(e) Property, plant and equipment

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

NOTE 2 SEGMENTAL REPORTING

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

The following table presents revenue, operating profit and certain asset and liability information regarding the Group's business segments for the years ended 31 March. Whilst being established as businesses, Collector Services and the RME are included in the Consumer results and the ETC business is included within Precious Metals. The not-for-profit visor production is included within 'unallocated'. The activities of new ventures, and the group's subsidiaries are currently unallocated due to immateriality.

ANALYSIS BY CLASS OF BUSINESS 2020–21

	Currency £'000	Consumer £'000	Precious Metals £'000	Total Segments £'000	Unallocated £'000	Total £'000
Segment revenue	92,963	112,585	843,788	1,049,336	7,609	1,056,945
Depreciation and amortisation	5,471	2,349	679	8,499	170	8,670
Operating (loss) / profit before IFRS 9 and exceptional items and allocation of central costs	(1,416)	21,327	15,417	35,328	(22,656)	12,672
IFRS 9 and exceptional items	55	-	-	55	-	55
Allocation of central costs	(7,485)	(9,334)	(4,080)	(20,899)	20,899	-
Total operating (loss)/profit	(8,846)	11,993	11,337	14,484	(1,757)	12,727
Segment assets and liabilities:						
Non-current assets	41,995	14,001	354	56,350	21,310	77,660
Current assets	37,050	29,167	17,549	83,766	16,035	99,801
Current liabilities	(12,704)	(9,451)	(18,673)	(40,828)	(43,451)	(84,279)
Non-current liabilities	-	(2,045)	-	(2,045)	(31,116)	(33,161)
Net assets/(liabilities)	66,341	31,672	(770)	97,243	(37,222)	60,021

A) ANALYSIS BY CLASS OF BUSINESS 2019–20

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

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

NOTE 2 CONTINUED

B) GEOGRAPHICAL ANALYSIS OF REVENUE

Revenue by destination is set out below:	2020-21 £'000	2019-20 £'000
UK	441,206	204,857
Germany	108,641	69,652
Rest of Europe	80,753	47,812
United States of America	291,579	116,596
Rest of Americas	4,275	1,743
Asia	70,774	58,492
Africa	45,745	64,650
Rest of the World	13,972	4,683
Total revenue	1,056,945	568,485

During 2020-21 revenue from two customers amounted to £226.8m (2019-20 one customer: £75.6m) which represented in excess of 21% of revenue.

NOTE 3A GROUP AND COMPANY OPERATING PROFIT

Group and Company operating profit /(loss) is stated after charging/(crediting):

	Group 2020–21 £'000	Company 2020–21 £'000	Group 2019–20 £'000	Company 2019–20 £'000
Depreciation	6,271	6,202	5,763	5,693
Amortisation	2,399	2,399	1,575	1,575
Loss on disposal	586	586	-	-
Research and development	1,366	1,366	697	697
Exceptional items (note 5)	788	765	251	920
Commodity hedges loss / (gain)	843	843	(789)	(789)
Foreign exchange loss	1,230	1,230	2,629	2,629
Precious metal consignment arrangement fees	2,338	2,338	858	858
Auditors' remuneration				
Audit of the Company and Group financial statements	82	82	96	96
Audit of subsidiary financial statements	-	-	-	-
Non audit fees – other	-	-	-	-

NOTE 3B LEASES RECOGNISED IN THE INCOME STATEMENT

The Income Statement shows the following amounts relating to leases:

	Group 2020–21 £'000	Company 2020–21 £'000	Group 2019–20 £'000	Company 2019–20 £'000
Depreciation of right-of-use assets				
Plant and Machinery	587	587	410	410
Interest expense (included in finance costs)	65	65	39	39
Expense relating to short-term leases (included in administrative expenses)	625	625	201	201
Expense relating to low-value leases (included in administrative expenses)	8	8	-	-

NOTE 4 RENUMERATION 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

	2020–21 £'000	2020–21 £'000	2019–20 £'000	2019–20 £'000
Wages and salaries				
Staff with a permanent contract	35,767		32,384	
Other staff	777		540	
		36,544		32,924
Social Security costs				
Staff with a permanent contract	3,251		3,098	
Other staff	79		43	
		3,330		3,141
Pension costs				
Defined benefit:				
Staff with a permanent contract	3,072		3,247	
Defined contribution:				
Staff with a permanent contract	1,807		1,707	
Other staff	56		41	
		4,935		4,995
		44,809		41,060

AVERAGE NUMBER EMPLOYED

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

	2020–21		2019–20	
	Number	Number	Number	Number
Production				
Staff with a permanent contract	468		476	
Other staff	4		10	
		472		486
Sales and Marketing				
Staff with a permanent contract	175		181	
Other staff	6		6	
		181		187
Administration				
Staff with a permanent contract	138		141	
Other staff	1		2	
		139		143
		792		816

DIRECTORS' EMOLUMENTS

	2020-21 £'000	2019-20 £'000
Aggregate emoluments excluding long term incentive scheme	947	828
Aggregate amounts receivable under long term incentive scheme	158	56
Contributions under defined contribution pension scheme	20	-
Highest paid director		
Total amounts of emoluments and amounts receivable under long-term incentive scheme	370	291
Accrued defined benefit pension at year-end	30	25
Accrued lump sum at year-end	432	346

Retirement benefits accrued to three executive directors under a defined benefit scheme during the year (2019-20: three).

NOTE 5A EXCEPTIONAL ITEMS

	Group 2020–21 £'000	Company 2020–21 £'000	Group 2019–20 £'000	Company 2019–20 £'000
Impairment	328	328	-	-
Restructuring costs	460	460	251	251
Intercompany provision (release) / charge	-	(23)	-	669
Exceptional charge	788	765	251	920

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. During 2018/19, the directors decided that the changes in the Currency market represented such an impairment trigger resulting in £1.3m of assets with no prospective use being impaired and charged to the Income Statement. In the current year, £0.3m of indirect parts relating to the previously impaired plant and machinery were also impaired.

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

NOTE 5B 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 2020–21 £'000	Company 2020–21 £'000	Group 2019–20 £'000	Company 2019–20 £'000
Interest cost on pension plan liabilities	14	14	102	102
Interest and finance charges paid / payable for lease liabilities and financial liabilities not at fair value through profit and loss	904	882	1,397	1,374
Total finance costs	918	896	1,499	1,476

NOTE 7 TAXATION

ANALYSIS OF TAX CHARGE IN YEAR

	Group 2020–21 £'000	Company 2020–21 £'000	Group 2019–20 £'000	Company 2019–20 £'000
UK corporation tax				
Current year	875	875	-	-
Prior year	(777)	(777)	345	345
Deferred tax:				
Current year	1,470	1,470	342	342
Prior year	1,126	1,126	503	503
Taxation charge	2,694	2,694	1,190	1,190

The tax charge / (credit) for the year differs from the theoretical amount which would arise using the standard rate of corporation tax in the UK (2020-21: 19%, 2019-20: 19%):

	Group 2020–21 £'000	Company 2020–21 £'000	Group 2019–20 £'000	Company 2019–20 £'000
Profit / (loss) before tax	12,402	12,019	(201)	(310)
Loss multiplied by the standard rate of corporation tax of 19%	2,356	2,284	(38)	(59)
Effects of:				
Expenses not deductible for tax purposes	(112)	(40)	273	294
Income not taxable	(95)	(95)	-	-
Temporary differences not recognised	196	196	-	-
Adjustments in respect of prior years	349	349	848	848
Change in tax rate	-	-	107	107
Taxation charge	2,694	2,694	1,190	1,190

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. At the balance sheet date, the proposal to increase the rate to 25% had not been substantively enacted, substantive enactment occurred on 24 May 2021, therefore, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, it would increase the company's future current tax charge accordingly.

In addition to the amount charged to the Income Statement, a deferred tax credit relating to actuarial gain on defined benefit pension schemes of £399,000 (2019-20: charge of £387,000) has been charged directly to the Consolidated and Company Statements of Comprehensive Income.

CURRENT TAX (CREDITOR) / DEBTOR

	Group 2021 £'000	Company 2021 £'000	Group 2020 £'000	Company 2020 £'000
UK corporation tax	(366)	(366)	1,348	1,352

NOTE 8 PROPERTY, PLANT AND EQUIPMENT – GROUP

	Freehold land and buildings £'000	Payments on account and assets in the course of construction £'000	Plant and machinery £'000	Right of use assets (Plant and machinery) £'000	Total £'000
Cost					
At 1 April 2020	29,659	4,545	106,603	954	141,761
Additions	-	6,660	-	1,606	8,266
Transfers	116	(3,412)	3,222	-	(74)
Disposals	-	-	(3)	-	(3)
At 31 March 2021	29,775	7,793	109,822	2,560	149,950
Accumulated Depreciation					
At 1 April 2020	7,818	-	72,980	410	81,208
Charge for year	1,129	-	4,555	587	6,271
Disposal	-	-	-	-	-
At 31 March 2021	8,947	-	77,535	997	87,479
Net book value at 31 March 2021	20,828	7,793	32,287	1,563	62,471

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

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.

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 £67.1m. Management has identified that the CGU is represented by those cash flows generated which link to the UK Circulating coin contract. The value in use of the CGU has been determined using cash inflows for the related CGU projected over the estimated useful lives of the related assets. Cash inflows are based on the latest business plans which have then been extended to the end of the projected useful life with nil growth rate from year two.

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 82% 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					
At 1 April 2020	29,659	4,545	105,235	954	140,393
Additions	-	6,660	-	1,606	8,266
Transfers	116	(3,412)	3,222	-	(74)
At 31 March 2021	29,775	7,793	108,457	2,560	148,585
Accumulated Depreciation					
At 1 April 2020	7,818	-	72,878	410	81,106
Charge for year	1,129	-	4,486	587	6,202
At 31 March 2021	8,947	-	77,364	997	87,308
Net book value at 31 March 2021	20,828	7,793	31,093	1,563	61,277

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

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
Cost					
At 1 April 2020	5,291	14,341	1,947	952	22,531
Additions	1,043	-	-	-	1,043
Transfers	(5,156)	5,230	-	-	74
Disposals	(585)	-	-	-	(585)
At 31 March 2021	593	19,571	1,947	952	23,063
Accumulated Amortisation					
At 1 April 2020	-	6,348	671	952	7,971
Amortisation for year	-	2,203	196	-	2,399
At 31 March 2021	-	8,551	867	952	10,370
Net book value at 31 March 2021	593	11,020	1,080	-	12,693

Amortisation charges of £2,213,000 (2019-20: £1,575,000) and £186,000 (2019-20: £nil) are included within administration expenses and cost of sales respectively.

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

NOTE 10 INVESTMENTS

	Company £'000
Investment in associate at 31 March 2020 and 31 March 2021	1,000

The Group had the following subsidiaries at 31 March 2021 and 31 March 2020. All are incorporated and domiciled in the UK and the address of the registered office for all is Llantrisant, Pontyclun, CF72 8YT.

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

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

On 1 June 2017, the Group acquired a 23.4% interest in an associate company, Sovereign Rarities Limited, during the year. Sovereign Rarities is also incorporated and domiciled in the UK and its principal activity is acting as a historic coin dealership. The address is 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 2021 Sovereign Rarities had £32,000 of fixed assets, £8,795,000 of current assets comprising £8,036,000 of stock and £759,000 of debtors, less liabilities of £2,594,000 resulting in total net assets of £6,233,000. The Royal Mint share was therefore £1,458,000 with a share in profits of £543,000 during the year meaning the total value of the investment included in the group was £1,919,000.

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

NOTE 11 INVENTORIES - GROUP AND COMPANY

	2021 £'000	2020 £'000
Metal inventory	39,760	26,822
Work in progress (excluding metal)	5,090	3,425
Stores and packing materials	5,425	6,268
Finished goods	9,220	33,979
	59,495	70,494

Inventories recognised as an expense in the year are recorded within cost of sales. Movement in the inventory provision during the year was a decrease of £1.8million (2019-20: increase of £1.2million). The amount of inventories written down to net realisable value during the year was £nil (2019-20: £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 £501.8 million at 31 March 2021 (2020: £443.2 million). Consignment fees under these arrangements are recognised within cost of sales.

NOTE 12 TRADE AND OTHER RECEIVABLES

	Group 2021 £'000	Company 2021 £'000	Group 2020 £'000	Company 2020 £'000
Trade receivables	29,508	29,509	17,514	17,512
Less Provision for impairment of receivables	(504)	(504)	(565)	(565)
VAT recoverable	-	-	3,991	3,991
Prepayments and accrued income	2,213	2,184	1,378	1,369
Amounts owed by subsidiary undertaking	-	1,909	-	1,875
	31,217	33,098	22,318	24,182

Included within the receivables are the following:

	£'000	£'000	£'000	£'000
Central Government bodies	129	129	1,810	1,810
Other Government bodies	34	34	13	13
NHS Trusts	7	7	7	7
Amounts owed by subsidiary undertaking	-	1,909	-	1,875
	170	2,079	1,830	3,705

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

	Company 2021 £'000	Company 2021 £'000	Company 2020 £'000	Company 2020 £'000
Pounds sterling	28,861	30,742	17,289	19,153
US Dollars	183	183	3,633	3,633
Euros	2,173	2,173	1,396	1,396
	31,217	33,098	22,318	24,182

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	2021 £'000	2020 £'000
At 1 April	(565)	(356)
Provided in the year	61	(209)
At 31 March	(504)	(565)

NOTE 13 BORROWINGS

	Group 2021 £'000	Company 2021 £'000	Group 2020 £'000	Company 2020 £'000
Overdraft	-	-	8	-
Lease obligations less than one year	477	477	393	393
Lease obligations greater than one year	1,087	1,087	150	150
Loans less than one year	135	135	135	135
Loans greater than one year	23,679	23,679	36,794	36,794
	25,378	25,378	37,480	37,472

The Company has a revolving credit facility from the Royal Mint Trading Fund of £36 million until 28 February 2023, of which £23 million was drawn down at 31 March 2021. In addition, the Company has a fixed term loan of which £814,000 was outstanding at 31 March 2021 - £135,000 is due in less than one year and the remaining balance of £679,000 is due in more than one year. The Company also has an overdraft facility of £20 million.

NOTE 14 TRADE AND OTHER PAYABLES

	Group 2021 £'000	Company 2021 £'000	Group 2020 £'000	Company 2020 £'000
Trade payables	19,668	19,668	15,035	15,031
Other payables	27,585	27,585	44,877	44,871
VAT payable	874	874	-	-
Payments received on account	21,605	21,605	30,949	30,949
Taxation and social security	1,086	1,083	1,043	1,043
Accruals and deferred income	12,242	12,228	6,634	6,603
Amounts owed to subsidiary companies	-	327	-	453
	83,060	83,370	98,538	98,950

Included within the receivables are the following:

Other Central Government bodies	2,800	2,796	1,336	1,336
Public Corporations and Trading Funds	2	2	117	117
	2,802	2,798	1,453	1,453

The £1,418,000 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 (2019-20: £1,572,000).

NOTE 15 PROVISION FOR LIABILITIES AND CHARGES

GROUP AND COMPANY

	Returns provision £'000
At 1 April 2020	445
Provided in year	624
Utilised in year	(307)
Released in year	(135)
At 31 March 2021	627

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

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 2021 – Group and Company	627	-	-	-
At 31 March 2020 – Group and Company	445	-	-	-

NOTE 16 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax is provided in full on temporary differences under the liability method using a tax rate of 19% (2020: 19%).

GROUP AND COMPANY	2021 £'000	2020 £'000
Liability at 1 April	1,636	404
Movements on deferred tax were:		
Charged to the Income Statement	2,596	845
(Credited) / charged to Statement of Comprehensive Income	(399)	387
Liability at 31 March	3,833	1,636

GROUP AND COMPANY	Assets £'000	Liabilities £'000	2021 Net £'000	Assets £'000	Liabilities £'000	2020 Net £'000
Accelerated tax depreciation	-	4,250	4,250	-	3,464	3,464
Derivative instruments	-	160	160	-	118	118
Retirement benefit obligation	(398)	-	(398)	(373)	-	(373)
Tax losses	-	-	-	(1,404)	-	(1,404)
Other	(179)	-	(179)	(169)	-	(169)
Deferred tax (asset)/liability	(577)	4,410	3,833	(1,946)	3,582	1,636

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 2020	3,464	118	(373)	(1,404)	(169)	1,636
Charged/(credited) to the Income Statement	786	42	374	1,404	(10)	2,596
Credited to Statement of Comprehensive Income	-	-	(399)	-	-	(399)
At 31 March 2021	4,250	160	(398)	-	(179)	3,833

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

Deferred tax (credited) / charged to the Consolidated and Company Statement of Comprehensive Income during the year was:

	2020–21 £'000	2019–20 £'000
Remeasurements on defined benefits schemes	(399)	387

NOTE 16 CONTINUED

Analysis of deferred tax (asset)/liability	Group and Company 2021 £'000	Group and Company 2020 £'000
Deferred tax asset within 12 months	-	(82)
Deferred tax liability within 12 months	160	118
Deferred tax asset after 12 months	(577)	(1,864)
Deferred tax liability after 12 months	4,250	3,464
	3,833	1,636

The deferred tax at 31 March 2021 has been calculated based on the rate of 19% which was substantively enacted at the balance sheet date (2020: 19%). The deferred tax asset has been recognised as the Company are confident that future profits will arise against which the asset will be utilised.

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax liability would have increased by £1,210k.

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 £1,863,000 (2019-20: £1,748,000) represents contributions payable to the scheme by the Group at rates specified in the plan rules.

DEFINED BENEFIT SCHEME

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

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

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

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).

NOTE 17 CONTINUED

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

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

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

Employer contributions expected to be paid for the year ended 31 March 2022 are £2,700,000.

Whilst the PCSPS and Alpha are defined benefit schemes, they are accounted for by the Company as defined contribution schemes as the Company cannot determine its share of the underlying assets and liabilities due to them being multi-employer unfunded defined benefit pension schemes. The total cost charged to the income statement of £3,072,000 (2019-20: £3,247,000) represents contributions payable to the scheme by the Company. As noted above RMLS was closed for additional contributions on 31 March 2015. The disclosures below relate to the residual RMLS in relation to deferred pensioners who left their benefits in the scheme and current pensioners.

RISKS

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

ACTUARIAL VALUATION

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

DETAILS OF VALUATION ASSUMPTIONS

An accounting valuation of the RMLS assets and liabilities for financial reporting purposes was carried out on 31 March 2021 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:

	2021	2020
Discount rate	2.00%	2.10%
Price inflation RPI	2.90%	2.10%
Price inflation CPI (pre 2030)	1.90%	1.30%
Price inflation CPI (post 2030)	2.70%	1.30%
Revaluation of deferred pensions: benefits accrued before 01/02/2014	2.90%	2.10%
Revaluation of deferred pensions: benefits accrued after 01/02/2014 (pre 2030)	1.90%	1.30%
Revaluation of deferred pensions: benefits accrued after 01/02/2014 (post 2030)	2.70%	1.30%
Increase to pensions in payment: benefits accrued before 01/02/2014	2.90%	2.10%
Increase to pensions in payment: benefits accrued after 01/02/2014 (pre 2030)	1.90%	1.30%
Increase to pensions in payment: benefits accrued after 01/02/2014 (post 2030)	2.70%	1.30%
Mortality assumption – male pre and post-retirement	SAPS S3PMA CMI 2019 1.25% long term trend 0.3% initial addition	SAPS S3PMA CMI 2018 1.5% long term trend
Mortality assumption – female pre and post-retirement	SAPS S3PFA CMI 2019 1.25% long term trend 0.3% initial addition	SAPS S2PFA CMI 2018 1.5% long term trend
Future expected lifetime of current pensioner at age 65		
Male aged 65 at year-end	87.2	87.0
Female aged 65 at year-end	89.5	89.3
Future expected lifetime of future pensioner at age 65		
Male aged 45 at year-end	88.5	88.7
Female aged 45 at year-end	90.9	91.0

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:

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Fair value of plan assets	22,695	17,456	16,973	14,199	15,027
Present value of plan liabilities	(24,635)	(18,987)	(22,424)	(21,631)	(23,496)
Net defined benefit liability	(1,940)	(1,531)	(5,451)	(7,432)	(8,469)

Amounts recognised in the Income Statement:

Service Cost:	2020–21 £'000	2019–20 £'000
Administration expenses	100	72
Net interest expense	14	102
Amounts charged to the Income Statement	114	174

Re-measurements of the net liability:

Return on scheme assets (excluding amounts included in interest expense)	(3,408)	1,795
Loss / (gain) arising from changes in financial assumptions	5,850	(3,594)
Gain arising from changes in demographic assumptions	(85)	(173)
Experience gain	(256)	(66)
Charge / (credit) recorded in other comprehensive income	2,101	(2,038)
Total defined benefit charge / (credit)	2,215	(1,864)

	2021 £'000	2020 £'000
Fair value of net liability at beginning of year	(1,531)	(5,451)
Movements in year:		
Employer contributions	1,806	2,056
Administration expenses	(100)	(72)
Net interest cost	(14)	(102)
Re-measurement gains / (losses):		
Actuarial gains / (losses) arising from changes in financial assumptions	(5,850)	3,594
Actuarial gains arising from changes in demographic assumptions	85	173
Return on scheme assets (excluding amounts included in interest expense)	3,408	(1,795)
Other experience items	256	66
Net Scheme liabilities at end of year	(1,940)	(1,531)

Changes in the present value of assets over the year:

Fair value of assets at beginning of year	17,456	16,973
Movements in year:		
Return on scheme assets (excluding amounts included in interest expense)	3,408	(1,795)
Interest income	382	412
Employer contributions	1,806	2,056
Benefits paid	(257)	(118)
Administration expenses	(100)	(72)
Scheme assets at end of year	22,695	17,456

Actual return on assets over the year was £3,790,000 (2019-20: £(1,383,000)).

Changes in the present value of liabilities over the year:	2021 £'000	2020 £'000
Scheme liabilities at beginning of year	18,987	22,424
Movement in year:		
Interest cost	396	514
Re-measurement losses / (gains):		
Actuarial losses / (gains) arising from changes in financial assumptions	5,850	(3,594)
Actuarial gains arising from changes in demographic assumptions	(85)	(173)
Other experience items	(256)	(66)
Benefits paid	(257)	(118)
Scheme liabilities at end of year	24,635	18,987

The split of the scheme's liabilities by category of membership is as follows:	2021 £'000	2020 £'000
Deferred pensioners	21,612	16,756
Pensions in payment	3,023	2,231
	24,635	18,987
Average duration of the scheme's liabilities at the end of the period (years)	31	30

NOTE 17 CONTINUED

The major categories of scheme assets are as follows:

	2021 £'000	2020 £'000
Return seeking		
UK Equities	5,863	3,899
Overseas Equities	5,863	3,899
Diversified Growth Fund	1,079	813
	12,805	8,611
Debt instruments		
Corporates	5,189	4,514
Index Linked	4,701	4,331
	9,890	8,845
Total market value of assets	22,695	17,456

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

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

The Company expects to meet the cost of administrative expenses for the Scheme during year ending 31 March 2022.

Sensitivity of the liability value to changes in the principal assumptions

If the discount rate was 0.1 percent higher (lower), the scheme liabilities would decrease by £739,000 (increase by £768,000) if all the other assumptions remained unchanged.

If the inflation assumption was 0.1% higher (lower), the scheme liabilities would increase by £737,000 (decrease by £713,000). 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 £1,032,000 (decrease by £1,026,000) if all the other assumptions remained unchanged.

NOTE 18 DIVIDENDS

GROUP AND COMPANY

	2020–21 £'000	2019–20 £'000
Dividends paid: £nil (2019-20: 66.7p per share)	-	4,000

NOTE 19 CAPITAL COMMITMENTS

GROUP AND COMPANY

	2021 £'000	2020 £'000
Commitments in respect of contracts – Tangible Assets	2,928	5,817
Commitments in respect of contracts – Intangible Assets	14	154
	2,942	5,971

NOTE 20 OPERATING LEASE COMMITMENTS

GROUP AND COMPANY

	2021 £'000	2020 £'000
Operating lease rentals due on leases expiring:		
Less than one year	82	201
Between one and five years	77	-
After five years	11	-
	170	201

NOTE 20 CONTINUED

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. HM Treasury is regarded as a related party and it has both an ownership and a customer role.

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

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

1. The Royal Mint Limited provides employees, establishment and support services. The charges for this year are £349,000 (2019-20: £337,000).
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 £389,000 (2019-20: £380,000).
3. The Royal Mint Museum received a quarterly donation from the Royal Mint Limited calculated in accordance with the agreement at vesting. Since 1 January 2018 the payment (calculated as previously) is in consideration for a non-exclusive licence to access and have use of the Museum Collection within the restrictions set out in the Funding agreement signed 31st December 2017. The amount received for the year is £193,492 (2019-20: £139,335).
4. The Royal Mint Limited has donated coins to the Museum collection which are included within heritage assets at a cost of £378,143 (2019-20: £314,185).

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

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

1. The Royal Mint Limited's purchases from Sovereign Rarities Limited were £7,457,934 (2019-20: £5,096,400) and the amount outstanding at 31 March 2021 was £174,605 (2020: £530,337).
2. The Royal Mint Limited's sales to Sovereign Rarities Limited were £5,218,102 (2019-20: £2,115,321) and the amount outstanding at 31 March 2021 was £767,934 (2020: £1,045,000).

REMUNERATION OF KEY MANAGEMENT STAFF

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

GROUP AND COMPANY

	2021 £'000	2020 £'000
Salaries and other short-term employee benefits	1,569	1,266
Post-employment benefits	240	248
	1,809	1,514

NOTE 22 ANALYSIS OF NET DEBT

GROUP

	At 1 April 2020 £'000	Non-cash changes £'000	Cash flow £'000	At 31 March 2021 £'000
Cash at bank and in hand	22,534	-	(14,605)	7,929
Overdraft	(8)	-	8	-
Obligations under lease	(543)	(1,672)	652	(1,563)
Loans	(36,929)	-	13,115	(23,814)
	(14,946)	(1,672)	(830)	(17,448)

NOTE 22 CONTINUED

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

COMPANY

	At 1 April 2020 £'000	Non-cash changes £'000	Cash flow £'000	At 31 March 2021 £'000
Cash at bank and in hand	22,379	-	(14,624)	7,755
Overdraft	-	-	-	-
Obligations under lease	(543)	(1,672)	652	(1,563)
Loans	(36,929)	-	13,115	(23,814)
	(15,093)	(1,672)	(857)	(17,622)

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

NOTE 23 OTHER GAINS/(LOSSES) – NET

GROUP AND COMPANY

	2020–21 £'000	2019–20 £'000
Foreign exchange loss	(1,230)	(2,629)
Foreign exchange forward contracts gains / (loss)	1,711	(435)
Precious Metal forward contracts gain	406	2,306
Ineffectiveness of commodity hedges	383	(649)
Set up costs and operational losses associated with ETC	(602)	(702)
Release of grant income	153	153
Other gains/(losses) - net	821	(1,956)

In February 2020, the Group was involved with launching a financial services listed product – a gold backed Exchange Traded Commodity (ETC) which tracks the price of gold. The ETC is called 'The Royal Mint Physical Gold ETC Securities' and trades with ticker code RMAU. It is currently listed on the UK and German stock exchanges.

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

As part of our Cooperation and Services agreement with HANetf Limited, the Group receives a brand licensing fee for the use of the Royal Mint logo and intellectual property for the ETC. The brand licensing fee is the balance of the total expense ratio ('TER' which is a measure of the total cost of a fund to the investor) remaining after the deduction of all other fees and expenses and costs relating to the ETC. The product is expected to become profitable within the next 2 years.

NOTE 24 FINANCIAL INSTRUMENTS

GROUP AND COMPANY

	2021 £'000	2020 £'000
Derivative asset		
Foreign currency fair value	232	770
Commodity fair value	522	380
Precious metal fair value	406	2,577
	1,160	3,727
Derivative liability		
Foreign currency fair value	81	2,470
Commodity fair value	160	1,827
Precious metal fair value	-	271
	241	4,568

FINANCIAL RISK MANAGEMENT

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

CURRENCY RISK

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

	Contract amount 2021 £'000	Average forward rate 2021	Fair value 2021 £'000	Contract amount 2020 £'000	Average forward rate 2020	Fair value 2020 £'000
Forward contract – sell £/buy EUR						
Maturing in less than 1 year	269	1.1580	(3)	27,976	1.1219	(164)
Forward contract – sell £/buy USD						
Maturing in less than 1 year	6,466	1.3291	(175)	1,831	1.3340	115
Forward contract – buy £/sell USD						
Maturing in less than 1 year	8,451	0.6654	132	32,249	1.3258	(1,578)
Maturing in more than 1 year	1,689	1.3867	(2)	7,478	1.3764	(644)
	10,140	1.3753	130	39,727	1.3511	(2,222)
Forward contract – buy £/sell EUR						
Maturing in less than 1 year	4,159	1.1097	199	26,677	1.1014	572
Forward contract – sell EUR / buy USD						
Maturing in less than 1 year	490	1.3759	-	-	-	-

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

	Closing exchange rate 2021	Effect on net earnings of a 10% decrease 2021 £'000	Closing exchange rate 2020	Effect on net earnings of a 10% decrease 2020 £'000
Euros	1.1725	241	1.1220	292
US Dollars	1.3740	(5)	1.2391	2,249
		236		2,541

NOTE 24 CONTINUED

	Closing exchange rate 2021	Effect on net earnings of a 10% increase 2021 £'000	Closing exchange rate 2020	Effect on net earnings of a 10% increase 2020 £'000
Euros	1.1725	(198)	1.1220	(109)
US Dollars	1.3740	4	1.2391	(1,840)
		(194)		(1,949)

COMMODITY PRICE RISK

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

	Tonnes 2021	Value at average price 2021 £'000	Fair value 2021 £'000	Tonnes 2020	Value at average price 2020 £'000	Fair value 2020 £'000
Cash flow hedges:						
Copper futures –						
GBP denominated contracts:						
Maturing in less than 1 year	100	397	239	325	1,505	(226)
Maturing in more than 1 year	25	159	(4)	150	697	(93)
	125	556	235	475	2,202	(319)
Nickel futures –						
GBP denominated contracts:						
Maturing in less than 1 year	168	1,877	103	198	2,636	(776)
Maturing in more than 1 year	42	483	20	156	1,831	(322)
	210	2,360	123	354	4,467	(1,098)
Zinc futures –						
GBP denominated contracts:						
Maturing in less than 1 year	-	(5)	5	50	101	(23)
Maturing in more than 1 year	-	-	-	25	46	(6)
	-	(5)	5	75	147	(29)

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

	Closing price/tonne 2021 £	Effect on net earnings of a 10% decrease 2021 £'000	Effect on equity of a 10% decrease 2021 £'000	Closing price/tonne 2020 £	Effect on net earnings of a 10% decrease 2020 £'000	Effect on equity of a 10% decrease 2020 £'000
Copper	6,427	(11)	(68)	3,884	4	(193)
Nickel	11,691	(19)	(228)	9,096	(3)	(334)
Zinc	2,030	-	-	1,512	(1)	(11)
		(30)	(296)		-	(538)

	Closing price/tonne 2021 £	Effect on net earnings of a 10% increase 2021 £'000	Effect on equity of a 10% increase 2021 £'000	Closing price/tonne 2020 £	Effect on net earnings of a 10% increase 2020 £'000	Effect on equity of a 10% increase 2020 £'000
Copper	6,427	11	69	3,884	(5)	193
Nickel	11,691	-	247	9,096	6	331
Zinc	2,030	-	-	1,512	1	11
		11	316		2	535

NOTE 24 CONTINUED

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

Purchases are made in two ways:

1. for a specific order; and
2. based on forecast sales demand over a specified period.

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

	Ozs 2021	Value at average price 2021 £'000	Fair value 2021 £'000	Ozs 2020	Value at average price 2020 £'000	Fair value 2020 £'000
Gold forwards –						
GBP denominated contracts:						
Maturing in less than 1 year	25,732	31,713	397	44,896	54,610	2,769
Silver forwards –						
GBP denominated contracts:						
Maturing in less than 1 year	43,610	768	9	278,637	3,605	(462)
Platinum forwards –						
GBP denominated contracts:						
Maturing in less than 1 year	100	86	-	20	13	(1)

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 2021 £	Effect on net earnings of a 10% decrease 2021 £'000	Closing price/oz 2020 £	Effect on net earnings of a 10% decrease 2020 £'000
Gold	1,248	(3,211)	1,278	(5,738)
Silver	18	(78)	11	(314)
Platinum	860	(9)	590	(1)
		(3,298)		(6,053)

	Closing price/oz 2021 £	Effect on net earnings of a 10% increase 2021 £'000	Closing price/oz 2020 £	Effect on net earnings of a 10% increase 2020 £'000
Gold	1,248	3,211	1,278	5,738
Silver	18	78	11	314
Platinum	860	9	590	1
		3,298		6,053

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

	Closing price/oz 2021 £	Effect on net earnings of a 10% change 2021 £'000	Closing price/oz 2020 £	Effect on net earnings of a 10% change 2020 £'000
Gold	1,248	177	1,278	160
Silver	18	48	11	5
Platinum	860	33	590	3
		258		168

NOTE 24 CONTINUED

INTEREST RATE RISK

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

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

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

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

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

	2021 £'000	Effect on net earnings of a 10% change 2021 £'000	2020 £'000	Effect on net earnings of a 10% change 2020 £'000
Loans	23,814	42	36,929	93

CREDIT RISK

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

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

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

CURRENCY RECEIVABLES

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

	Between 31 and 60 days £'000	Between 61 and 90 days £'000	Between 91 and 120 days £'000	Over 120 days £'000
Currency receivables:				
2021	14	-	-	44
2020	130	1,518	6,191	52

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:				
2021	21	1	6	4
2020	110	19	12	187

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 £'000	Balance overdue statement 1 status £'000	Balance overdue statement 2 status £'000	Balance overdue statement 3 status £'000
Business to Consumer receivables:				
2021	2,687	40	6	696
Expected loss allowance at 31 March 2021	(81)	(8)	(6)	(409)
2020	2,983	216	9	278
Expected loss allowance at 31 March 2020	(89)	(155)	(4)	(317)

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 2021 or 2020.

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 2021 the amount is £29,004,000 for the Group and £30,914,000 for the Company (2020: Group £22,318,000 and Company £24,182,000). Based on historical experience and the low level of default, the credit quality of financial assets that are neither past due or impaired is considered to be very high.

HIERARCHY DISCLOSURE UNDER IFRS 7

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

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

CAPITAL MANAGEMENT AND LIQUIDITY RISK

The Group's objectives in managing capital are to safeguard its ability to continue as a going concern and provide returns to its shareholder. This is reviewed on a regular basis in the context of available facilities. The group monitors capital by reviewing the Average Capital Employed ('ACE') during the year. The ACE is calculated based on all assets and liabilities on the balance sheet, excluding defined benefit liability and any interest-bearing debt. The average is calculated over 13 months, incorporating both the opening and closing balance sheet position in the calculation. The average capital employed for the year ended 31 March 2021 was £108.1 million (2020: £85.2 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 million until 28 February 2023, of which £23 million was drawn down at 31 March 2021 (2020: £36 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 £814,000 was outstanding at 31 March 2021 (2020: £927,000).

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.

NOTE 24 CONTINUED

GROUP AT 31 MARCH 2021

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 3 and 5 years £'000	Over 5 years £'000
Borrowings	135	135	23,544	-
Lease liabilities	614	369	826	2
Derivative financial instruments	241	-	-	-
Trade and other payables*	81,102	-	-	-

COMPANY AT 31 MARCH 2021

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 3 and 5 years £'000	Over 5 years £'000
Borrowings	135	135	23,544	-
Lease liabilities	614	369	826	2
Derivative financial instruments	241	-	-	-
Trade and other payables*	81,416	-	-	-

GROUP AT 31 MARCH 2020

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

COMPANY AT 31 MARCH 2020

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

* 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.

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 2021 £'000	Company Carrying value 2021 £'000	Group Carrying value 2020 £'000	Company Carrying value 2020 £'000
Assets as per the Statement of Financial Position:				
Derivatives used for hedging	522	522	380	380
Financial assets at amortised cost				
Trade and other receivables	29,004	30,914	16,949	18,822
Cash and cash equivalents	7,929	7,755	22,534	22,379
Derivatives at fair value through profit and loss	638	638	3,347	3,347
Liabilities as per the Statement of Financial Position:				
Borrowings	(25,378)	(25,378)	(37,480)	(37,472)
Derivatives used for hedging	(160)	(160)	(1,827)	(1,827)
Derivatives at fair value through profit and loss	(81)	(81)	(2,741)	(2,741)
Trade and other payables	(81,102)	(81,416)	(97,495)	(97,907)

NOTE 25 SHARE CAPITAL AND SHARE PREMIUM

GROUP AND COMPANY

Allotted, called up and fully paid: £1 each (20: £1 each)

	Number of shares	Ordinary shares £'000
Share capital		
At 1 April 2020 and 31 March 2021	6,000,001	6,000

	2021 £'000	2020 £'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 3 or by visiting royalmint.com.

NOTE 27 COMPANY'S DOMICILE, LEGAL FORM AND COUNTRY OF INCORPORATION

TThe Company is limited by shares and registered in England and Wales and is domiciled in the United Kingdom.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TH · II · D · G · RE

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