



THE ROYAL MINT®  
THE ORIGINAL MAKER

# Royal Mint Trading Fund

ANNUAL REPORT AND ACCOUNTS 2022-23

Presented to Parliament pursuant to section 4(6)  
of the Government Trading Funds Act 1973  
as amended by the Government Trading Act 1990

Ordered by the House of Commons to be printed on  
19 July 2023

HC 1644



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ISBN 978-1-5286-4332-0

E02942766

07/23

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates Ltd on behalf of the Controller of His Majesty's Stationery Office

# Annual Report and Accounts 2022–23

## ROYAL MINT TRADING FUND

The Royal Mint Trading Fund Accounting Officer is Tim Jarvis.

### THE ROYAL MINT LIMITED DIRECTORS

**Graham Love\***

CHAIRMAN

**Anne Jessopp**

CHIEF EXECUTIVE

**Nicola Howell**

CHIEF COMMERCIAL OFFICER

**Andrew Mills**

MANAGING DIRECTOR CURRENCY

**Huw Lewis**

CHIEF FINANCIAL OFFICER

**Kate Barnett\***

**William Spencer\***

**Shimi Shah\***

**Matthew Woolsey\***

**Lisa Montague\***

**Andrew Butterworth\***

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

\*Non-Executive Directors

### COMPANY SECRETARY

**Christopher Inson**

### EXECUTIVE MANAGEMENT TEAM

**Anne Jessopp**

CHIEF EXECUTIVE

**Nicola Howell**

CHIEF COMMERCIAL OFFICER

**Andrew Mills**

MANAGING DIRECTOR CURRENCY

**Huw Lewis**

CHIEF FINANCIAL OFFICER

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DIRECTOR OF SUPPLY CHAIN

### THE ROYAL MINT MUSEUM AND ROYAL MINT MUSEUM SERVICES LIMITED DIRECTORS

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**Crispin Wright**

**Anna Brennand**

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External auditor to the Royal Mint Trading Fund  
**Comptroller and Auditor General**

Independent auditor to The Royal Mint Limited  
and The Royal Mint Museum Group  
**PricewaterhouseCoopers LLP**

Internal auditor to The Royal Mint Limited  
**KPMG LLP**

The Accounts of the Royal Mint Trading Fund at 31 March 2023, together with  
the Certificate and Report of the Comptroller and Auditor General thereon, are  
prepared pursuant to section 4 (6) of the Government Trading Funds Act 1973.  
In continuation of House of Commons Paper No 1244 of 2017–18. Presented  
pursuant to Act 1973, c.63, s.4 (6).

HC 1644

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# Accounting Officer's Statement

As the Treasury's Director of Companies and Economic Security, I serve as Accounting Officer for The Royal Mint Trading Fund. The Trading Fund operates as a holding company for The Royal Mint Limited ('The Royal Mint'), The Royal Mint Museum ('The Museum') and their subsidiaries. This report covers the operations of those two groups, and these accounts consolidate their financial statements with the Trading Fund account ('The Group').

I would like to start by recognising the continued strong performance of The Royal Mint throughout the past year. The Royal Mint has continued to deliver strong financial results while investing significantly in the future of the business and progressing its diversification strategy. The Royal Mint achieved revenue of £1.9 billion in 2022-23 (2021-22: £1.4 billion) and during 2022-23 The Royal Mint made capital investments of £15.0 million (2021-22: £8.4 million).

The Royal Mint's evolution into a consumer brand is successfully safeguarding its future, protecting jobs, preserving its heritage, and ensuring relevancy in today's markets. As one of Britain's oldest businesses, The Royal Mint is conserving its legacy for the next generation.

Overall, the Royal Mint Trading Fund recorded an adjusted operating profit of £24.8 million (2021-22: £21.0 million), which builds on the success of previous years. This has been driven by increased operating profits in Precious Metals of £32.7 million (2021-22: £20.3 million) and Consumer of £30.1 million (2021-22: £27.2 million) improving on last year which was itself a strong year. The Royal Mint also satisfied all its Ministerial targets, covering Economic Value Added ('EVA'), and deliveries of UK Circulating Coins, Commemorative Coins and Medals.

This is another positive result for The Royal Mint, successfully mitigating the performance of the loss-making Currency business by increased contribution from the established Consumer businesses, particularly commemorative coins and precious metals investments. This has allowed investment in the development of new businesses of sustainable

precious metals and its jewellery business, 886 by The Royal Mint.

Nevertheless, market conditions remain challenging. The use of cash as a means of payment is decreasing and there has been an increase in losses within the Currency business as a result of the challenges in the global market. The Royal Mint has produced coins for 28 countries and remains the world's largest export mint. The Royal Mint's historical core mission remains to ensure the availability of circulating UK coinage but alongside that, its plan to transform the business is increasingly important. The Royal Mint has experienced a number of external factors which have affected its business in 2022-23. Global events have resulted in supply chain pressures notably around metal availability and pricing as well as increased costs of utilities. However, uncertainty has provided benefits to the precious metals division, which has achieved a record operating profit.

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

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

The Royal Mint Museum likewise made significant progress in achieving its charitable objectives. In particular, the Museum has launched a new workshop for pupils aged four to six to encourage more visits from this age group, as overall pupils visiting are almost back to pre-pandemic levels. The Museum has also seen positive results in its social media campaigns, which has seen a significant increase in visitors to its website.

As The Royal Mint enters the second year of its five-year strategy with strong plans in place, it is an exciting time for The Royal Mint and The Royal Mint Museum. I am looking forward to seeing their transformation continue, and the business and charity grow.

**Tim Jarvis**  
ACCOUNTING OFFICER

# Report of the Chief Executive of The Royal Mint Limited

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

During the year, we delivered record profit and revenue across our Consumer business, achieving a Group operating profit before new business investment, IFRS 9 adjustments and exceptional items of £24.8 million (2021-22: £21.0 million). The continued growth of our consumer portfolio in the United Kingdom and overseas is testimony to the strength of our brand and commitment to premium customer experiences.

Our increased operating profit before new business allowed us to increase our investment in new business. In order to develop our Sustainable Precious Metals ("SPM") plant and 886 brand, we increased our spend to £6.8 million (2021-22: £2.7 million). This results in a reduction in an operating profit to £18.0 million from £18.3 million in 2021-22.

The Precious Metals division is now our most profitable division, and our Commemorative Coin and Collector Services divisions contributed £30.1 million, driven by a historic year as we transitioned to a new monarch for the first time in 70 years.

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

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

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

## A YEAR OF INVESTMENT IN OUR FUTURE

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

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

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

The first year of our five-year plan saw us launch 886 by The Royal Mint – our new luxury jewellery and lifestyle range – in May 2022. Our investment in the business means we now have a website and retail store in London's Burlington Arcade, where customers are able to buy jewellery from 886 by The Royal Mint collection, including designs crafted on-site in Llantrisant made from sustainable e-waste gold and X-ray silver. In our first year of operation, we have also secured new luxury retail partners as part of our UK and international growth strategy.

## CONTINUING OUR STORY AS THE HOME OF PRECIOUS METALS

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

From jewellery and investments to collectables and auction pieces, precious metals are the thread that runs through our business. Our expertise and authority in this area has enabled us to successfully

grow into new categories and expand overseas, including the launch of 886 by The Royal Mint.

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

## LEADING THE WAY ON SUSTAINABILITY IN OUR INDUSTRY

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

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

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

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

## CHAMPIONING BRITISH CRAFTSMANSHIP

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

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

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

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

## OUR PEOPLE

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

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

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

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

## A YEAR OF GROWTH

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

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

**Anne Jessopp**  
CHIEF EXECUTIVE

# Performance Report

FOR THE YEAR ENDED 31 MARCH 2023

| This section encompasses the required areas of the Overview and Performance Analysis sections and the Directors' Report.

## Activities

### ROYAL MINT TRADING FUND

Under the Royal Mint Trading Fund Order (and the Extension and Variation) and the Coinage Act 1971, the Royal Mint Trading Fund's operations include:

the manufacture and supply of coins, medals, seals, gifts/collectable items (other than coins) and similar articles; and any operation incidental or conducive to such manufacture or supply.

As described below, the Royal Mint Trading Fund's activities are primarily delivered through two subsidiary companies, The Royal Mint Limited and The Royal Mint Museum. As set out in these accounts, there is some inter-company trading between the Royal Mint Museum and The Royal Mint Limited. Otherwise, all trading is undertaken by The Royal Mint Limited. 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 manufacture, marketing and distribution activities of The Royal Mint Limited are predominately based at one site in Llantrisant, South Wales, with some smaller selling and distribution operations located elsewhere to better support our customers.

### THE ROYAL MINT LIMITED

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

### THE ROYAL MINT MUSEUM

The principal activity of The Royal Mint Museum is the advancement of education of the public in the history of coinage and related artefacts and of the activities of The Royal Mint.

### Structure

The Chancellor of the Exchequer is the Master of the Mint. The Royal Mint Trading Fund was established on 1 April 1975, in accordance with the Royal Mint Trading Fund Order 1975 (S.I. 1975 No. 501) and from 1 April 2002, the

Royal Mint Trading Fund (Extension and Variation) Order 2002, both made under the Government Trading Funds Act 1973. As a trading fund, The Royal Mint operates on commercial lines and is required under Section 4(i) of the Government Trading Funds Act 1973 to 'manage the funded operations so that the turnover of the fund is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to turnover'. In practice, this statutory requirement is generally taken to mean that whilst the Royal Mint Trading Fund is permitted to record an operating loss in any one financial year, this loss should be made good in subsequent years so that financial break-even is achieved.

On 1 April 1990, the Royal Mint Trading Fund became an Executive Agency under the initiative announced by the then Prime Minister in February 1988.

On 31 December 2009, the trading assets and liabilities of the Royal Mint Trading Fund were vested into a subsidiary company called The Royal Mint Limited. His Majesty's Treasury ('HM Treasury') remains 100% owner of the shares of the company through the Trading Fund. All assets of a historical nature were vested into a separate company, The Royal Mint Museum, limited by guarantee. The objective of The Royal Mint Museum, of which HM Treasury is the sole member, is to preserve, protect and enhance the heritage assets for future generations.

### OPERATING AND FINANCIAL REVIEW

The Group returned an adjusted operating profit before new business of £24.8 million<sup>1</sup> (2021–22: £21.0 million).

Whilst we saw revenues grow across all businesses to £1.9 billion (2021–22: £1.4 billion), with operating profits increasing in both Consumer from £27.2 million in 2021–22 to £30.1 million in 2022–23 and Precious Metals to £32.7 million (2021–22: £20.3 million), we saw an increase in losses within the Currency business. This is a result of the challenges in the global market in which the Currency business operates where there is significant competition in a declining market.

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

- the construction of a new plant to sustainably extract precious metals from electronic waste; and
- the development and implementation costs for a new enterprise resource planning system, which was successfully rolled out to one of our emerging businesses during the year. This is an ongoing project with spend expected to continue over the next two financial years as it is implemented across the whole business.

Net assets increased by £20.3 million to £153.2 million. The increase in net assets has resulted from generating a profit after tax of £10.4 million; revaluation uplift of £11.8 million; a loss in the hedging reserve of £0.4 million; a reduction in the pension deficit (net of deferred tax) of £3.6 million; partially offset by a payment of £5.1 million dividend relating to 2021–22 performance.

## Summary financial results

	2022–23 £m	2021–22 £m
<b>Revenue</b>		
Currency	74.4	64.1
Consumer (excl. Precious Metals)	149.2	122.8
Precious Metals	1,654.2	1,216.5
Other	0.4	0.1
<b>Total revenue</b>	<b>1,878.2</b>	<b>1,403.5</b>
<b>Operating profit/(loss)</b>		
Currency	(13.1)	(4.5)
Consumer (excl. Precious Metals)	30.1	27.2
Precious Metals	32.7	20.3
Central overheads	(25.0)	(22.0)
RM Wynt	-	(0.1)
RM Experience	0.1	0.1
Adjusted Operating profit before New Business	24.8	21.0
New Business	(6.8)	(2.7)
Adjusted Operating profit	18.0	18.3
IFRS 9 related adjustments (note 5)	1.4	0.3
Exceptional items (note 5)	(5.2)	(0.4)
<b>Operating profit</b>	<b>14.2</b>	<b>18.2</b>
Share of associate	0.4	0.6
Net finance cost	(1.5)	(0.6)
<b>Profit before tax</b>	<b>13.1</b>	<b>18.2</b>

## Consumer

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

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

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

### PRECIOUS METALS

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

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

The uncertain global economic climate has continued to drive investors to gold, silver and platinum, as they are considered to be 'safe haven' assets. Our research into UK investors revealed that 30% plan to invest in precious metals this year.

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

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

### Highlights of the year

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

## COMMEMORATIVE COIN AND THE ROYAL MINT EXPERIENCE

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

The Royal Mint's Commemorative Coin division remains one of our most profitable businesses, driving a contribution to operating profit of £30.1 million (2021–22: £27.2 million).

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

In addition to the introduction of the official coinage portrait of King Charles III, we unveiled several new collectable coins to mark significant anniversaries in British history, such as the 50th anniversary of Pride UK, the 100th anniversary of the BBC and the Commonwealth Games 2022. We also introduced a spellbinding coin collection celebrating 25 years since the UK publication of *Harry Potter and the Philosopher's Stone*. The magical collection proved extremely popular around the world, with many collectors and Harry Potter enthusiasts across 86 countries snapping up coins in the collection.

### Highlights of the year

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

## COLLECTOR SERVICES

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

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

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

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

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

### Highlights of the year

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

## Currency

As the use of cash as a means of payment continues to decline due to changes in consumer behaviour, the focus remains on tight cost control, winning profitable overseas contracts and delivering operational efficiencies.

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

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

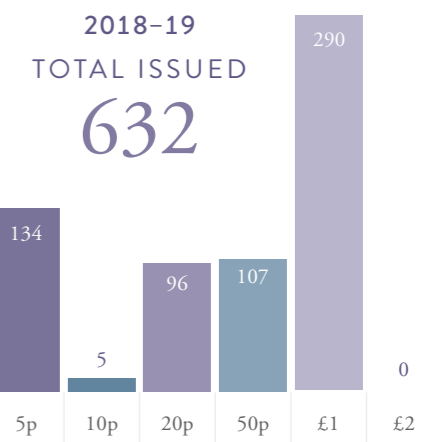
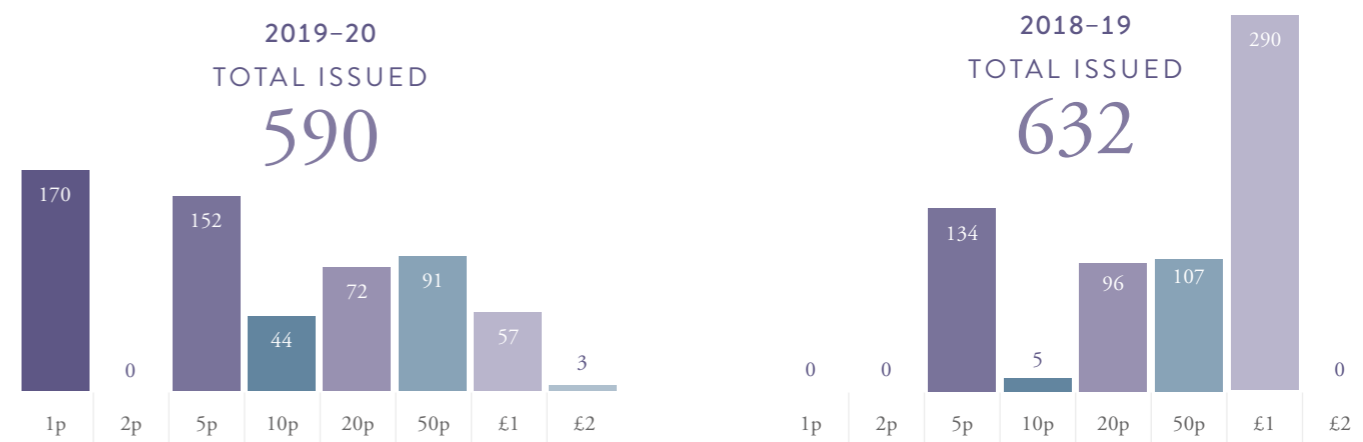
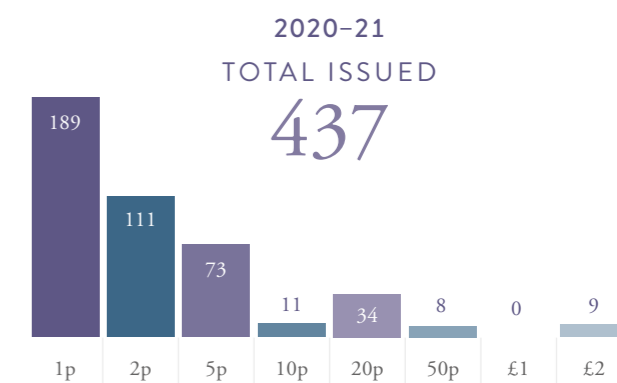
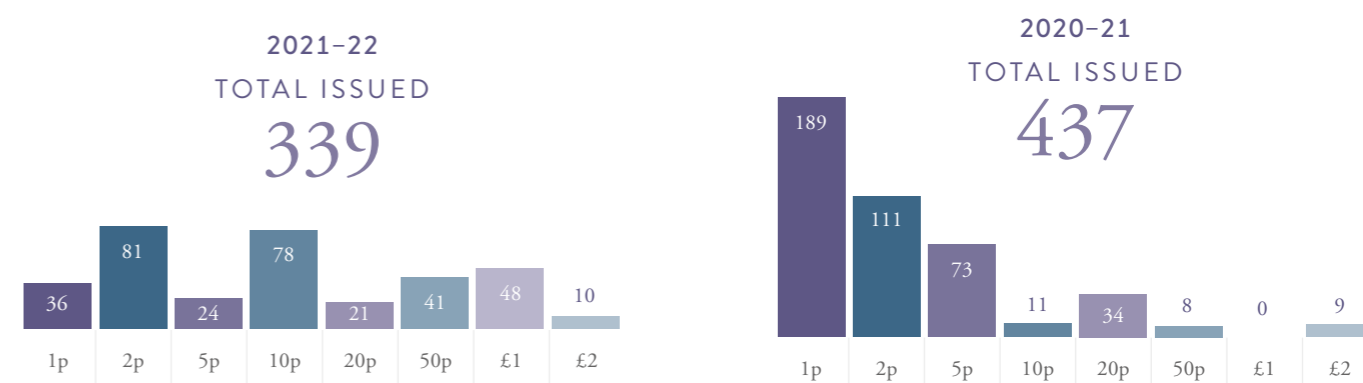
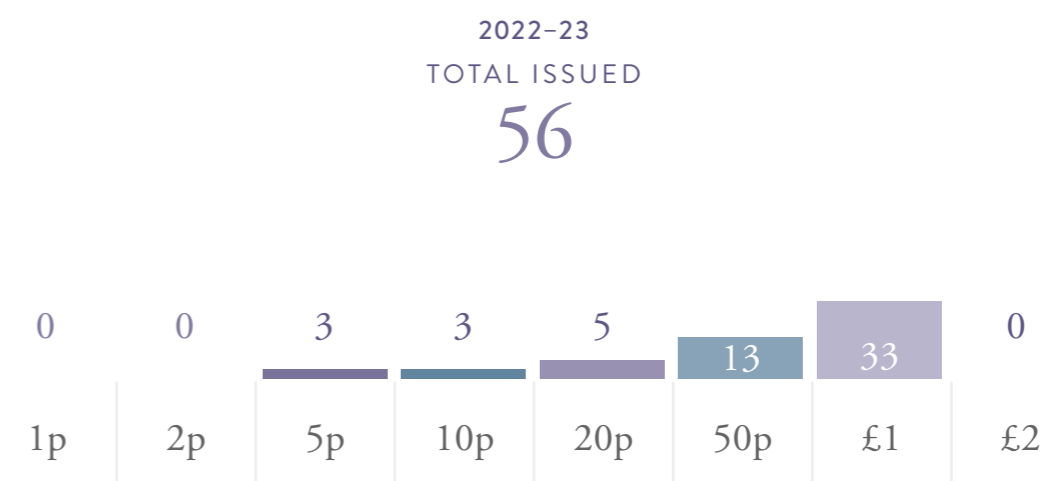
We have retained relationships with our direct customers, and restructured work to ensure there was no 'downtime' in our factory to protect employment in light of the expected reduction in demand.

### Highlights of the year

- 6.7 million 50p coins bearing the coin portrait of King Charles III entered circulation and are co-circulating alongside the coinage of Queen Elizabeth II.
- We supplied coins and blanks to 28 countries during the year.
- Three central banks signed three-to-five-year long-term contracts.
- We welcomed the Economic Secretary and Debt Reserves Management team from HM Treasury to site for a visit.

# UK Coins Issued in Year

## Pieces in millions



# Dividends

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

# Financial risk management

The Royal Mint’s risk priorities in 2022–23 were in the following areas:

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

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

The above risks are all managed by members of the Executive Management Team with actions in place to reduce the associated inherent risk to the risk appetite that has been assessed by the Board of Directors. Each risk is reviewed by the Board as a separate agenda item at least once a year.

## FINANCIAL RISK MANAGEMENT

### *Derivative financial instruments*

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

### *Metal prices*

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

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

Ferrous metals: steel is procured using pricing based on six-month contracts to try to avoid volatility over the short term. We are continually looking at alternative strategies to protect our longer-term position for this increasingly important commodity used in our business.

*Consumer* : Proof products: coins are manufactured for sale through 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 Commemorative Coin Divisional Director agrees the level of commitment and the risk is managed to ensure that our financial performance is not exposed to significant market fluctuations in metal prices.

### *Precious Metals*

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

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

### *Foreign exchange*

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

### *Effects of commodity hedging*

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

The objective of the Group’s hedging policy is to mitigate the impact of movements in the price of metal commodities, where appropriate, over time. For accounting purposes, the impact is reflected in different accounting periods depending on the relevant ineffectiveness assessment under IFRS 9 rules. The accounting treatment in this area is therefore not necessarily a reflection of the economic impact of the Group’s hedging policy but instead represents the respective accounting impact of hedging ineffectiveness under IFRS 9. The combined impact of this, together with open forward foreign currency exchange contracts, has been highlighted separately in the Income Statement. In 2022–23, the year-end impact was a profit of £1.4 million (2021–22: £0.3 million profit). Financial risk management disclosures are set out in note 24 to the financial statements.

# Research and development

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

# Creditor payment policy

We always seek to comply with agreed terms and 92% of invoices (2021–22: 89%) were paid within the agreed period. We will continue to work with our suppliers and further develop our internal processes and systems in order to deliver further improvement in this measure.

# Assay

In accordance with The Royal Mint Limited’s responsibilities, as detailed in the Hallmarking Act 1973, a quality assessment was carried out by The Royal Mint Limited of the Assay Offices in London, Birmingham, Sheffield and Edinburgh. As a result of this year’s assessment, it was established that the metal analysis methods (assaying) and procedures of the four offices met relevant criteria.

# People

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

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

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

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

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

# 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.

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

inspiring change to minimise those risks. We will continue to embed a culture of safety, health, and environment in our organisational DNA.

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

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

- process safety through competence and training;
- occupational safety through 100% health surveillance;
- health and wellbeing though onsite engagement days; and
- environmental compliance through our new environmental permit.

As always, we are committed to our legal obligations, including operating within our environmental permit, as regulated by Natural Resources Wales and our status as an upper-tier Control of Major Accident Hazaad (‘COMAH’) site, overseen by the Competent Authority.

# The Royal Mint Museum

The Royal Mint Museum has continued to mature in its status as a separate charitable company and has made the following progress in achieving its charitable objectives.

## EDUCATION AND LEARNING

Royal Mint Experience (‘RME’) education workshop booking numbers were almost back to pre-pandemic levels, with 5,190 pupils visiting between April 2022 and March 2023. A new workshop for pupils aged 4 to 6 was launched to encourage more visits from this age group. In addition, it introduced a new regular monthly offer for home educators to encourage more engagement with this audience.

Online school sessions decreased in number since schools returned to the RME following the lifting of Covid restrictions. 380 pupils were reached UK-wide, and a further 180 via physical outreach within the local area.

The Museum developed its ongoing relationship with Cadw and continues to explore opportunities for future collaboration. Audrey West, Arts Development Officer with Race Council Cymru acted as the Museum’s consultant on Windrush-related content for the Museum’s story competition.

The Museum hosted a research student from the University of Birmingham, as well as a PhD student, and further developed its relationship with the University of Bristol.

The Museum continues to support national numismatic organisations through Council membership of the British Numismatic Society and the British Art Medal Society.

## ENHANCED ACCESS TO THE COLLECTION

In 2022–23, the Museum website had over 139,000 visitors and over 581,000 page views, with an average of 48,423 users per month. Numbers have

significantly increased since the prior year, largely due to the use of targeted Google Ads and social media campaigns for specific Museum activities. In addition, Site Search 360 has been installed on the website to monitor popular searches and ensure users are finding the content they need.

New content continued to be uploaded to the website on a regular basis. This included a regular monthly newsletter, learning content and activity sheets for children, guest articles, and informative content to support national events.

On the Museum’s Google Arts and Culture page, 167 objects and nine online exhibitions are currently available and have attracted 4,786 viewers. A further two exhibitions are in progress.

The Museum has continued to upload original content to its YouTube channel. In total, 21 short films are now featured, which have attracted over 21,990 views and gained the channel 289 subscribers.

The Museum’s Facebook page saw a 25% increase in followers to 6,084. The Twitter feed saw a 36.9% increase in followers to 4,493. The Museum’s Instagram following saw a 39.6% increase to 2,067. These figures represent a significant overall increase over the percentage increases from the prior year (or 5.4%, 12.2%, and 42.5% respectively), resulting from the strategic and targeted employment of marketing budget on key projects and campaigns. The overarching aim of these campaigns was to utilise Museum social media channels to direct people towards the website resources via link clicks. Total page engagement was increased on all channels as compared to the prior year, including increases to link clicks on Twitter and Facebook – a specifically targeted statistic – of 10.7% and 171% respectively.

## COLLECTIONS MANAGEMENT

The Museum has continued to catalogue and digitise items from the collection. Inventory-level records have been created for 11,146 coins, medals and tokens. A new Collections Management System, CollectionsIndex+, has been purchased and records are being migrated to the new system. A photographer has been working through core parts of the collection and, since starting in June 2022, has photographed 3,533 coins and tokens. Papers for the first 200 meetings of the Royal Mint Advisory Committee, covering the period from June 1922 to February 1992, have been scanned in-house. They were made available online to coincide with the 100th anniversary of the Committee that fell in June 2022.

The Museum once again approached Penybryn Engineering to restore one of the machines used at Tower Hill, in this case the Taylor and Challen medal press. The friction screw press was one of a number acquired by The Royal Mint when the Medal Department was expanded in the early 1920s. It had previously been used at Woolwich Arsenal to assist in the production of medals for those who fought in the First World War. The newly restored machine will be returned to site in the summer of 2023 and will form part of the external RME tour.

During the year the Museum assisted two institutions by loaning them items from the collection. Three coinage tools and two electrotype models for the five lati coin were loaned to the National History Museum in Riga for their 100 years: Litas, Lats, Kroon exhibition, which ran from March to May 2023. This formed part of a touring numismatic exhibition being adapted for venues in Lithuania, Latvia and Estonia. The Museum loaned objects featuring

Martin Jennings’ coinage portrait of King Charles III to The King’s Stamp, a new temporary exhibition at the Postal Museum. It features the new definitive stamps which were also designed by Jennings. The items will be on display until the start of September 2023.

394 coins, and other items, were accessioned into the Museum collection received through The Royal Mint.

A number of acquisitions were made from external sources, the most notable being the donation of Maundy coins from Mrs Freda Meggs. The Royal Mint Museum has many specimens of Maundy coins, from the current and from several other reigns, but what the Museum did not have, until now, was a complete grouping of the coins as given to one recipient, nor did it have the associated items, such as a programme or an invitation relating to the ceremony itself. In 2016, as a 90 year-old, in recognition of her ‘exemplary Christian service’ in the diocese of Salisbury, Freda Meggs was invited to the Royal Maundy service at St George’s Chapel, Windsor Castle, on 24 March. She received the special sets of coins personally from Elizabeth II, nine complete sets adding up to 90 pence, the age of the late Queen in that year.

In November, the Museum purchased a carved ivory relief of Sir Isaac Newton, c.1740, attributed to Alexander van der Hagen. A uniface specimen of Edward Carter Preston’s design for the King’s Medal for Service in the Cause of Freedom was purchased from a member of the public following an enquiry. The trial piece was documented in the Museum’s archive but a specimen was not previously represented in the collection. A repoussé portrait badge made from a Victoria silver half crown, 1890, a was also purchased for the collection as a fine example of a non-monetary use of the coinage.

The Museum has continued to offer internships and student placements, with the first in August when Jack Davis, an A-level student, spent four days in the Museum to find out about all aspects of museum work. In September, the Museum hosted a two-week internship funded by the British Numismatic Society. Kerry Love examined and catalogued the collection of almost 300 eighteenth century tokens.

## RESEARCH AND PUBLICATIONS

The total number of public enquiries answered since 1 April 2022 was 1,150 (as compared to 1,106 in the prior year). Of these enquiries, 170 (14.8%) were ‘research’ enquiries, a distinction not tracked in previous years, now employed to record those enquiries requiring a substantial investment of Museum resources and time. Such enquiries have resulted in collaboration with independent and academic researchers working on research projects into the coinages of Poland and of Ukraine.

The Museum has hosted three student placements, two of whom used Museum resources to contribute to ongoing doctoral research. The Museum has become a partner organisation of Midlands4Cities Doctoral Training Partnership and of a University of Bristol research network, to offer further bespoke student placements.

The Information and Research team continues to deliver public talks and lectures on aspects of numismatic and Royal Mint history, and on widening student access to heritage collections. In addition to numerous other talks, the second in a three-part series of lectures was delivered to the

British Numismatic Society in June on the history of the gold Sovereign after the Second World War and will be published at a later date. In addition, a talk on the work of artist Madge Kitchener was researched and delivered to the British Art Medal Society in November.

The Museum team continues to review marketing and sales copy for The Royal Mint for historical accuracy, including a significant amount relating to the coronation of King Charles III, with a total of 38 hours being spent on this project.

## PLATINUM JUBILEE

The project to commemorate the Platinum Jubilee of Queen Elizabeth II was cut short by her death in September 2022.

- The Platinum Jubilee-themed Reminiscence Boxes were initially withdrawn from loan. Still, many care establishments contacted the Museum to request the loan of the boxes in order to remember Her Late Majesty. The team added a card to ‘reframe’ the box as a memorial tribute, and boxes have continued to be sent out to those who had requested them. 337 loans of the Platinum Jubilee reminiscence boxes were completed during the year.
- A framed copy of the winning short story from the Platinum Jubilee competition was presented to Elizabeth II in the summer of 2022, and a letter of thanks was received in return from the Palace. 546 entries were received from schools across the UK.
- The temporary exhibition was installed in the RME and received press coverage in several outlets at its opening. Visitors were able to enjoy it until it was taken down in April 2023.
- A local design graduate from the University of South Wales won the medal design competition. Trystan Vaughan was presented with a cheque for £5,000 and a struck specimen of his medal. He went on to secure a position with The Royal Mint as a junior designer. Recent graduate Katie Price was engaged to provide graphics to advertise the competition and for the Museum website. 104 entries into the competition were received.
- In the Learning Zone on the Museum website, a whole section relating to jubilees was created. This feature included Jubilee Celebrations, the Coronation of Elizabeth II, Queen Elizabeth II on Coins, a fact file of information on Elizabeth II, Royal Castles and a timeline detailing key points in her reign.
- Digital sessions on the theme of jubilees were hosted prior to the Platinum Jubilee in Northern Ireland.

## Directors

A list of current directors of The Royal Mint Limited is shown on page 3.

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

A list of current Directors of The Royal Mint Museum is also shown on page 3. The senior manager of The Royal Mint Museum is seconded from The Royal Mint Limited.

None of the Directors has interests that conflict with their responsibilities.

## Independent auditors

The Royal Mint Trading Fund’s statutory auditor is the Comptroller and Auditor General. The external audit costs are set out in note 3 to the Accounts.

Every effort has been made to ensure that there is no relevant audit information of which the Royal Mint Trading Fund auditors are unaware. All the steps that ought to have been taken to make the auditors aware of any relevant audit information have been made.

## Going concern

After making enquiries, including seeking assurances from the Directors of The Royal Mint Limited and the Directors of The Royal Mint Museum, the Accounting Officer has concluded that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

## Directors’ third-party and pension scheme indemnity provision

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

### Tim Jarvis

ACCOUNTING OFFICER

19 July 2023



# Sustainability Report

## Overview

### THE ORIGINAL MAKER

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

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

### DELIVERING SUSTAINABLE BUSINESS PRACTICES AS THE HOME OF PRECIOUS METALS

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

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

Read more about sustainability at The Royal Mint: [royalmint.com/sustainability](https://royalmint.com/sustainability)

## Sustainability Framework

			
A Sustainable Future	Enhancing our Community	A Great Place to Work	Integrated ESG
<p>Developing innovative solutions in the precious metals industry to support a circular economy, lower our carbon footprint and drive responsible sourcing practices, with a focus on:</p> <ul style="list-style-type: none"> <li>net-zero carbon;</li> <li>circular economy;</li> <li>product and packaging development;</li> <li>resource management; and</li> <li>responsible sourcing.</li> </ul>	<p>Reviving and showcasing British skills, craftsmanship and education in the precious metals industry, as the original maker, and proudly supporting our local and wider communities with a focus on:</p> <ul style="list-style-type: none"> <li>British craftsmanship;</li> <li>sustained employment;</li> <li>skills, education and aspirations; and</li> <li>community engagement.</li> </ul>	<p>Creating an exceptional, future-focused environment for our teams, valuing diversity, and collaborating to provide sustainable employment and a great place to work, with a focus on:</p> <ul style="list-style-type: none"> <li>employee engagement;</li> <li>diversity and inclusion;</li> <li>health and wellbeing; and</li> <li>training and skills excellence.</li> </ul>	<p>Ensuring environment, social and governance topics are at the core of everything we do, driving ourselves to make a measurable difference every year, with a focus on:</p> <ul style="list-style-type: none"> <li>ESG governance and reporting;</li> <li>ESG upskilling and ownership;</li> <li>management systems;</li> <li>business ethics; and</li> <li>industry collaboration and leadership.</li> </ul>



“I believe what makes The Royal Mint so unique is our expertise in precious metals, the calibre of British craftsmanship and our commitment to sustainability.”

ANNE JESSOPP, CHIEF EXECUTIVE

### ACCREDITATIONS AND AFFILIATIONS

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



Throughout 2022-23, we also maintained existing and formed a number of new partnerships with organisations, aligned with our sustainability and wider business ambitions:



UK Government Find-a-Tender service

# Spotlights

## NET ZERO

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

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

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

Overseen by an Executive-led steering Committee, senior representatives throughout the business support the delivery of our net-zero programme. A decarbonisation roadmap will provide a detailed two-year implementation plan, looking at areas including energy use on-site and packaging. Once SBTi has validated our targets, we will commence formal reporting against our baseline year. In the meantime, and for 2022–23, we provide an overview in this Sustainability Report of different initiatives and performance data that form part of our decarbonisation efforts (see A Sustainable Future, Looking Ahead, and Statutory Reporting).



“Becoming a net-zero business is complex – but we need to act now, and we want to align with recognised best practice. For us, it also makes sense to initially focus on those areas where we can make a material difference. This includes increasing our generation of renewable energy, sourcing recovered and recycled metals, and engaging with our employees and our supply chain.”

LEIGHTON JOHN, DIRECTOR OF OPERATIONS AND EXECUTIVE SPONSOR NET ZERO



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

JAY BLADES, CO-CHAIR OF HERITAGE CRAFTS



## BRITISH CRAFTSMANSHIP

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

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

## EMPLOYEE ENGAGEMENT

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

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

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

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

AMANDA BRADY, CHIEF PEOPLE OFFICER

# A Sustainable Future

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

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

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



## KEY ACHIEVEMENTS FOR 2022-23

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

- As part of our digital investment portfolio, and using surplus gold from bullion coin production, we introduced 100% recycled gold bars into our physical gold ETC. All bars backing this investment product continue to be 100% post-2019 LBMA Good Delivery List status.
- We partnered with with Circular Computing to procure carbon-neutral remanufactured laptops, showcasing sustainability-led solutions within the Technology department (see case study).



“We want to build lasting relationships with suppliers who reflect our values and will help us achieve the highest standards in social and environmental performance. Our inaugural Responsible Sourcing Event held with our top 30 strategic suppliers and the launch of our Responsible Sourcing Policy to approximately 1,500 active suppliers are just two examples of this important engagement process.”

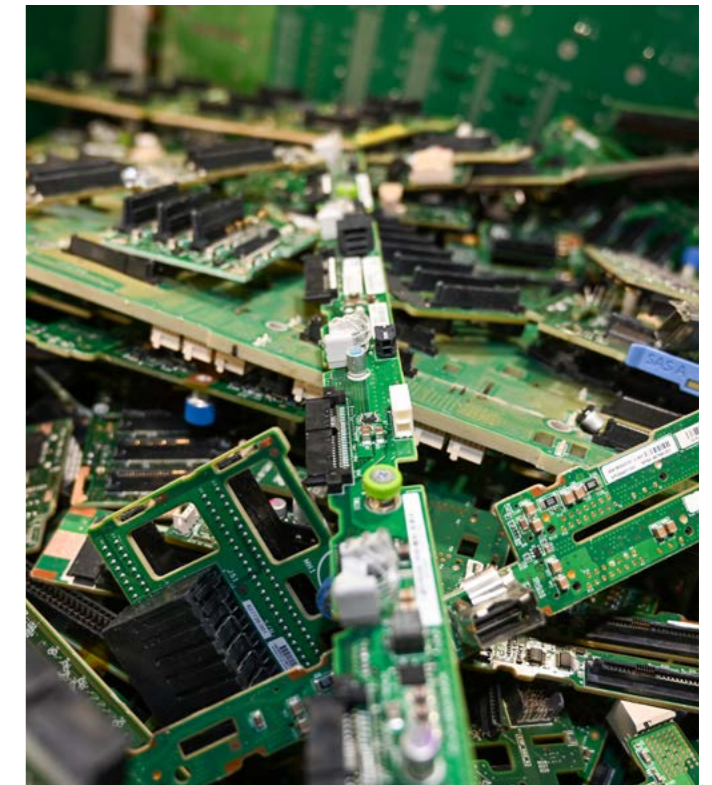
JO LANE, HEAD OF PROCUREMENT

## CASE STUDY: CIRCULAR, CARBON NEUTRAL IT SOLUTIONS

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

# 244,245 kWh

The amount of renewable electricity generated by our new solar farm in the first 3 full months of operation (from January to March 2023). This is the equivalent of the average annual energy consumption of approximately 84 UK households.



Average gas and electricity use explained:

<https://www.ofgem.gov.uk/information-consumers/energy-advice-households/average-gas-and-electricity-use-explained>

# Enhancing our Community

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

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

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



## KEY ACHIEVEMENTS FOR 2022-23

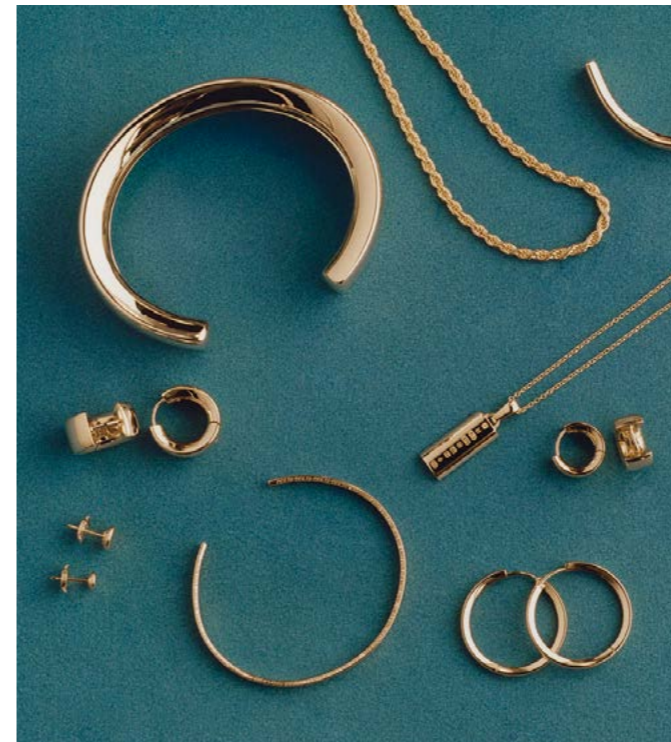
- We launched 886 by The Royal Mint, our first luxury jewellery range, championing British craftsmanship and using responsibly sourced precious metals predominantly from recovered and recycled sources (see case study).
- We announced a partnership with the not-for-profit organisation Heritage Crafts, sponsoring four (later extended to five) bursaries as part of our commitment to safeguarding British craftsmanship and precious metals skills.
- We launched our first Chinese-inspired gold bar – a 20g minted gold bullion bar depicting Guan Gong, the Chinese God of Wealth. Ahead of its release to mark the Chinese New Year, we gave eight marketing postgraduate students from Cardiff Business School (Cardiff University) the opportunity to pitch their ideas for the related campaign development.
- Working with the charitable organisation Islamic Relief, we pledged to donate 2.5% of the sales of our 20g Kaaba gold bullion bar during Ramadan, whilst also donating three bars as gifts that raised more than £9,000 through charity auctions. The Kaaba gold bar, created in consultation with the Muslim Council of Wales, depicts the holiest site for millions of Muslims.
- Amanie Advisors endorsed our wealth investment product, the Responsibly Sourced Physical Gold ETC, as Sharia compliant.
- Working with the University of South Wales, our Cyber team provided students on the university's BSc Applied Cyber Security course with industry insight and guidance, including guest lectures and dissertation support.
- We launched both a circulating and commemorative UK 50p coin celebrating the 50th anniversary of Pride in London. This marked the first time the LGBTQ+ community has been depicted on a UK circulating coin, whilst the commemorative coin was a finalist at the 2023 Brand and Lifestyle Licensing Awards.

- Selected through a staff vote, we teamed up with Mind Cymru as our new formal charity partner. We kicked off this partnership in the summer of 2022, with our annual football festival, attracting more than 650 children from 80 community clubs across South Wales, and raising more than £6,000 in charitable donations, forming part of the £19,966 we raised throughout the year.
- Our staff participated in various charitable fundraising and volunteering activities throughout the year, including a 'Mint 2 Mint' challenge that involved walking 1,420 miles, which raised £1,000 for Mind, and a 10,000-step walk in Cardiff that raised almost £4,000 for Cancer Research UK. Enabling staff to donate gifts and food items to local people, we held our annual Santa Appeal and Christmas food bank. We also held three local clean-up events in partnership with Rhondda Cynon Taff County Borough Council and Natural Resources Wales.



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

PADRAIG IFANS, A POSTGRADUATE STUDENT AT CARDIFF BUSINESS SCHOOL



## CASE STUDY: 886 BY THE ROYAL MINT

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

# 7,000

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

Read more about how we're partnering with Heritage Crafts:

<https://www.royalmint.com/aboutus/press-centre/the-royal-mint-announces-partnership-with-heritage-crafts-to-safeguard-endangered-british-crafts/>

# A Great Place to Work

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

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

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



## KEY ACHIEVEMENTS FOR 2022-23

- We continued to develop and deploy our internal Diversity and Inclusion ('D&I') programme, supported by Enfy's, our D&I Champions Group, and launched Una, our inaugural Women's Network (see case study). We celebrated LGBTQ+ History Month, National Inclusion Week and International Women's Day. We marched at Pride UK, maintained our Disability Confident Level 1 – Committed accreditation, and held a lunchtime event with staff to mark Diwali.
- As part of World Mental Health Day, we promoted different resources available to staff resources and supported Time to Talk, an annual campaign led by Mind and Rethink Mental Illness.
- To help alleviate pressures arising from the cost-of-living crisis, we provided grocery vouchers to all employees during the Christmas period and offered free breakfast rolls in the staff canteen.
- We continued to support the health and wellbeing of our staff by training additional mental health first aiders, providing health checks, flu jabs and physiotherapy services, holding meditation and yoga taster sessions, and forming our very own on-site gardening club. Staff were also able to use the Employee Assistance Portal to access free confidential counselling and wellbeing advice.
- Our in-house Talent team supported the learning and development of staff, including facilitated training across a variety of topics such as sustainable marketing, pathways to net zero, customer experience, leadership and management, personal development, and learn to speak Welsh.
- We held our first Long Service Awards event since the COVID-19 pandemic, which provided us with an opportunity to celebrate the hard work and commitment of more than 40 employees. Each person was presented with a medal, engraved with their name and their length of service.

- We re-launched our formal Graduate Programme, welcoming a cohort of 11 university graduates into the Operations, Finance, Supply Chain, Marketing, Engineering, and Sustainability teams to a structured two-year programme; we also provided apprenticeship opportunities throughout the year in areas such as marketing and production. Using the Apprenticeship Levy, we continued to offer funded courses to support the further education of nominated staff.
- We published our Gender Pay Gap Report for 2023, which shows an average pay gap of 7.14% in favour of men. Whilst we are confident that men and women are paid equally for equivalent jobs across our organisation, we understand that disparity to any degree means more work is required.

39

Customer Champions

24

Diversity and Inclusion Champions

60

Mental Health First Aiders



“What an unforgettable day marching with colleagues at Pride UK 2022 – a day I’ll never forget. Being in a position to help with forming and enabling our staff network Enfy's has been amazing.”

HOLLIE GRIFFITHS,  
PEOPLE AND CHANGE MANAGER

## CASE STUDY: UNA – OUR WOMEN'S NETWORK

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



# Integrated ESG

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

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

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



## KEY ACHIEVEMENTS FOR 2022-23

- We continue to hold certification to a number of formal business management systems covering the International Organization for Standardization (ISO) 50001 (Energy), 14001 (Environment), ISO 9001 (Quality) and ISO 27001 (Information Security). We also gained formal certification to ISO 45001 (Occupational Health and Safety) some six months ahead of schedule.
- We continued our membership with the LBMA, WGC, WPIC, and LPPM. We worked with additional organisations who support our sustainability ambitions including Heritage Crafts, Inclusive Employers and Mind Cymru.
- Visit Wales assessed The Royal Mint Experience as part of its quality assurance programme and we maintained our Visitor Attraction Quality Scheme ('VAQAS') Gold status.
- We were a founding member of the Sustainability Committee of the International Mint Director's Association ('IMDA') (see case study).
- We provided specific learning opportunities to help drive employee understanding of and engagement with our Sustainability Framework and related activities. This included incorporation of a sustainability briefing in the new starter induction, targeted training on topics such as the UK Green Claims Code, sustainable marketing, and pathways to net zero, and the launch of a dedicated sustainability page on 'Mintranet' (our staff intranet site), which provides employees with access to different learning resources.
- To help us understand internal awareness of our approach to sustainability and our net-zero ambitions, we included two related questions in our second staff survey held throughout the year.

# 19

The number of mints unanimously adopting the inaugural Sustainability Charter, co-written by The Royal Mint.

## CASE STUDY: DRIVING INDUSTRY COLLABORATION AND LEADERSHIP

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

“I found the two-day ‘Pathways to Net Zero’ course interesting and thought provoking. It really resonated with me when thinking about production decision making and how we introduce carbon footprinting as a consideration.”

CHRISTIAN BURGE, HEAD OF MRB AND SPM DRY PROCESSES

# Looking Ahead

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

Our plans include:

- having our near and long-term science-based decarbonisation targets validated by the SBTi;
- commencing full deployment of an internal two-year decarbonisation roadmap, targeting specific Scope 1, 2 and 3 emission sources;
- completing the installation and commissioning of all remaining infrastructure associated with our local energy centre, namely a new 900kW wind-turbine and 0.8MW battery storage facility, to complement the existing 2MW solar farm and 2MW CHP plant;
- commencing reporting in accordance with the Task Force on Climate-related Financial Disclosures;
- further deployment of our enhanced Responsible Sourcing Framework, including continued sign-up to our Responsible Sourcing;
- implementing a number of sustainability-led packaging solutions, including collaboration with a research institution on our ‘packaging of the future’ project;
- continuing to improve on our aim to be ‘a great place to work’. This will include working with the cancer charity Maggie’s to learn about supporting people in work with cancer, moving from a Level 1: Disability Confident Committed to a Level 2: Disability Confident Employer, re-establishing our alignment with the Best Companies Index, and seeking accreditation by the National Autistic Society at The Royal Mint Experience; and
- as part of our community engagement and entry-level talent programmes, working with Careers Wales to support different local schools, working with Interlink Rhondda Cynon Taff to promote local staff volunteering opportunities and deploying a targeted strategy for supporting careers in Science, Technology, Engineering and Maths (‘STEM’).



“As we reflect on and celebrate our achievements in 2022–23, we are also looking forward – ensuring we continue to learn, collaborate and lead on our approach to sustainability in the year ahead.”

INGA DOAK, HEAD OF SUSTAINABILITY

# Statutory Reporting

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

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

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

## ACCREDITATIONS

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

- ISO 14001 (2015) Environmental Management System; and
- ISO 50001 (2018) Energy Management System.



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

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

### ELECTRICITY GENERATION

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

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

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

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

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

### ENERGY USE AND COSTS

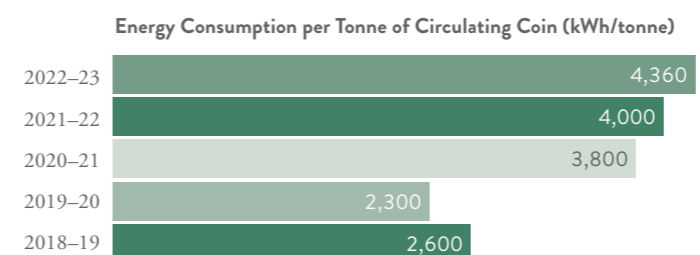
The energy consumption figures include both consumed grid energy and 'on-site' generated energy.

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

The change in the electricity consumption profile for the last four years is in part the result of process changes, including the removal of non-ferrous casting on-site. Energy costs have remained low due to fixed-term contracts still in place for the financial year in question.

## EMISSIONS INTENSITY RATIO

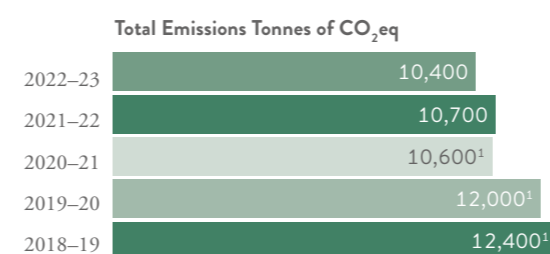
The emissions intensity ratio we use, as agreed with Natural Resources Wales, is energy use per tonne of circulatory coin.



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

## TOTAL EMISSIONS – TONNES OF CO<sub>2</sub>EQ

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

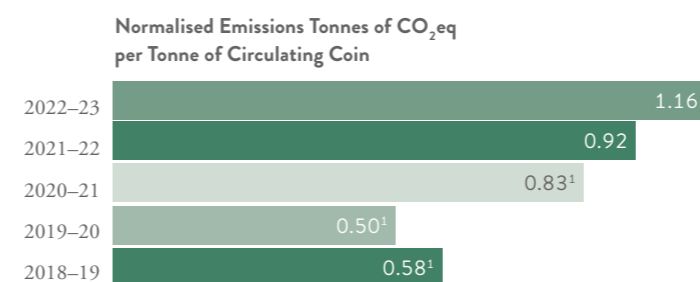


In moving the production of non-ferrous metal to purchased goods/services, GHG emissions move from Scope 1 and 2 (direct emissions) to Scope 3 emissions (indirect emissions due to the Company's activities); we have not calculated these Scope 3 emissions in complying this report.

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

## NORMALISED EMISSIONS TONNES OF CO<sub>2</sub>EQ PER TONNE OF CIRCULATING COIN

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



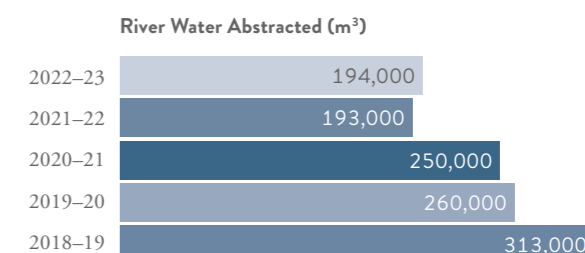
The lower normalised energy figure in the years prior to 2022–23, is a result of slightly higher circulating coin production at that time(s), relative to the base loading of equipment used to produce circulatory coin.

## WATER MANAGEMENT

### WATER CONSUMPTION

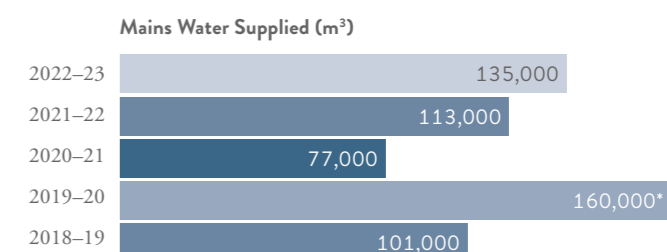
A large volume of water is consumed within the coin-manufacturing process and, as such, The Royal Mint uses both potable (mains) and abstracted water in its processes. We continue to review our processes to identify opportunities to reduce water consumption.

### WATER ABSTRACTED (RIVER WATER)



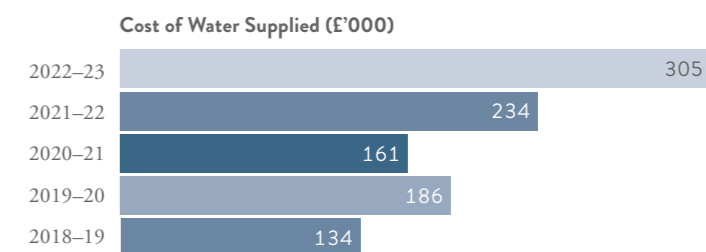
Changes in processes and equipment have resulted in a reduction of the amount of abstracted river water used on-site over the last five years.

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

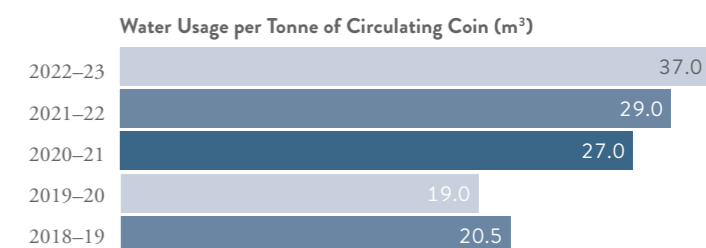


\*The high mains water 'usage' during 2019–20 was due to an on-site leak that occurred during the period of October 2019 to January 2020. It is calculated that the leak resulted in approximately an additional 69,000m<sup>3</sup> of water distributed to site but not utilised. The leak was in part due to the ageing site infrastructure and although we endeavour to repair such leaks as quickly as possible, on this occasion there was difficulty in locating the exact source of the leak.

### COST OF MAINS SUPPLIED WATER



### WATER USAGE PER TONNE OF CIRCULATING COIN



## WASTE

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

### WASTE GENERATION AND MANAGEMENT

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

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

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

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



## REPORTING AND DATA

### GHG SCOPE ANALYSIS

GHG emissions have been calculated for the following Scope 1, 2 and 3 emission sources. As part of our commitment to decarbonise both within our own operations and across our supply chain, we are establishing an expanded set of GHG accounting and reporting data sets. These have been used to inform the development of short- and long-term science-based emissions reduction targets and will form part of our net-zero reporting commitments, following validation by the SBTi in 2023–24.

Tonnes of CO <sub>2</sub> eq		2018–19	2019–20	2020–21	2021–22	2022–23
Scope 1	Natural gas usage (heating and furnaces)	3,740	3,890	3,750	3,340	2,600
	Use of vehicles owned by The Royal Mint	1	1	1	0	16
	Process emissions from the furnace stack	0	0	0	0	0
	Fugitive emissions (e.g. air conditioning and refrigeration leaks)	9	10	186 <sup>1</sup>	0	0
Scope 2	Electricity usage	6,090 <sup>2</sup>	6,230 <sup>2</sup>	6,050 <sup>2</sup>	5,540	7,000
Scope 3	Business travel	402	280	32	803	600
	Water supply	15	24	12	17	20
	Water treatment (off-site)	70	69	46	45	11
	Waste disposal	142	252	149	135	123

1. The fugitive emissions from air conditioning and refrigeration leaks figure have been calculated from losses/removal identified during the six-month routine maintenance inspections multiplied by the global warming potential of the gas replaced. The 2020–21 figure is the result of leaks totalling 92kg of refrigerant gas from two pieces of on-site equipment.
2. The UK electricity factor is prone to fluctuate from year to year as the fuel mix consumed in UK power stations (and auto-generators) and the proportion of net imported electricity changes.

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

In the 2019 GHG Conversion Factors, there was a 10% decrease in the UK Electricity CO<sub>2</sub>eq factor compared to the previous year. In the 2020 update, the CO<sub>2</sub>eq factor decreased (compared with 2019) again by 9%. In the 2021 update, the CO<sub>2</sub>eq factor has again decreased by 9% (in comparison to the 2020 update). The above decreases are all due to a decrease in coal use in electricity generation and an increase in renewable generation.

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

### DATA SOURCES, INCLUDING CONVERSION FACTORS

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

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

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



# Financial Summary

	2022-23 £'000	2021-22 £'000	2020-21 £'000	2019-20 £'000	2018-19 £'000
UK revenue	557,341	463,676	441,222	205,003	183,024
Overseas revenue	1,320,823	939,824	615,739	363,628	239,008
<b>Total revenue</b>	<b>1,878,164</b>	<b>1,403,500</b>	<b>1,056,961</b>	<b>568,631</b>	<b>422,032</b>
Operating profit before IFRS 9-related items and exceptional items	17,947	18,283	13,177	943	2,273
IFRS 9-related items (note 5)	1,443	312	843	789	(2,397)
Exceptional items (note 5)	(5,211)	(426)	(788)	(251)	(2,328)
<b>Operating profit/(loss)</b>	<b>14,179</b>	<b>18,169</b>	<b>13,232</b>	<b>1,481</b>	<b>(2,452)</b>
Share of associate	415	663	593	212	88
Net interest charge	(1,470)	(645)	(918)	(1,499)	(1,125)
<b>Profit/(loss) before tax</b>	<b>13,124</b>	<b>18,187</b>	<b>12,907</b>	<b>194</b>	<b>(3,489)</b>
Taxation	(2,717)	(4,812)	(2,694)	(1,190)	720
<b>Profit/(loss) after tax</b>	<b>10,407</b>	<b>13,375</b>	<b>10,213</b>	<b>(996)</b>	<b>(2,769)</b>
Net assets	153,158	132,892	112,516	94,078	94,182
Operating profit before IFRS 9-related items and exceptionals/sales	1.0%	1.3%	1.2%	0.2%	0.5%
Operating profit/sales	0.8%	1.3%	1.3%	0.3%	(0.5)%

# Key Ministerial Targets

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

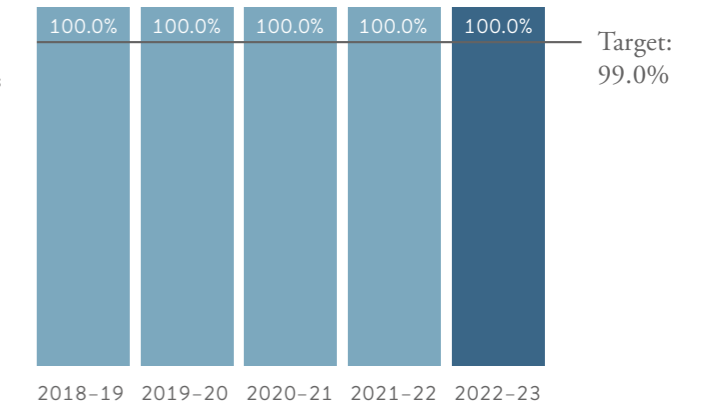
## TARGET 1 Economic Value Added (EVA)

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

EVA for 2022-23 was £20.8 million (2021-22: £16.2 million) against a target of £4.0 million.

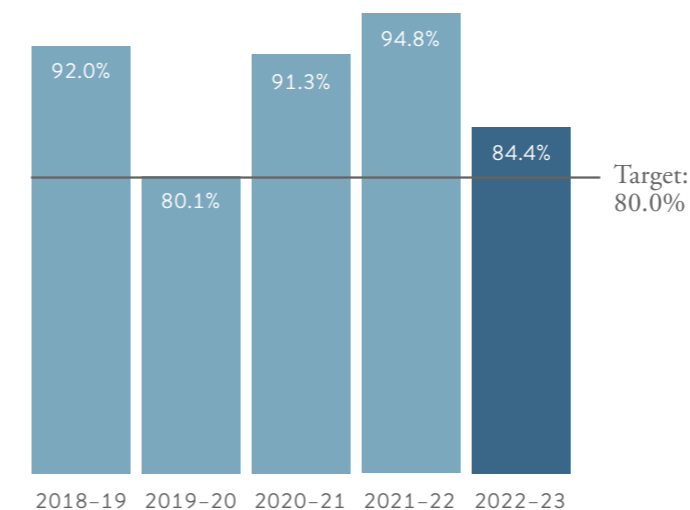
## TARGET 2 UK Circulating Coin

Delivery of accepted orders from UK banks and Post Offices within 11 days.



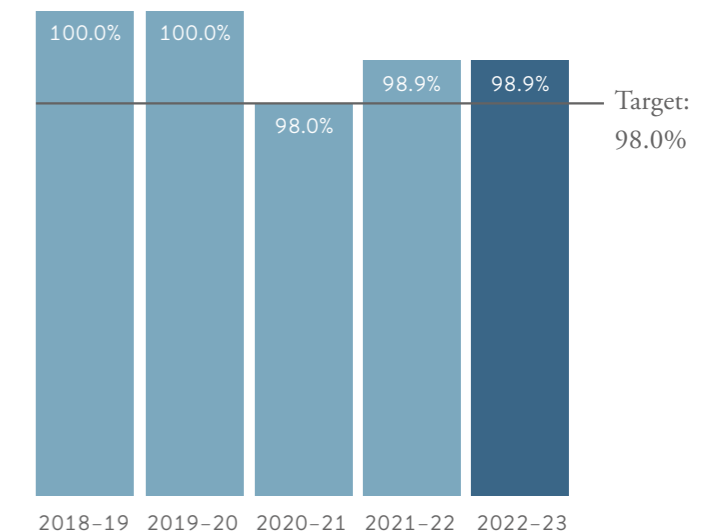
## TARGET 3 UK Consumer Coin

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



## TARGET 4 Medals

Orders delivered by the agreed delivery date.



# The Royal Mint Advisory Committee

The Committee, which operates independently of The Royal Mint Limited, and whose full title is The Royal Mint Advisory Committee on the Design of Coins, Medals, Seals and Decorations, was established in 1922 with the personal approval of George V.

Its original purpose was to raise the standard of numismatic art and that remains its primary concern. It is charged on behalf of HM Treasury and other government departments with the recommendation of new designs for United Kingdom coins, official medals, seals and decorations. The Committee is designated a Non-Departmental Public Body ('NDPB') and its membership is regulated by the Office for the Commissioner of Public Appointments ('OCPA'). It is chaired by Baroness Stuart of Edgbaston.

During the year there were six meetings, five of which were held in person, one by conference call and the meeting in March 2023 was held at The Royal Mint. In addition, there were three meetings of the Sub-Committee on the selection of themes for new UK coins, all of which were held in an online format. Over the course of the reporting year the Committee examined designs for 32 themes (2021–22: 25), a number of which required the selection of more than one design.

## DEATH OF QUEEN ELIZABETH II

The Committee examined a typically diverse range of themes but the single most important matter presented for consideration was in connection with memorial coins issued to mark the death of Queen Elizabeth II and those prepared to commemorate the coronation of King Charles III. For the last 70 years, the work of the Advisory Committee, both in relation to coins and official medals, has been defined by images of Her Late Majesty and has been enriched through exploring the staging posts of her jubilees and other royal events. Her life and reign have provided opportunities for the nation to come together and the commonality of coinage has provided an accessible way through which these moments have been commemorated. In view of her unprecedented life of service, and the affection in which she was held, the death of Elizabeth II could not have gone unrecognised and so a small series of designs was commissioned deliberately aimed at providing a perspective over her long life. The design for the 50 pence was a case in point, making use as it did of the cruciform arrangement of shields, separated by national floral emblems, which had appeared on the reverse of the Coronation crown piece of 1953. Herald painter Edgar Fuller conceived the original design, which was subsequently modelled by Cecil Thomas, and referencing the beginning of her reign seemed to offer a symbolic way of honouring her life.

These were the first coins of the new reign and appropriately carried a portrait of King Charles III. How a monarch is depicted on their coinage is one of the most abiding of images and the task in this instance fell to the portrait sculptor Martin Jennings, known and respected for his public sculptures of Sir John Betjeman at St Pancras Station and of George Orwell at the entrance to Broadcasting House. The Committee was impressed by the balance he had achieved between conveying a regal grandeur and an accessible warmth of expression.

A defining moment at the start of the reign of any British monarch is the coronation. It is a significant national and international event and required the Committee to work at pace with external artists and the coin design team at The Royal Mint. The outcome across a number of denominations incorporated elements of the royal regalia used in the coronation on the crown piece by herald painter Timothy Noad, an ornate interpretation of the Royal Arms on higher

value coins by sculptor John Bergdahl, and on the 50 pence, a modern treatment of Westminster Abbey arching over the King's cypher by Natasha Jenkins, who is a member of the Royal Mint Coin Design team. The whole programme of design work stretching over the period of transition to the new reign was demanding for the Committee but also rewarding, since the import of the judgements made was in no way lost on members.

## COMMEMORATIVE COINS

The Committee typically examines designs about a year to 18 months in advance of their being issued, which means necessarily that a number of projects that came before the Committee during the reporting year 2022-23 relate to coins that will be released later in 2023 and 2024. The following examples provide a flavour of the range of themes that have been considered and some of the design challenges with which members grapple in making recommendations.

A recurring question for the Committee arises in relation to how national institutions should be symbolised or depicted. These organisations are by their nature often complex and when the theme of the 75th anniversary of the National Health Service was proposed it presented challenges for the artists who were invited to submit designs. There is no single building or discipline that can encompass the whole organisation, and focusing on an individual would have been invidious, so the solution adopted was to use words that captured the essence of what the NHS does and the affection in which it is held. Respect, dedication, pride, support, compassion, knowledge, gratitude, care, kindness, hope, dignity, life, empathy and duty were the words selected that seemed to sum up best what the NHS means to the nation. The designer Alice Lediard, of The Royal Mint Graphic Design team, succeeded in devising an engaging way in which to place the words surrounding the central reference to the anniversary itself.

The British coinage stands as a gallery of royal portraits stretching back to Anglo-Saxon times, but it was only from the reign of Henry VII that recognisably realistic portraits were created for the coinage. To draw attention to this rich legacy, a series has been developed by The Royal Mint that reproduces these classic coinage effigies. The series already includes Charles I, George I and Henry VIII and, while the input from the Committee on suggesting amendments to the original designs has been light-touch, it has provided an opportunity for members to become more familiar with this back-catalogue of excellent portraiture as a way of informing future decisions. The series has also provided a technical challenge for The Royal Mint in seeking to achieve a balance between retaining the look and feel of a coin design produced hundreds of years ago while operating in the setting of modern minting processes.

Celebrating modern British popular culture has formed a growing element in the programme of commemorative coins in recent years and, amongst other themes, this has encompassed literature, music, design and films. In the category of music, designs for a coin to honour The Rolling Stones were reviewed by the Committee, a process that involved employing imagery relating to the identity of the band while at the same time capturing something of the excitement of their live performances. In the confined canvass of a coin this presents design difficulties, but one with which the Committee, through experience, has become adept in overcoming.

## OFFICIAL MEDALS

The remit of the Committee includes making recommendations to a range of government departments on the design of official medals and seals. Approval was granted for the award of an official Coronation medal, the tradition for which can be traced back over a number of reigns. Time was limited, but Martin Jennings was able to create a dignified conjoint portrait of King Charles and Queen Camilla for the obverse, while for the reverse the precedent of using the royal cypher and the date of the Coronation was followed.

## SUB-COMMITTEE ON THE SELECTION OF THEMES

The Sub-Committee examines proposals for the programme of commemorative and circulating coins to be issued in forthcoming years, making recommendations through the main Committee to the Chancellor of the Exchequer. During the year there were four meetings of the Sub-Committee, the focus of attention being the programme for 2023 through to 2024. An important consideration for the Sub-Committee in selecting themes is that, where possible, they reflect the four constituent parts of the United Kingdom.

## MEMBERSHIP

The variety and number of projects placed before the Committee has been handled with the same degree of care and attention to detail as ever.

## Membership of the Committee, and supporting advisors, at 31 March 2023

(with dates of appointment)

### Rt Hon Baroness Stuart of Edgbaston

CHAIR

(March 2021)

### Professor Phil Baines

LETTERING AND GRAPHIC DESIGNER

(May 2016, reappointed March 2021)

### Mrs Blondel Cluff CBE

CHAIR, NATIONAL LOTTERY COMMUNITY FUND

(March 2014)

### The Rt Hon Lord Parker of Minsmere GCVO KCB

LORD CHAMBERLAIN

(April 2021)

### Mr Hughie O'Donoghue RA

PAINTER

(January 2015)

### Professor Jane Ridley

HISTORIAN

(January 2015)

### Lieutenant Colonel Mike Vernon

COMPTROLLER OF THE LORD CHAMBERLAIN'S DEPARTMENT

(September 2014) Deputises for Lord Parker

Baroness Stuart, now entering her third year as Chair, has provided clear leadership over the Committee's complex and sensitive deliberations, combining a collegiate spirit with an instinctive grasp of broader cultural and political considerations.

In March, Professor Phil Baines attended his last meeting of the Committee, having to retire before the end of his term of membership due to poor health. He was the Committee's lettering expert and spoke to this brief with considerable authority derived from a long career as a teacher and writer. Not only was he able to improve the quality of designs through his remarkably attuned eye for detail but he also contributed to discussions more generally on matters of composition.

A recruitment process is ongoing to find new members to take the place of those who have retired in recent years.

Members of the Committee give of their time freely and a deserved note of appreciation is extended to them for the professionalism and imagination they bring to the Committee's work. It has been a particularly busy and demanding year for Lieutenant Colonel Mike Vernon and for David White arising from their responsibilities relating to the transition to the new reign. An especial note of gratitude must extend to them for sustaining their regular attendance at meetings during this momentous time of change.

### Mr David White

GARTER PRINCIPAL KING OF ARMS

(July 2021)

### Dr Shailendra Bhandare

NUMISMATIC CONSULTANT TO THE COMMITTEE

(September 2021)

### Mrs Anne Jessopp

CHIEF EXECUTIVE OFFICER OF THE ROYAL MINT LIMITED

### Ms Nicola Howell

CHIEF COMMERCIAL OFFICER OF THE ROYAL MINT LIMITED

### Ms Caroline Webb

CHIEF MARKETING OFFICER OF THE ROYAL MINT LIMITED

### Dr Kevin Clancy

SECRETARY TO THE COMMITTEE

### Mr Lee Jones

TECHNICAL ADVISER TO THE COMMITTEE

# Accountability Report

## STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under section 4(6) of the Government Trading Funds Act 1973 HM Treasury has directed the Royal Mint Trading Fund to prepare a statement of accounts ('the Accounts') for each financial year in the form and on the basis set out in the accounts direction. The Accounts are prepared on an accruals basis and must give a true and fair view of the Royal Mint Trading Fund's state of affairs at the year-end and of its Consolidated Income Statement and Consolidated and Trading Fund Statements of Comprehensive Income, Changes in Equity and Cash Flows for the financial year.

In preparing the Accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the accounts direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going-concern basis, unless it is inappropriate to presume that The Royal Mint will continue in operation.

HM Treasury has appointed Tim Jarvis as Accounting Officer of the Royal Mint Trading Fund. The responsibilities of an Accounting Officer,

including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Royal Mint Trading Fund's assets, are set out in Managing Public Money published by the HM Treasury.

So far as the Accounting Officer is aware, there is no relevant audit information of which the Royal Mint Trading Fund's auditors are unaware, and he has taken all the steps that he ought to have taken to make them aware of any relevant audit information and to establish that the Royal Mint Trading Fund's auditors are aware of that information.

The Accounting Officer takes personal responsibility for the annual report and accounts and the judgements required for determining that as a whole it is fair, balanced and understandable; which the Accounting Officer can confirm.

# Corporate Governance Report

## GOVERNANCE FRAMEWORK

HM Treasury is the owner of the Royal Mint Trading Fund.

The Accounting Officer has responsibility for maintaining a sound system of internal control that supports achievement of the Fund's policies, aims and objectives, whilst safeguarding public funds and the Fund's assets, in the responsibilities assigned to the Accounting Officer in Managing Public Money. These responsibilities have been carried out via delegated authority:

- to the Board of Directors of The Royal Mint Limited, a wholly owned subsidiary of the Royal Mint Trading Fund, which is the operating entity under which the Royal Mint Trading Fund trades. The remainder of this statement refers to the Internal Control processes within The Royal Mint Limited Group incorporating its subsidiary companies;
- to the Trustees of The Royal Mint Museum, a separate company limited by guarantee of which HM Treasury is the sole member, which is a registered charity that is responsible for the heritage assets transferred at vesting; and
- to UK Government Investments ('UKGI'), which has been delegated shareholding responsibilities to manage HM Treasury's day-to-day shareholding relationship with The Royal Mint Limited on behalf of HM Treasury Ministers.

Quarterly shareholder meetings take place between the Accounting Officer, UKGI, HM Treasury and The Royal Mint Limited, providing a forum to review The Royal Mint Limited's performance, risks and opportunities and any objectives set out in the business plan.

## CORPORATE GOVERNANCE COMPLIANCE

The Royal Mint Limited's Board of Directors supports high standards of governance and, in so far as is practical given its size and status, has, together with HM Treasury and UKGI, continued to develop the governance of the business in accordance with the UK Corporate Governance Code where appropriate. The Royal Mint Limited complied with the 'Corporate Governance in Central Government Departments, Code of Good Practice' in so far as it is relevant. In particular, The Royal Mint Limited has maintained an appropriate Board composition, in line with statutory obligations.

## THE BOARD AND ITS COMMITTEES

During the year, the Board of Directors of The Royal Mint Limited comprised the Chairman, seven non-executive directors and four executive directors (the Chief Executive, Chief Financial Officer, Managing Director Currency and Chief Commercial Officer). The board met ten times in 2022-23 (2021-22: 11 times).

Attendance by members at the Board and Committee meetings is set out on the following table in relation to how many meetings they attended whilst in office:

	Board	Audit Committee	Remuneration Committee	Nominations Committee
Anne Jessopp	10	n/a	n/a	n/a
Andrew Mills	9	n/a	n/a	n/a
Nicola Howell	10	n/a	n/a	n/a
Huw Lewis	10	n/a	n/a	n/a
Graham Love	10	n/a	4	4
William Spencer	10	5	4	4
Xenia Carr-Griffiths	5	3	2	3
Cheryl Toner	5	3	2	3
Shimi Shah	10	5	4	4
Andrew Butterworth	10	5	4	4
Kate Barnett	8	5	4	4
Matthew Woolsey	6	3	2	2
Lisa Montague	6	3	2	2
Number of meetings	10	5	4	4

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

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

## THE ROLE OF THE BOARD OF THE ROYAL MINT LIMITED

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

The roles and responsibilities of the Board are to:

- develop the future strategy of the business required to realise the strategic objectives;
- review, as appropriate, the strategic objectives and agree them with the shareholder;
- ensure a three-to-five-year plan is in place in order to realise the strategic objectives;
- ensure that the necessary management structure, financial and human resources are in place in order to achieve the agreed plan;
- determine the risk appetite of the organisation in furtherance of achieving the strategic objectives and ensure there is a robust ongoing process to identify and appropriately manage strategic and significant operational risks;
- regularly review objectives and management performance against annual plan and associated business KPIs;

- ensure the Group operates with appropriate values and standards and ensure that its obligations to its shareholders and others are understood and met;
- review, approve or propose strategic investment in line with investment authority limits as agreed with the shareholder;
- ensure that the Group operates at all times within applicable laws and regulations and within an appropriate procedural framework; and
- ensure that the board fulfils its duties in the Memorandum and Articles of Association of the Company, functions and any frameworks that may be agreed with the shareholder.

Quality information is supplied to the directors on a timely basis to enable them to discharge their duties effectively. At each board meeting, the directors receive a report from the Chief Executive covering all areas of the business along with financial information detailing performance against budget / latest forecast. A rolling board agenda also ensures the board receives formal papers, inter alia, on the annual budget and Annual Report. All directors have access to independent professional advice, at The Royal Mint Limited's expense, if required.

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

The board reviews its effectiveness in a number of ways, including commissioning external reviews and conducting internally facilitated reviews in line with good corporate practice. During the prior year, an external review of the Board was performed by Independent Audit Limited ('IAL'), which reviewed all aspects of the Board's effectiveness including board composition and dynamics, governance, risk, people, culture and focus. As part of this review, IAL conducted interviews with all board members and some members of the

senior management team; IAL also observed a set of Board and Committee meetings and reviewed a year's worth of board papers. IAL found that the board has many positive attributes in place, including a great sense of ambition and clarity of vision and objectives; this should provide a strong foundation for its further development. They reported that the board had a good level of trust with the Executive team, which was fostered by committed and supportive non-executive directors who have a wide range of skills and experience. Based on IAL's recommendations, the board developed an action plan to further enhance its effectiveness. The key actions included improving board oversight of the key strategic issues, and developing a set of strategic KPIs and measures to ensure the board has oversight of key strategic issues in delivering the five-year strategy.

## AUDIT COMMITTEE OF THE ROYAL MINT LIMITED

The Audit Committee comprises of no fewer than three independent non-executive directors. The Committee invites the Chairman, Chief Executive, Chief Financial Officer, Financial Controller and senior representatives of both the internal and external auditors to attend meetings. The board deems Andrew Butterworth as independent for the purposes of the Audit Committee, whilst the Chair of the Audit Committee has recent and relevant financial experience.

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

## REMUNERATION COMMITTEE OF THE ROYAL MINT LIMITED

The Committee comprises of no fewer than three non-executive directors and meets at least twice a year. Remuneration decisions are guided by a Remuneration Framework, which was agreed with HM Treasury at the time of the Company's vesting and subsequently updated and approved by HM Treasury in May 2020. The Committee's primary role is to determine, in reference to this framework, the remuneration and performance-related incentive schemes of the directors and Executive Management Team, subject to the consent of UK Government Investments ('UKGI') if applicable. The Terms of Reference for the Committee are available on The Royal Mint Limited's website, and the Remuneration Report is set out on page 40.

## NOMINATIONS COMMITTEE OF THE ROYAL MINT LIMITED

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
- the Nominations Committee in consultation with UKGI and with UKGI's consent makes other Board appointments.

The board values the varied contribution that the diverse nature of the board members brings and is supportive of the principle of boardroom diversity, of which gender is an important, but not the only, aspect. It is considered that the ratio of men:women should be at most 75:25 and our board exceeded this during the year at 55:45 (45:55 up until September 2022); UKGI ratio objective is 60:40 men:women representation.

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 OF THE ROYAL MINT LIMITED

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

The roles and responsibilities of the Executive Management Team are:

- the implementation of the plan and efficient operation of the business;
- the development and subsequent implementation of a long-term strategy in conjunction with the board;
- the development of an annual budget, for approval by the board;
- the approval of capital expenditure over £150,000 and major contracts that don't require board approval;
- the preparation of a risk register and subsequent reviews and mitigating actions;
- the development and implementation of performance improvement programmes;
- the establishment, maintenance and development of operating procedures; and
- with reference to the Remuneration Committee develop remuneration systems for staff, including performance-related pay.

The Royal Mint Museum, as a charitable company, is governed by its Memorandum and Articles of Association, which provide for the appointment and reappointment of Trustees. The creation of an independent Museum was initiated to give long-term security to the collection, to establish a clear educational and charitable remit, and to enable the Museum to expand the services it offers through external funding.

The Trustees are noted on page 3. During the reporting year 2022-23 the Trustees met on four occasions. They have the authority to appoint new Trustees and to direct the use of the Museum's financial and other resources. Trustees are appointed for an initial term of three years, renewable for a maximum of two further three-year terms. New Trustees undergo an induction to brief them on their legal obligations under charity and company law, the Charity Commission guidance on public benefit and inform them of the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. Meetings of

the Trustees are attended by members of the Museum's management team, in particular the Director of the Royal Mint Museum, and members of the financial support team, who present papers on their areas.

The Trustees exercise oversight and supervision of all the Museum's main functional areas, including: finance, fund-raising, acquisition and disposal, education and publication programmes, exhibitions, collections management, conservation and the activities of the Museum Services company.

The Trustees decide on the strategy for the Museum. The implementation of the strategy and the operational management is delegated to the Director of The Royal Mint Museum and his colleagues.

## RISK MANAGEMENT

Under the guidance of the Board of Directors and Audit Committee, The Royal Mint Group's risk management process is undertaken by the Executive Management Team. It focuses on the identification and management of the key risks that could affect the achievement of The Royal Mint Group's policies, aims and strategic objectives. The Executive Management Team is also responsible for overseeing the effective establishment and maintenance in operation of a management framework that evaluates and manages risk, which the team perform on a monthly basis as part of their review mechanism.

As part of its oversight process, the board has input into the broader risk management approach and undertakes a review of risk management at least annually. It also reviews each major risk as a separate agenda item at least once a year.

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

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

The Royal Mint Group's risk priorities in 2022–23 are detailed on page 12.

## INTERNAL CONTROL

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

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

In particular, it includes:

- comprehensive budgeting systems with an annual operating plan and budget which is reviewed and agreed by the Board of Directors;
- regular reviews by the board of periodic and annual reports, which indicate performance against the budget and latest forecast;
- setting targets and KPI 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.

## INTERNAL AUDIT

The Royal Mint Group operates internal audit arrangements to standards defined in the Public Sector Internal Audit Standards. During 2022–23, KPMG LLP undertook this function. Their annual audit plan and the results of their audit, including recommendations for improvement, are reported to the Chief Financial Officer and presented to the Audit Committee. They also provide an independent opinion on the adequacy of The Royal Mint's system of internal control.

KPMG LLP did not report any issues concerning the internal controls that require inclusion in this statement.

The Royal Mint Trading Fund is also audited by the Government Internal Audit Agency ('GIAA'), an executive agency of HM Treasury. The team operates to agreed Public Sector Internal Audit Standards and complies with procedures and standards set by the GIAA. The internal audit reports provide an independent and objective opinion on the process underpinning the preparation of and provision of assurance over the 2022–23 consolidated annual accounts. On the basis of evidence obtained during 2022–23, a substantial level of assurance was provided to the Accounting Officer. Where applicable, the internal audit report includes recommendations agreed with management for improvement to address identified areas of risk or control enhancement.

## THE ROYAL MINT MUSEUM

The Museum is governed by a Board of Trustees that met four times during 2022–23 (2021–22: four times).

The Trustees have identified the major risks to which the Museum is exposed with the policy objective being to minimise the impact on the Museum. Risks have been individually assessed based on likelihood and impact under the headings of assets, operations and finance. Control measures have been identified for each of the risks to mitigate them to what is judged to be an acceptable level.

Key principal risks are:

- inadvertent damage to the collection - storage and conservation is a high priority for Trustees as detailed above in Trustees report;
- breach of security of collection – mitigated by regular review and upgrade of process and facilities;
- inadequate knowledge – mitigated by succession planning and staff training; and
- the Trustees consider the organisation’s exposure to price risk, credit risk, liquidity risk and cash flow risk is very low. The Trustees continue to review and manage all financial risks.

## ARM’S-LENGTH BODIES

The Royal Mint Advisory Committee is an associated arm’s-length body. The Committee’s activities in the year are summarised on page 34.

## LOSSES AND SPECIAL PAYMENTS (AUDITED)

Realised foreign exchange losses of £nil were incurred during the year that require disclosure in accordance with Managing Public Money (2021–22: £nil losses). There have been no special payments during the current or prior year.

During the year, The Royal Mint was victim to an external fraud incident, subject to the sum of £0.7 million. On discovery, immediate action was taken to mitigate the scale of the fraud, establish how it happened and update our fraud policies and procedures accordingly.

# Remuneration and Staff Report

## INTRODUCTION

The Accounting Officer of the Royal Mint Trading Fund and the Trustees of The Royal Mint Museum receive no remuneration in connection with their respective roles within the Royal Mint Trading Fund.

# Remuneration Committee of The Royal Mint Limited

## REMUNERATION COMMITTEE

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

## CONCLUSIONS

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of Internal Control. My review is informed by the work of the internal auditors of The Royal Mint Limited and comments made by the external auditors in their management letters and other reports. In addition, I have received assurance statements from the Chief Executive for The Royal Mint Limited and the Chair of the Trustees of The Royal Mint Museum confirming both The Royal Mint Limited and The Royal Mint Museum have effective governance, risk management and assurance arrangements in place as described in this statement.

In my opinion, the system of internal control was effective throughout the financial year and remains so on the date I sign this statement.

**Tim Jarvis**  
ACCOUNTING OFFICER

19 July 2023

## REMUNERATION POLICY

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

## EXECUTIVE MANAGEMENT TEAM

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

## EXECUTIVE MANAGEMENT TEAM’S TERMS, CONDITIONS AND REMUNERATION

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

### I. BASIC SALARY

The basic starting salary of a member of the Executive Management Team is determined as part of the recruitment and selection process. Thereafter it is subject to annual review and 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 2022–23. The purpose is to recognise and reward outstanding performance against planned business targets, with a strong focus on EVA and operating profit. The maximum award for 2022–23 (given the EVA target was surpassed then operating profit over-performance targets triggered STIP awards) was 33% of basic salary for the Chief Executive and 30% of basic salary for the other members of the Executive Management Team.

STIP awards are disclosed and accrued in the year they are earned therefore the amounts earned in 2022–23 will be paid in 2023–24.

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

### III. PENSION SCHEME

All members of the Executive Management Team who joined after 1 January 2010 are members of The Royal Mint 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.

### IV. DISCRETIONARY BENEFITS ALLOWANCE

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

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

The 2022–23 targets set by the remuneration committee in April 2022 were exceeded, resulting in the STIP and LTIP bonuses being accrued as set out in the following table.

In addition, this over-performance triggered a bonus for all employees in recognition of their personal contribution to our success, amounting to £3,400,000 paid in profit share to the employees.

### V. COMPENSATION FOR LOSS OF OFFICE

No payments were made in respect of compensation for loss of office during the current or prior year.

## REMUNERATION AND INCENTIVE PLANS (AUDITED)

Executive Management Team of The Royal Mint Limited	Total	Remuneration before	STIP	LTIP	Pension benefits
	Remuneration	incentives	amounts earned	amounts earned	
	2022-23	2022-23	2022-23	2022-23	2022-23
	£'000	£'000	£'000	£'000	£'000
Anne Jessopp	462	229	73	76	84
Andrew Mills	284	148	44	37	55
Leighton John	240	125	37	31	47
Sarah Bradley	85	61	-	-	24
Nicola Howell	234	140	42	35	17
Sean Millard	185	132	36	9	8
Huw Lewis	186	132	36	10	8
Caroline Webb	191	132	36	11	12
Amanda Brady	71	50	15	-	6

Executive Management Team of The Royal Mint Limited	Total	Remuneration before	STIP	LTIP	Pension benefits
	Remuneration	incentives	amounts earned	amounts earned	
	2021-22	2021-22	2021-22	2021-22	2021-22
	£'000	£'000	£'000	£'000	£'000
Anne Jessopp	447	220	70	73	84
Andrew Mills	264	142	41	36	45
Leighton John	231	121	33	30	47
Sarah Bradley	223	116	33	29	45
Nicola Howell	226	136	40	34	16
Sean Millard	193	125	37	23	8
Huw Lewis	190	125	35	22	8
Caroline Webb	135	99	27	-	9

Board members during the year were Anne Jessopp, Andrew Mills, Nicola Howell and Huw Lewis.

Caroline Webb and Amanda Brady were appointed in June 2021 and November 2022 respectively.

Sarah Bradley resigned in September 2022.

Amanda Brady was appointed as Chief People Officer in November 2022 and therefore her remuneration is only shown from that date. The total full year equivalent was £178,000. Sarah Bradley resigned as Director of HR and SHE in September 2022 and therefore her remuneration is only shown up to that date. The total full year equivalent was £170,000. Caroline Webb was appointed Chief Marketing Officer in June 2021 and her remuneration for 2021-22 was only show from that date. The total full year equivalent was £177,000.

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

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

Pension benefits in the tables above represent the actuarially assessed increase in pension benefits at retirement age arising due to in-year service, calculated as per Finance Act 2013 rules. The real increases exclude increases due to inflation, contributions made by the individual, or any increase or decreases due to a transfer of pension rights. For the directors who are not members of a defined benefit pension scheme, the pension benefits included in the tables above reflect the employer contributions made during the year. Nicola Howell, Huw Lewis, Sean Millard, Caroline Webb and Amanda Brady are members of The Royal Mint Personal Pension Plan, a defined contribution scheme.

## PAY MULTIPLES (AUDITED)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the remuneration of the employees at the 25th, 50th and 75th percentile of the organisation's workforce. The 50th percentile is also known as the median, the midpoint of our range of salaries. 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. To keep comparisons consistent, it also does not include compensation for loss of office or any one-off or special additional payments. Using this basis, in 2022-23 the remuneration of the highest-paid director of The Royal Mint Limited was £378,000 (2021-22: £363,000).

### RATIO OF THE REMUNERATION OF THE HIGHEST-PAID DIRECTOR TO THE REMUNERATION OF THE WORKFORCE AS A WHOLE:

Year	25th percentile pay ratio	Median (50th percentile pay ratio)	75th percentile pay ratio
2022-23	11.5	9.4	7.8
2021-22	10.6	9.0	7.7

### PAY AND BENEFITS OF EMPLOYEES AT THE 25TH, 50TH AND 75TH PERCENTILE OF PAY AND BENEFITS OF THE WORKFORCE:

Year	25th percentile pay ratio		Median (50th percentile pay ratio)		75th percentile pay ratio	
	Total pay & benefits	Salary component of pay & benefits	Total pay & benefits	Salary component of pay & benefits	Total pay & benefits	Salary component of pay & benefits
2022-23	£32,757	£28,303	£40,235	£39,228	£48,468	£47,799
2021-22	£34,207	£28,608	£40,203	£37,796	£47,291	£45,060

Average % change in the remuneration of the workforce as a whole from 2021-22 to 2022-23 (excluding highest-paid director)		Percentage change in the remuneration of the highest-paid director from 2021-22 to 2022-23	
Salary & Allowances	Performance pay & bonuses	Salary & Allowances	Performance pay & bonuses
4.5%	(23.2)%	4.1%	3.9%

The changes in the pay ratios compared to the previous year's pay ratios are consistent with our expectations. The Chief Executive was the highest-paid director in 2022-23. The 'performance pay and bonuses' for the workforce reflects the decreased amount of profit share accrued which is calculated based on the amount of company over-performance against budget.

## PENSION BENEFITS ACCRUED (AUDITED)

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

	Accrued pension at pension age as at 31 March 2023	Real increase in pension and related lump sum at pension age	Cash Equivalent Transfer Value at 31 March 2023	Cash Equivalent Transfer Value at 31 March 2022	Real increase in Cash Equivalent Transfer Value
	£'000	£'000	£'000	£'000	£'000
Anne Jessopp	40-45	5-7.5	619	519	57
Andrew Mills	35-40	2.5-5	701	628	48
Leighton John	20-25 plus lump sum of 0-5	2.5-5 plus lump sum of 0	254	210	23
Sarah Bradley	15-20	0-2.5	264	233	15

Information on the defined benefit Pension Scheme is provided in note 17.

Cash Equivalent Transfer Value ("CETV") is the actuarially assessed capitalised value of the pension scheme benefit accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits from the scheme. A CETV is a payment made by a pension scheme to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangement. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in CETV reflects the increase that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

## EMPLOYMENT AGREEMENTS

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

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

## NON-EXECUTIVE DIRECTORS' TERMS, CONDITIONS AND FEES (AUDITED)

The Chairman is engaged under a letter of appointment from UKGI under delegated authority from HM Treasury. The other non-executive directors apart from Andrew Butterworth are appointed by the Company with approval of UKGI. Either party can terminate his or her engagement upon giving three months' notice.

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

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

Kate Barnett, Matthew Woolsey and Lisa Montague were appointed on 28 February 2022, 26 September 2022 and 26 September 2022 respectively. The total full year equivalent for Kate Barnett, Matthew Woolsey and Lisa Montague was £20,000.

Michael Clayforth-Carr, Xenia Carr-Griffiths and Cheryl Toner resigned on 28 February 2022, 26 September 2022 and 26 September 2022 respectively. The total full year equivalent for Xenia Carr-Griffiths was £23,000 and for Michael Clayforth-Carr and Cheryl Toner was £20,000.

In addition, Non-Executive Directors are reimbursed for reasonable travel and subsistence expenses claimed in the performance of their duties and the total amount paid to the Non-Executive Directors (gross of tax and national insurance) in 2022-23 was £10,000 (2021-22: £4,000).

Andrew Butterworth received no fees from The Royal Mint Limited.

## Staff costs (audited)

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

Staff consultancy expenditure of £37,800 was also incurred during the year (2021-22: £59,000).

## AVERAGE NUMBER EMPLOYED

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

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

## DIRECTORS' EMOLUMENTS

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

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

## STAFF COMPOSITION

The number of people employed at 31 March 2023 was 930 (2022: 825). Of these employees, 636 were male and 294 were female (2022: 576 male, 249 female). The Royal Mint Museum Group itself has no employees (2022: nil). The Board of Directors of The Royal Mint Limited at 31 March 2023 comprised six male directors and five female (2022: five male, six female). The Trustees and Directors of The Royal Mint Museum at 31 March 2023 comprised of five male and three female (2022: four male, three female).

## STAFF POLICIES

The Royal Mint Limited has an employee handbook available on its intranet site that covers staff policies such as recruitment, behaviours at work, pay and benefits, holidays, absence from work, travel and subsistence and equal opportunities. Policies are reviewed and updated regularly and staff are notified through email communications and team briefings when changes are made.

## DIVERSITY

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

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

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

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

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

## SICKNESS ABSENCE

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

## STAFF TURNOVER

Staff turnover percentage during the year was 10.6% (2022: 13%).

## Tim Jarvis

ACCOUNTING OFFICER

19 July 2023

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

## OPINION ON FINANCIAL STATEMENTS

I certify that I have audited the financial statements of the Royal Mint Trading Fund and its Group for the year ended 31 March 2023 under the Government Trading Funds Act 1973.

The financial statements comprise: the Royal Mint Trading Fund and its Group's

- Statements of Financial Position as at 31 March 2023;
- Consolidated Income Statement, Statements of Comprehensive Income, Statements of Cash Flows and Statements of Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Royal Mint Trading Fund and its Group's affairs as at 31 March 2023 and its profit for the year then ended; and
- have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

## OPINION ON REGULARITY

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## BASIS FOR OPINIONS

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the Royal Mint Trading Fund and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, I have concluded that the Royal Mint Trading Fund and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Royal Mint Trading Fund or its Group'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.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

## OTHER INFORMATION

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard

## OPINION ON OTHER MATTERS

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973.



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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

## MATTERS ON WHICH I REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Royal Mint Trading Fund and its Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- Adequate accounting records have not been kept by the Royal Mint Trading Fund and its Group or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or the parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Royal Mint Trading Fund and its Group from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973;

- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973; and
- assessing the Royal Mint Trading Fund and its Group'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 Accounting Officer intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Trading Funds Act 1973.

My 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 a certificate that includes my 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.

### Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

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

### Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Royal Mint Trading Fund and its Group's accounting policies, key performance indicators and performance incentives.
- inquired of management, the Royal Mint Trading Fund's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Royal Mint Trading Fund and its Group's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Royal Mint Trading Fund and its Group's controls relating to the Royal Mint Trading Fund's compliance with the Government Trading Funds Act 1973, and Managing Public Money;

- inquired of management, the Royal Mint Trading Fund's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team including significant component audit teams regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Royal Mint Trading Fund and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Royal Mint Trading Fund and Group's framework of authority and other legal and regulatory frameworks in which the Royal Mint Trading Fund and Group operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Royal Mint Trading Fund and its Group. The key laws and regulations I considered in this context included Government Trading Funds Act 1973, Managing Public Money, Companies Act 2006 and tax legislation.

### Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- issuing component auditor instructions to the external auditor of the Royal Mint Limited, reviewing the component auditor return and the component auditor's work over revenue recognition

I also communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

## Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

## REPORT

I have no observations to make on these financial statements.

## Gareth Davies COMPTROLLER AND AUDITOR GENERAL

19 July 2023

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

# Consolidated Income Statement

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2022-23			2021-22			Total	Total
		£'000	£'000	£'000	£'000	£'000	£'000		
		Before IFRS 9 related items and other exceptionals (note 5)	IFRS 9 related items (note 5)	Other exceptionals (note 5)	Total	Before IFRS 9 related items and other exceptionals (note 5)	IFRS 9 related items (note 5)	Other exceptionals (note 5)	Total
Revenue	2	1,878,164	-	-	1,878,164	1,403,500	-	-	1,403,500
Cost of sales		(1,790,099)	(1,301)	-	(1,791,400)	(1,332,096)	(789)	-	(1,332,885)
Gross profit		88,065	(1,301)	-	86,764	71,404	(789)	-	70,615
Administrative expenses		(25,630)	-	(5,211)	(30,841)	(22,394)	-	(426)	(22,820)
Selling and distribution costs		(42,597)	-	-	(42,597)	(30,674)	-	-	(30,674)
Other (losses)/gains	22	(1,891)	2,744	-	853	(53)	1,101	-	1,048
Operating profit	3	17,947	1,443	(5,211)	14,179	18,283	312	(426)	18,169
Finance income	6	151	-	-	151	-	-	-	-
Finance costs	6	(1,621)	-	-	(1,621)	(645)	-	-	(645)
Share of profit of associate accounted for using the equity method	24	415	-	-	415	663	-	-	663
Profit before tax		16,892	1,443	(5,211)	13,124	18,301	312	(426)	18,187
Taxation	7				(2,717)				(4,812)
Profit for the financial year					10,407				13,375
Profit attributable to: HM Treasury					10,407				13,375

The notes on pages 58 to 87 form part of the Accounts.

# Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2022-23 £'000	2021-22 £'000
Profit for the financial year		10,407	13,375
Other comprehensive (expense)/income:			
<i>Items that may be reclassified to profit or loss:</i>			
Loss on cash flow hedges		(40)	756
Hedging gain/(loss) reclassified to profit or loss		(469)	(77)
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements for defined benefit scheme	17	4,864	3,481
Deferred tax on remeasurements for defined benefit scheme	16	(1,216)	(870)
Revaluation	8, 9	11,834	7,728
Other comprehensive income for the period, net of tax		14,973	11,018
Total comprehensive income for the year		25,380	24,393
Total comprehensive income attributable to:			
HM Treasury		25,380	24,393

# Royal Mint Trading Fund Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2023

	2022-23 £'000	2021-22 as restated* £'000
Profit for the financial year	5,058	3,730
Other comprehensive income	-	-
Total comprehensive income for the year	5,058	3,730
Total comprehensive income attributable to:		
HM Treasury	5,058	3,730

The notes on pages 58 to 87 form part of the Accounts.

\*as explained in note 1 – accounting principle 1.28.

# Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2023

	Public Dividend Capital £'000	Revaluation Reserve £'000	Retained Earnings £'000	Hedging Reserve £'000	Heritage Assets Reserve £'000	Total Equity £'000
<b>At 1 April 2022</b>	5,500	11,265	66,895	486	48,746	132,892
Movements in the year:						
Profit for the financial year	-	-	10,407	-	-	10,407
Other comprehensive income/(expense)	-	5,834	3,648	(509)	6,000	14,973
Total comprehensive income for the year	-	5,834	14,055	(509)	6,000	25,380
Cost of hedging transferred to inventory	-	-	-	(56)	-	(56)
Transactions with owners – dividends	-	-	(5,058)	-	-	(5,058)
<b>At 31 March 2023</b>	5,500	17,099	75,892	(79)	54,746	153,158

	Public Dividend Capital £'000	Revaluation Reserve £'000	Retained Earnings £'000	Hedging Reserve £'000	Heritage Assets Reserve £'000	Total Equity £'000
<b>At 1 April 2021</b>	5,500	7,537	54,639	94	44,746	112,516
Movements in the year:						
Profit for the financial year	-	-	13,375	-	-	13,375
Other comprehensive income/(expense)	-	3,728	2,611	679	4,000	11,018
Total comprehensive income for the year	-	3,728	15,986	679	4,000	24,393
Cost of hedging transferred to inventory	-	-	-	(287)	-	(287)
Transactions with owners – dividends	-	-	(3,730)	-	-	(3,730)
<b>At 31 March 2022</b>	5,500	11,265	66,895	486	48,746	132,892

The notes on pages 58 to 87 form part of the Accounts.

# Royal Mint Trading Fund Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2023

	Public Dividend Capital £'000	Profit and Loss Account £'000	Total £'000
<b>At 1 April 2022</b>	5,500	53,819	59,319
Movements in the year:			
Profit for the financial year	-	5,058	5,058
Total Comprehensive Income for the year	-	5,058	5,058
Transactions with owners – dividends	-	(5,058)	(5,058)
<b>At 31 March 2023</b>	5,500	53,819	59,319

	Public Dividend Capital £'000	Profit and Loss Account as restated* £'000	Total as restated* £'000
<b>At 1 April 2021</b>	5,500	53,819	59,319
Movements in the year:			
Profit for the financial year	-	3,730	3,730
Total Comprehensive Income for the year	-	3,730	3,730
Transactions with owners – dividends	-	(3,730)	(3,730)
<b>At 31 March 2022</b>	5,500	53,819	59,319

The notes on pages 58 to 87 form part of the Accounts.

\*as explained in note 1 – accounting principle 1.28.

# Consolidated Statement of Financial Position

AS AT 31 MARCH 2023

	Notes	2023 £'000	2022 £'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	83,778	73,123
Heritage assets	9	56,285	50,074
Intangible assets	10	11,862	11,366
Deferred tax asset	16	-	292
Investment in associate	24	2,763	2,482
Retirement benefit surplus	17	6,484	1,596
<b>TOTAL NON-CURRENT ASSETS</b>		<b>161,172</b>	<b>138,933</b>
<b>CURRENT ASSETS</b>			
Inventories	11	95,835	71,775
Derivative financial instruments	23	3,118	1,708
Current tax asset	7	898	-
Trade and other receivables	12	38,000	30,177
Cash and cash equivalents	21	8,002	11,939
<b>TOTAL CURRENT ASSETS</b>		<b>145,853</b>	<b>115,599</b>
<b>CURRENT LIABILITIES</b>			
Current tax liability	7	-	(2,053)
Borrowings	13	(12,651)	(19,604)
Trade and other payables	14	(128,449)	(89,721)
Derivative financial instruments	23	(834)	(469)
<b>TOTAL CURRENT LIABILITIES</b>		<b>(141,934)</b>	<b>(111,847)</b>
<b>NET CURRENT ASSETS</b>		<b>3,919</b>	<b>3,752</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	13	(2,062)	(1,372)
Accruals and deferred income	14	(1,112)	(1,265)
Deferred tax liability	16	(8,215)	(6,619)
Provision for liabilities and charges	15	(544)	(537)
<b>NET ASSETS</b>		<b>153,158</b>	<b>132,892</b>
<b>EQUITY</b>			
Public dividend capital		5,500	5,500
Revaluation reserve		17,099	11,265
Retained earnings		75,892	66,895
Hedging reserve		(79)	486
Heritage assets reserve		54,746	48,746
<b>TOTAL EQUITY</b>		<b>153,158</b>	<b>132,892</b>

The notes on pages 58 to 87 form part of the Accounts.

**Tim Jarvis**  
ACCOUNTING OFFICER

19 July 2023

# Royal Mint Trading Fund Statement of Financial Position

AS AT 31 MARCH 2023

	Notes	2023 £'000	2022 £'000
<b>NON-CURRENT ASSETS</b>			
Investments	24	59,319	59,319
<b>TOTAL NON-CURRENT ASSETS</b>		<b>59,319</b>	<b>59,319</b>
<b>CURRENT ASSETS</b>			
Loan to group undertaking	12	12,000	19,000
<b>TOTAL CURRENT ASSETS</b>		<b>12,000</b>	<b>19,000</b>
<b>CURRENT LIABILITIES</b>			
Loan from National Loans Fund	13	(12,000)	(19,000)
<b>TOTAL CURRENT LIABILITIES</b>		<b>(12,000)</b>	<b>(19,000)</b>
<b>NET ASSETS</b>		<b>59,319</b>	<b>59,319</b>
<b>EQUITY</b>			
Public dividend capital		5,500	5,500
Retained earnings		53,819	53,819
<b>TOTAL EQUITY</b>		<b>59,319</b>	<b>59,319</b>

The notes on pages 58 to 87 form part of the Accounts.

**Tim Jarvis**  
ACCOUNTING OFFICER

19 July 2023

# Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2022-23 £'000	2021-22 £'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before tax		13,124	18,187
Depreciation and amortisation on non-current assets	3a	9,804	9,050
Loss on disposal of assets		1	-
Impairment		1,461	-
Interest charge	6	1,470	645
Cash flow hedges		(1,610)	72
Share of associate	24	(414)	(663)
Changes in operating assets and liabilities:			
Difference between pension charge and cash contribution	17	19	(93)
Inventory	11	(24,060)	(12,280)
Trade and other receivables		(7,823)	1,041
Trade and other payables		38,234	5,770
Provisions	15	7	(90)
Cash generated from operations		30,213	21,639
Tax (paid)/received		(978)	(1,500)
Interest paid		(4,996)	(86)
Net cash generated from operating activities		24,239	20,053
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	8	(11,277)	(7,131)
Acquisition of intangible assets	10	(3,782)	(1,321)
Acquisition of heritage assets	9	(211)	(387)
Net cash used in investing activities		(15,270)	(8,839)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Net dividends (paid)/received		(4,925)	(3,630)
Principal lease payments	21	(738)	(737)
Movement in borrowings	13	(7,121)	(4,117)
Net cash used in financing activities		(12,784)	(8,484)
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at start of year	21	11,939	8,973
Effects of exchange rate changes on cash and cash equivalents	21	(122)	236
<b>Cash and cash equivalents at end of year</b>	<b>21</b>	<b>8,002</b>	<b>11,939</b>

The notes on pages 58 to 87 form part of the Accounts.

# Royal Mint Trading Fund Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2022-23 £'000	2021-22 £'000
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Dividends received from The Royal Mint Limited		5,058	3,730
Movement in loans		(7,000)	(4,000)
Net cash generated from investing activities		(1,942)	(270)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend paid		(5,058)	(3,730)
Movement in loans		7,000	4,000
Net cash used in financing activities		1,942	270
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at start of year		-	-
<b>Cash and cash equivalents at end of year</b>	<b>21</b>	<b>-</b>	<b>-</b>

The notes on pages 58 to 87 form part of the Accounts.

# Notes to the Accounts

## NOTE 1 PRINCIPAL ACCOUNTING POLICIES

### 1.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the 2022–23 Government Financial Reporting Manual (‘FReM’). The accounts have been prepared under a direction issued by HM Treasury under Government Trading Funds Act 1973. The accounting policies contained in the FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Royal Mint Trading Fund 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 accounts.

### 1.2 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 2022 that had a material impact on the Group or Trading Fund.

#### **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 2022 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 Trading Fund.

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.

### 1.3 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 of The Royal Mint Limited.

### 1.4 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 of exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when deferred in equity as qualifying cash-flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within ‘finance income or cost’. All other foreign exchange gains and losses are presented in the Income Statement within ‘other gains/(losses) – net’.

### 1.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are included at fair value to the business as follows:

The valuation is based upon the following:

- i. land and buildings are stated at valuation. Values are assessed at least every five years by external independent valuers; and
- ii. plant and machinery are stated at their cost uprated by indices published by the Office for National Statistics where the cumulative movement is material to the financial statements.

The land and buildings valuation is also reviewed with sufficient regularity to ensure that the fair value does not differ materially from the carrying amount. Fair value is assessed on the basis of open market value except in the case of specialised buildings which are based on depreciated replacement cost.

Subsequent costs are included in the asset’s 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 de-recognised. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to revaluation reserves in equity. Decreases that offset previous increases of the same asset are charged against revaluation reserves directly in equity; all other decreases are charged to the Income Statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the Income Statement and depreciation based on the asset’s original cost is transferred from ‘revaluation reserves’ to ‘retained earnings’.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

## NOTE 1 CONTINUED

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/(losses) – net in the Income Statement.

## HERITAGE ASSETS

Heritage assets are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental and historic associations.

The Group has introduced a programme of valuation as follows:

#### **Assets donated to The Royal Mint Museum on vesting**

An update to previous valuations was performed at 31 March 2023 with an increase in value resulting in an increase in the heritage assets reserve.

No meaningful valuation is possible with respect to master tools and dies for which cost information is unavailable.

No valuation with respect to architectural plans, film reels, tapes and glass negatives is to be undertaken as their significance in relation to valuation is not judged sufficiently high to warrant expenditure on obtaining a valuation.

#### **Assets acquired since vesting**

Heritage assets acquired since the formation of the Museum company have been capitalised to the Statement of Financial Position at initial cost. Donated heritage assets are recorded at estimated valuation at the date of donation unless this is not practicable, in which case the appropriate disclosures are made of the nature and the extent of these donations.

### 1.6 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.

#### **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.

#### **Licences for 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.

#### **Research and development costs**

Research costs are expensed as incurred.

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.

#### **Software**

Internal costs capitalised are those direct employee costs involved in the design and testing of the One Business System.

#### **Patents, trademarks and licences**

Separately acquired patents, trademarks and licences are shown at historic cost.

### 1.7 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to amortisation or depreciation 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.

### 1.8 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 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 time frame generally established by regulation or convention in the marketplace.

## NOTE 1 CONTINUED

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

- i. financial assets at fair value through the Income Statement – financial assets classified as held for trading and other assets designated as such on inception are included in this category. Derivatives, including separated embedded derivatives, are classified as held for trading unless they are designated as effective hedging instruments where movements in fair value are recognised through Other Comprehensive Income. Assets are carried in the Statement of Financial Position at fair value with gains or losses recognised in the Income Statement.
- ii. financial assets at amortised cost – loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market. They are initially measured at fair value and subsequently held at amortised cost.

### 1.9 IMPAIRMENT OF FINANCIAL ASSETS

An assessment is carried out at each Balance Sheet date 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 account. 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 derecognised when their outcome is certain.

### 1.10 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 derecognised when their outcome is certain.

### 1.11 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 revenue and finance cost. Borrowing costs are recognised in the Income Statement in the year in which they are incurred.

#### (b) Financial liabilities at fair value through the statement of comprehensive income

Financial liabilities at fair value through the Consolidated Income Statement include 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 Statement of Comprehensive Income.

### 1.12 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 remeasured 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 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 Consolidated Income Statement within Other Gains and Losses. Amounts taken to equity are transferred to the Consolidated Income Statement

## NOTE 1 CONTINUED

when the hedged transaction affects the Consolidated 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 Consolidated 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 Consolidated 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 Consolidated Statement of Comprehensive Income in Other Gains and Losses.

Contracts are reviewed at initiation to assess if they contain an embedded derivative and are then accounted for where relevant.

### 1.13 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 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.

### 1.14 CASH AND CASH EQUIVALENTS

In the statement of cash flows, cash and cash equivalents includes cash-in-hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the Statement of Financial Position, bank overdrafts are shown within borrowings in current liabilities.

### 1.15 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.

### 1.16 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 year-end. 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 the Statement of Financial Position and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

### 1.17 EMPLOYEE BENEFITS

#### (a) Pension obligations

The Royal Mint Limited operates defined benefit and defined contribution pension schemes which cover all of the Group. 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 Royal Mint Limited pays fixed contributions into a separate entity. The Royal Mint Limited 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.

The (liability)/asset 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.

For defined contribution plans, The Royal Mint Limited pays contributions

## NOTE 1 CONTINUED

to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Royal Mint Limited 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.

As explained in note 17, employees who were members of The Royal Mint Limited's defined benefit scheme were given the opportunity to join the Civil Service Pension Scheme at 31 March 2015. This is made up of the Principal Civil Service Pension Scheme ('PCSPS') and the Civil Servant and Other Pension Scheme ('CSOPS') and subsequently the Alpha scheme. These are multi-employer plans and are accounted as if they are defined contribution schemes as The Royal Mint cannot determine its share of the underlying assets and liabilities.

### (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 Royal Mint Limited'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.

## 1.18 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.

## 1.19 REVENUE RECOGNITION

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

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

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

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

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

because only the passage of time is required before the payment is due.

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

## 1.20 LEASES

The Group leases equipment and vehicles. Rental contracts are typically made for fixed periods of one month to seven 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

## NOTE 1 CONTINUED

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.

## 1.21 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.

## 1.22 EXCEPTIONAL ITEMS

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

## 1.23 DIVIDEND DISTRIBUTION

Dividends in relation to Public Dividend Capital are recognised as a liability in the financial statements in the year to which they relate. Dividends which relate to Royal Mint Limited's performance are recognised in the financial statements in the year in which the dividends are approved by the entity's shareholders.

## 1.24 INVESTMENTS

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

## 1.25 CONSOLIDATION ACCOUNTING POLICY

Subsidiaries are all entities over which the Royal Mint Trading Fund has the power to govern the financial and operating financial policies generally accompanying a shareholding of more than one half of the voting rights.

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 Other Gains and Losses in the Consolidated Income Statement and the share of the net assets in the Consolidated Statement of Financial Position.

After the transfer of assets and liabilities from the Royal Mint Trading Fund to The Royal Mint Limited, the ultimate beneficial owner continues to be HM Treasury, on behalf of HM Government. The transaction is therefore exempt

from IFRS 3 (revised): Business Combinations. Predecessor accounting has been used to account for the acquisition of The Royal Mint Limited and the identified assets and liabilities recorded at book value.

## 1.26 GOING CONCERN

After making enquiries, including seeking assurances from the Directors of The Royal Mint Limited and the Directors of The Royal Mint Museum and reviewing five-year plans, the Accounting Officer has concluded that there is a reasonable expectation that the Group has adequate resources to continue in operational existence. The Group therefore continues to adopt the going-concern basis in preparing its Consolidated Financial Statements.

## 1.27 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. Any changes in these assumptions will impact the carrying amount of pension obligations. The Royal Mint Limited determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, The Royal Mint Limited 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 are disclosed in note 17.

### (b) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date.

When value-in-use calculations are undertaken, 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.

### (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



## NOTE 1 CONTINUED

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 fair values and asset lives for depreciation purposes is reviewed on a regular basis. A full external valuation is performed every five years with a desktop review performed at each balance sheet date. 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.

### (f) Heritage assets

Heritage assets are held at fair value, where reasonably practicable to obtain a fair value. The coin collection included in heritage assets has been revalued in the year, based upon the professional opinion of an independent firm of auctioneers. This represents a source of estimation uncertainty due to the nature of the collection and the market for collectable coins. Further information is disclosed in note 9.

### 1.28 PRIOR PERIOD ADJUSTMENT

In accordance with IAS 8, The Royal Mint Trading Fund will adjust for errors in prior year financial statements where they are material to the user. This includes restating relevant figures and providing disclosures sufficient to allow the user of the financial statements to understand the restatement.

The 2021-22 Royal Mint Trading Fund Statement of Comprehensive Income and Statement of Changes in Equity have been restated to incorporate the impact of a misclassification of a dividend receivable. The restatement has resulted in profit for the financial year increasing by the dividend received of £3,730,000 whilst profits available for distribution have remained unchanged.

## NOTE 2 SEGMENTAL REPORTING

The Group has determined business segments based on reports reviewed by the Board of The Royal Mint Limited 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 ending 31 March. Whilst being established as businesses, Collector Services and the RME are included in the Consumer results and the ETC business is included within Precious Metals. The activities of new ventures and The Royal Mint's subsidiaries are currently unallocated due to immateriality.

### A. ANALYSIS BY CLASS OF BUSINESS 2022-23

	Currency £'000	Consumer* £'000	Precious Metals £'000	Total Segments £'000	Unallocated £'000	Total £'000
Segment revenue	74,376	149,213	1,654,188	1,877,777	387	1,878,164
Depreciation and amortisation	5,504	2,246	690	8,440	1,363	9,803
Operating (loss)/profit before IFRS 9 and exceptional items and allocation of central costs	(13,095)	30,002	32,771	49,678	(31,731)	17,947
IFRS 9 and exceptional items	(3,768)	-	-	(3,768)	-	(3,768)
Allocation of central costs	(8,093)	(8,872)	(3,738)	(20,703)	20,703	-
Operating (loss)/profit	(24,956)	21,130	29,033	25,207	(11,028)	14,179
Segment assets and liabilities:						
Non-current assets	41,780	86,940	563	129,283	31,889	161,172
Current assets	50,904	58,645	15,813	125,362	20,491	145,853
Current liabilities	(25,556)	(33,734)	(20,890)	(80,180)	(61,754)	(141,934)
Non-current liabilities	-	(1,656)	-	(1,656)	(10,277)	(11,933)
Net assets/(liabilities)	67,128	110,195	(4,514)	172,809	(19,651)	153,158
Other segmental information:						
Property, plant and equipment additions	3,149	213	48	3,410	9,443	12,853
Heritage assets additions	-	211	-	211	-	211
Intangible assets additions	-	16	-	16	3,766	3,782

## NOTE 2 CONTINUED

### ANALYSIS BY CLASS OF BUSINESS 2021-22

	Currency £'000	Consumer* £'000	Precious Metals £'000	Total Segments £'000	Unallocated £'000	Total £'000
Segment revenue	64,104	122,831	1,216,495	1,403,430	70	1,403,500
Depreciation and amortisation	5,521	2,517	835	8,873	177	9,050
Operating (loss)/profit before IFRS 9 and exceptional items and allocation of central costs	(4,534)	27,167	20,311	42,944	(24,661)	18,283
IFRS 9 and exceptional items	(114)	-	-	(114)	-	(114)
Allocation of central costs	(8,001)	(9,106)	(4,105)	(21,212)	21,212	-
Operating (loss)/profit	(12,649)	18,061	16,206	21,618	(3,449)	18,169
Segment assets and liabilities:						
Non-current assets	40,943	74,798	546	116,287	22,646	138,933
Current assets	39,585	24,233	33,374	97,192	18,407	115,599
Current liabilities	(18,981)	(11,813)	(38,737)	(69,531)	(42,316)	(111,847)
Non-current liabilities	-	(1,802)	-	(1,802)	(7,991)	(9,793)
Net assets/(liabilities)	61,547	85,416	(4,817)	142,146	(9,254)	132,892
Other segmental information:						
Property, plant and equipment additions	5,078	232	230	5,540	1,964	7,504
Heritage assets additions	-	387	-	387	-	387
Intangible assets additions	-	-	-	-	1,321	1,321

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.

\* Includes transactions, assets and liabilities of The Royal Mint Museum, notably heritage assets of £56.3 million (2022: £50.1 million).

### B. GEOGRAPHICAL ANALYSIS OF REVENUE

Revenue by destination is set out below:	2022-23 £'000	2021-22 £'000
United Kingdom	557,341	463,676
Germany	226,120	185,813
Rest of Europe	156,520	138,878
United States of America	765,275	473,240
Rest of Americas	5,934	3,670
Asia	119,684	87,072
Africa	29,329	34,068
Rest of the World	17,961	17,083
	1,878,164	1,403,500

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

## NOTE 3A OPERATING PROFIT/(LOSS)

	2022-23 £'000	2021-22 £'000
Operating profit/(loss) is stated after charging/(crediting):		
Depreciation and amortisation charges	9,804	9,050
Research and development	1,875	2,039
Commodity hedges(gain)/loss	2,744	(312)
Foreign exchange (gain)/loss	(2,141)	(217)
Precious metal consignment fees	6,803	3,244
Exceptional items (note 5)	5,211	426
Auditors' remuneration:		
Audit of these financial statements (NAO)	36	30
Audit of subsidiaries (PwC)	124	99
Non-audit fees – other	-	-
	24,456	14,359

## NOTE 3B LEASES RECOGNISED IN THE INCOME STATEMENT UNDER IFRS 16

	2022-23 £'000	2021-22 £'000
The Income Statement shows the following amounts relating to leases:		
Depreciation of right-of-use assets		
Plant and machinery	666	656
Interest expense (included in finance costs)	71	79
Expense relating to short-term leases (included in administrative expenses)	796	126
Expense relating to low value leases (included in administrative expenses)	78	33
	1,611	894

## NOTE 4 REMUNERATION AND EMPLOYMENT

Details of the salary and pension entitlements of members of the Executive Management Team are included in the Remuneration and Staff Report.

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

## NOTE 4 CONTINUED

### AVERAGE NUMBER EMPLOYED

The monthly average number of people (including directors) employed during the year:	2022-23		2021-22	
	Number	Number	Number	Number
<b>Production</b>				
Staff with a permanent contract	482		457	
Other staff	5		-	
		487		457
<b>Sales and Marketing</b>				
Staff with a permanent contract	234		190	
Other staff	8		4	
		242		194
<b>Administration</b>				
Staff with a permanent contract	167		139	
Other staff	13		5	
		180		144
		909		795

### DIRECTORS' EMOLUMENTS OF THE ROYAL MINT DIRECTORS

The Museum Trustees and the Accounting Officer did not receive remuneration from the Group.	2022-23 £'000	2021-22 £'000
Aggregate emoluments excluding long-term incentive scheme	1,003	965
Aggregate amounts receivable under long-term incentive scheme	158	165
Contributions under defined contribution pension scheme	25	24
<b>Highest-paid director:</b>		
Total amounts of emoluments and amounts receivable under long-term incentive scheme	378	363
Accrued defined benefit pension at year-end	42	36
Accrued lump sum at year-end	619	519

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

## NOTE 5 A) 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.

## B) OTHER EXCEPTIONAL ITEMS

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

## NOTE 5 CONTINUED

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

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

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

## NOTE 6 FINANCE COSTS

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

## NOTE 7 TAXATION

### ANALYSIS OF TAX CHARGE IN YEAR

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

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

	2022-23 £'000	2021-22 £'000
Profit before tax	13,124	18,187
Profit before tax multiplied by the standard rate of corporation tax of 19% (2021-22: 19%)	2,494	3,456
Effects of:		
Income not taxable	114	(101)
Expenses not deductible for tax purposes	(54)	(48)
Temporary differences not recognised	66	240
Remeasurement of deferred tax for changes in tax rates	91	-
Adjustments in respect of prior years	6	(44)
Change in tax rate	-	1,309
Taxation charge for year	2,717	4,812

A change to the main UK corporation tax rate was included in the Finance Bill 2021, which had its third reading on 24 May 2021, and is now considered substantively enacted. The rate applicable from 1 April 2020 to 31 March 2023 remains at 19% but the rate from 1 April 2023 will increase to 25%. Deferred taxes at the reporting date have been measured using these enacted tax rates and reflected in these financial statements. In addition to the amount charged to the Income Statement, a deferred tax charge relating to actuarial gain on defined benefit pension schemes of £1,216,000 (2021-22: £870,000) has been charged directly to the Consolidated and Company Statements of Comprehensive Income.

## NOTE 7 CONTINUED

### CURRENT TAX ASSET / (LIABILITY)

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

The Royal Mint Limited has been liable to taxation from 1 January 2010. The Royal Mint Trading Fund is not subject to taxation.

## NOTE 8 PROPERTY, PLANT AND EQUIPMENT

### CONSOLIDATED

	Freehold land £'000	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
Valuation						
At 1 April 2022	4,332	20,555	13,531	133,142	2,933	174,493
Additions	-	-	11,268	9	1,576	12,853
Transfers	-	320	(10,955)	10,635	-	-
Disposals	-	-	-	(826)	(51)	(877)
Impairment	-	-	(66)	(1,129)	-	(1,195)
Revaluation	543	601	-	14,588	-	15,732
At 31 March 2023	4,875	21,476	13,778	156,419	4,458	201,006
Depreciation						
At 1 April 2022	-	-	-	99,717	1,653	101,370
Charge for year	-	1,165	-	4,954	666	6,785
Disposals	-	-	-	(825)	-	(825)
Revaluation	-	(1,165)	-	11,063	-	9,898
At 31 March 2023	-	-	-	114,909	2,319	117,228
Net book value at 31 March 2023	4,875	21,476	13,778	41,510	2,139	83,778

	Freehold land £'000	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
Valuation						
At 1 April 2021	4,332	19,968	8,776	126,652	2,560	162,288
Additions	-	-	7,122	9	373	7,504
Transfers	-	371	(2,367)	1,996	-	-
Disposals	-	-	-	(5,818)	-	(5,818)
Revaluation	-	216	-	10,303	-	10,519
At 31 March 2022	4,332	20,555	13,531	133,142	2,933	174,493
Depreciation						
At 1 April 2021	-	-	-	93,009	997	94,006
Charge for year	-	1,140	-	4,596	656	6,392
Disposal	-	-	-	(5,818)	-	(5,818)
Revaluation	-	(1,140)	-	7,930	-	6,790
At 31 March 2022	-	-	-	99,717	1,653	101,370
Net book value at 31 March 2022	4,332	20,555	13,531	33,425	1,280	73,123

## NOTE 8 CONTINUED

Land and buildings are stated at either open market current use valuation or depreciated replacement cost where this is more appropriate for specialised buildings (RME building and our Vault). A full valuation of land and buildings was carried out at 31 March 2021 by Lambert Smith Hampton in accordance with the guidelines set out in the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. An interim valuation was performed on 31 March 2023, and the valuation of land and buildings were adjusted accordingly.

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

## NOTE 9 HERITAGE ASSETS

	2022-23 £'000	2021-22 £'000	2020-21 £'000	2019-20 £'000	2018-19 £'000
<b>Cost</b>					
At 1 April	50,074	45,687	38,181	37,843	26,795
Additions					
At valuation	191	357	378	315	277
At purchase cost	20	30	28	23	6
Revaluation	6,000	4,000	7,100	-	10,765
At 31 March	56,285	50,074	45,687	38,181	37,843
Net book value at 31 March	56,285	50,074	45,687	38,181	37,843
Net book value at 1 April	50,074	45,687	38,181	37,843	26,795

## THE COLLECTION

Heritage assets are accounted for in accordance with the accounting policy set out in note 1. On vesting the Museum inherited a significant collection of different types of heritage assets, including coins, medals, seals, banknotes, minting and scientific equipment, drawings, paintings, sculptures, books, photographs and films.

The Trustees' intention is to obtain valuations for those parts of the collection that are readily accessible and for which there is an established market. They agreed a plan extending over five years that was concluded in 2015-16. Work in connection with the valuation has been carried out by the auctioneers Morton & Eden and numismatic book specialist Douglas Saville. Valuations have been sought for coins and medals, the library, seal counterparts, trial plates, drawings and artwork and plaster models. An update of the valuation was performed as at 31 March 2023 by Morton & Eden and the value of the collection increased by £6.0 million.

It has been decided by the Trustees that no valuation will be sought for the extensive collection of master tools and dies held by the Museum. For legal and security reasons, there has never been a meaningful market for coinage tools and to seek to establish a valuation could therefore be regarded as a specious exercise. With respect to architectural plans, films, reels, tapes, photographs and glass negatives, their significance is not judged sufficiently high to warrant expenditure of obtaining valuations from external consultants.

this to the remaining related tangible and intangible fixed assets of £ million. Management has identified that the CGU is represented by those cash flows generated that link to the UK Circulating coin contract. The value in use of the CGU has been determined using cash inflows for the related CGU projected over the estimated useful lives of the related assets. Cash inflows are based on the latest business plans 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 75% greater than the net book value of assets related to the CGU and no additional impairment charge has been made. Due to the headroom, no reasonable sensitivity would result in an impairment.

The collection forms a remarkable record of one of the oldest continuously operating organisations in the world. Many of the items are unique, standing as an insight into the evolution and ongoing activities of The Royal Mint. The collection can be seen as forming two broad categories.

- Material relating to the working of The Royal Mint as an institution and a manufacturer. The equipment, including coinage tools dating back to the medieval period, is not represented in any other collection in Britain to the same scale and diversity.
- Material relating to coins, medals and seals produced by The Royal Mint. The collection of coins and medals reflects the practice of items coming into the collection direct from the factory and consequently contains large numbers of trial and experimental pieces that are not represented in any other museum either in the United Kingdom or elsewhere.

The Museum aims to maintain the condition of the collection by housing it within air-conditioned premises and specially designed cabinets. Items from the collection are on public display in various temporary and permanent exhibitions whilst the remaining collection is held at the Museum premises on The Royal Mint site. The collection is managed by the Museum's Director in accordance

## NOTE 9 CONTINUED

with policies approved by the Trustees. With respect to acquisition, authorisation levels have been set for the Museum Director and the Trustees of the Museum, and the circumstances in which the acquisition of an item will be referred to HM Treasury are noted. Provisions dealing with proof of ownership of acquired items also form part of the policy. The authorisation levels at which items might be disposed of mirrors that specified for acquisition. The policy, moreover, details the precise criteria that would need to be met if an item were to be disposed of. The Museum is currently in the process of cataloguing the collection.

## NOTE 10 INTANGIBLE ASSETS

CONSOLIDATED	Payments on account and assets in the course of construction £'000	Software licences £'000	Patents £'000	Development costs £'000	Total £'000
<b>Cost</b>					
At 1 April 2022	1,133	20,375	1,947	952	24,407
Additions	3,766	16	-	-	3,782
Transfers	(1,693)	1,693	-	-	-
Disposals	-	(14)	-	-	(14)
Impairment	-	(266)	-	-	(266)
At 31 March 2023	3,206	21,804	1,947	952	27,909
<b>Amortisation</b>					
At 1 April 2022	-	11,027	1,062	952	13,041
Amortisation for year	-	2,825	195	-	3,020
Disposals	-	(14)	-	-	(14)
At 31 March 2023	-	13,838	1,257	952	16,047
Net book value at 31 March 2023	3,206	7,966	690	-	11,862

Amortisation charges of £2,808,000 (2021-22: £2,446,000) and £212,000 (2021-22: £212,000) are included within administration expenses and cost of sales respectively.

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

The Group's ERP system is deemed to be material and has a net book value of £3,822,000 and remaining useful life of 2 years and 7 months.

	Payments on account and assets in the course of construction £'000	Software licences £'000	Patents £'000	Development costs £'000	Total £'000
<b>Cost</b>					
At 1 April 2021	593	19,594	1,947	952	23,086
Additions	1,321	-	-	-	1,321
Transfers	(781)	781	-	-	-
Disposals	-	-	-	-	-
At 31 March 2022	1,133	20,375	1,947	952	24,407
<b>Amortisation</b>					
At 1 April 2021	-	8,564	867	952	10,383
Amortisation for year	-	2,463	195	-	2,658
At 31 March 2022	-	11,027	1,062	952	13,041
Net book value at 31 March 2022	1,133	9,348	885	-	11,366

## NOTE 11 INVENTORIES

CONSOLIDATED	2023 £'000	2022 £'000
Metal inventory	51,905	50,026
Work in progress (excluding metal)	10,994	8,693
Stores and packing materials	6,826	5,978
Finished goods	26,110	7,078
	95,835	71,775

Inventories recognised as an expense in the year are recorded within cost of sales. Movement in the inventory provision during the year was an increase of £1.1 million (2021-22: increase of £199,000). The amount of inventories written down to net realisable value during the year was £nil (2021-22: £nil).

The Group enters into precious metal consignment arrangements whereby the consignor retains the risks and rewards of the metal until such time as the Company purchases the metal. The value of the physical metal is not recorded in the Statement of Financial Position. Inventory held on consignment amounted to £1,069.9 million at 31 March 2023 (2022: £814.9 million). Consignment fees under these arrangements are recognised within cost of sales.

## NOTE 12 TRADE AND OTHER RECEIVABLES

CONSOLIDATED	2023 £'000	2022 £'000
Trade receivables	34,202	28,327
Less provision for impairment of receivables	(332)	(459)
Due from affiliates	-	193
VAT recoverable	1,062	247
Prepayments and accrued income	3,068	1,869
	38,000	30,177

Included within the receivables are the following:	2023 £'000	2022 £'000
Central Government bodies	13,324	506
Other Government bodies	9	25
	13,333	531

The carrying value of the Group's trade and other receivables are denominated in the following currencies:	2023 £'000	2022 £'000
Pounds sterling	27,277	21,532
US Dollars	7,477	6,339
Euros	3,246	2,306
	38,000	30,177

Provision is made for Consumer direct to consumer receivables that become overdue for payment.

Movement in provision for impairment in receivables:	2023 £'000	2022 £'000
At 1 April	(459)	(504)
Utilised in the year	127	45
At 31 March	(332)	(459)

## NOTE 12 CONTINUED

TRADING FUND	2023 £'000	2022 £'000
Loan to group undertaking	12,000	19,000

The amount drawn down from the National Loans Fund is passed on to The Royal Mint Limited – see note 13 for further detail.

## NOTE 13 BORROWINGS

	Consolidated		Trading Fund	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Lease obligations less than one year	516	469	-	-
Lease obligations greater than one year	1,621	810	-	-
Loans less than one year	12,135	19,135	12,000	19,000
Loans greater than one year	441	562	-	-
	14,713	20,976	12,000	19,000

The Company has a revolving credit facility from the Royal Mint Trading Fund of £36.0 million, of which £12.0 million was drawn down at 31 March 2023. This amount is shown as due within one year, as the facility has a maturity date of 30 November 2023; an agreement to extend the credit facility was completed after 31 March 2023. In addition, the Company has a fixed-term loan of which £577,000 was outstanding at 31 March 2023 - £136,000 is due in less than one year and the remaining balance of £441,000 is due in more than one year. The Company also has an overdraft facility of £20 million.

## NOTE 14 TRADE AND OTHER PAYABLES

	Consolidated	
	2023 £'000	2022 £'000
Trade payables	21,514	22,307
Other payables	57,481	7,613
VAT payable	10	17
Payments received on account	28,751	42,025
Taxation and social security	1,276	1,143
Accruals and deferred income	19,417	16,616
	128,449	89,721

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

The £1,112,000 of accruals and deferred income within non-current liabilities relate to a grant received from the Welsh Assembly Government in relation to the construction of The Royal Mint Experience (2021-22: £1,265,000).

## NOTE 15 PROVISION FOR LIABILITIES AND CHARGES

### CONSOLIDATED

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 returns provision is recognised in respect of these returns.

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

Provisions are expected to be utilised within the next five years.

## NOTE 16 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax is provided in full on temporary differences under the liability method using a tax rate of 25% (2022: 25%).

	2023 £'000	2022 £'000
Liability at 1 April	6,328	3,833
Movements on deferred tax were:		
Charged to the Income Statement	671	1,625
Charged/(credited) to Statement of Comprehensive Income	1,216	870
Liability at 31 March	8,215	6,328

Movements in deferred tax liability were:

### DEFERRED TAX (ASSETS)/LIABILITIES

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

	Accelerated tax depreciation £'000	Derivative instruments £'000	Retirement benefit obligations £'000	Tax losses £'000	Other £'000	Total £'000
At 1 April 2022	6,073	193	354	-	(292)	6,328
Charged/(credited) to the Income Statement	106	402	(8)	-	171	671
Charged to Statement of Comprehensive Income	-	-	1,216	-	-	1,216
At 31 March 2023	6,179	595	1,562	-	(121)	8,215

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

	2022-23 £'000	2021-22 £'000
Remeasurements on defined benefits schemes	1,216	870

## NOTE 16 CONTINUED

### ANALYSIS OF DEFERRED TAX (ASSET)/LIABILITY

	2023 £'000	2022 £'000
Deferred tax asset after 12 months	-	(292)
Deferred tax liability after 12 months	8,215	6,620
	8,215	6,328

The deferred tax at 31 March 2023 has been calculated based on the rate of 25% that was substantively enacted at the balance sheet date (2022: 25%). The deferred tax asset has been recognised as the Company are confident that future profits will arise against which the asset will be utilised.

## NOTE 17 RETIREMENT BENEFIT SCHEMES

### Defined contribution scheme

The Royal Mint Limited Group operates a defined contribution scheme for employees who have joined the organisation since 1 January 2010 via The Royal Mint Limited Personal Pension Plan ('GPP'). The related pension assets are held in trustee-administered funds separate from the Group. The total cost charged to the income statement of £2,691,000 (2021-22: £2,178,000) represents contributions payable to the scheme by the Group at rates specified in the plan rules.

### Defined benefit scheme

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

Prior to 1 January 2010	Employees were members of the Civil Service Pension Scheme, an unfunded defined benefit scheme.
1 January 2010 (Vesting)	New contributions to the Civil Service Pension Scheme ceased. Prudential Platinum Pension - The Royal Mint Limited Scheme ('RMLS'), a funded defined benefit pension scheme was created. All existing employees become members of the new RMLS. (577)
	As part of the vesting process employees were given the option to transfer deferred benefits from the Civil Service Pension Scheme into RMLS.
31 March 2015	RMLS was closed for additional contributions on 31 March 2015 and members were given the option to join the Principal Civil Service Pension Scheme ('PCSPS') or the Civil Servant and Other Pension Scheme ('CSOPS'), unfunded defined benefit pension schemes, or to join GPP, a defined contribution scheme for future accrual. 21 members opted to join GPP, with the remainder opting to join PCSPS or CSOPS.
From 1 April 2015	Members of RMLS had until August 2015 to decide what to do with their deferred benefits held within RMLS from the following options: <ul style="list-style-type: none"> <li>i. Remain in RMLS</li> <li>ii. Transfer into PCSPS or CSOPS</li> <li>iii. Transfer into a defined contribution scheme (at Cash Equivalent Transfer Value).</li> </ul> The majority of staff opted to transfer into a defined contribution scheme and only 1% opted to transfer into PCSPS or CSOPS.

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

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

These statutory arrangements are unfunded with the cost of benefits met by monies voted by parliament each year. Pensions payable under Classic, Premium, Classic Plus, Nuvos and Alpha are increased annually in line with Pensions Increase legislation.

## NOTE 17 CONTINUED

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium, Classic Plus, Nuvos and Alpha are increased annually in line with Pensions Increase legislation.

Employee contributions are related to their salaries and range between 5.45% and 8.05% of pensionable earnings for members of Classic (and members of Alpha who were members of Classic immediately before joining Alpha) and between 4.6% and 8.05% for members of Premium, Classic Plus, Nuvos and all other members of Alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per Classic and benefits for service from October 2002 worked out as in Premium. In Nuvos, a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in Alpha build up in a similar way to Nuvos, except that the accrual rate is 2.32%. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. Employer contributions expected to be paid for the year ended 31 March 2024 are £2,500,000.

Whilst the PCSPS and Alpha are defined benefit schemes, the Company accounts for them as defined contribution schemes as the Company cannot determine its share of the underlying assets and liabilities due to them being multi-employer unfunded defined benefit pension schemes. The total cost charged to the Income Statement of £2,696,000 (2021–22: 2,749,000) represents contributions payable to the scheme by the Company. As noted above, RMLS was closed for additional contributions on 31 March 2015. The disclosures below relate to the residual RMLS in relation to deferred pensioners who left their benefits in the scheme and current pensioners.

### Risks

The residual RMLS poses a number of risks, 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 2023 by independent actuaries Xafinity Consulting. The liabilities have been valued using the projected unit method, taking into account benefits to 31 March 2015 when the scheme closed with allowance for future salary increases or future price inflation for members of the Platinum Nuvos scheme.

The principal actuarial assumptions used were:

	2023	2022
Discount rate	4.85%	2.70%
Price inflation RPI	3.15%	3.30%
Price inflation CPI (pre 2030)	2.15%	2.30%
Price inflation CPI (post 2030)	2.95%	3.10%
Revaluation of deferred pensions: benefits accrued before 01/02/2014	3.15%	3.30%
Revaluation of deferred pensions: benefits accrued after 01/02/2014 (pre 2030)	2.05%	2.30%
Revaluation of deferred pensions: benefits accrued after 01/02/2014 (post 2030)	2.85%	3.10%
Increase to pensions in payment: benefits accrued before 01/02/2014	3.15%	3.30%
Increase to pensions in payment: benefits accrued after 01/02/2014 (pre 2030)	2.15%	2.30%
Increase to pensions in payment: benefits accrued after 01/02/2014 (post 2030)	2.95%	3.10%

## NOTE 17 CONTINUED

	2023	2022
Mortality assumption – male pre- and post-retirement	113% SAPS S3PMA CMI 2021 1.25% long-term trend 0.2% initial addition 7.5% 2020 weighting 7.5% 2021 weighting	113% SAPS S3PMA CMI 2020 1.25% long-term trend 0.2% initial addition 20% 2020 weighting
Mortality assumption – female pre- and post-retirement	106% SAPS S3PFA CMI 2021 1.25% long-term trend 0.2% initial addition 7.5% 2020 weighting 7.5% 2021 weighting	106% SAPS S3PFA CMI 2020 1.25% long-term trend 0.2% initial addition 20% 2020 weighting
<b>Future expected lifetime of current pensioner at age 65</b>		
Male aged 65 at year-end	85.9	85.9
Female aged 65 at year-end	88.9	88.8
<b>Future expected lifetime of future pensioner at age 65</b>		
Male aged 45 at year-end	87.2	87.1
Female aged 45 at year-end	90.3	90.3

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

	2023	2022	2021	2020	2019
Amounts recognised in the Statement of Financial Position:	£'000	£'000	£'000	£'000	£'000
Fair value of plan assets	20,428	23,173	22,695	17,456	16,973
Present value of plan liabilities	(13,944)	(21,577)	(24,635)	(18,987)	(22,424)
Net defined benefit asset/(liability)	6,484	1,596	(1,940)	(1,531)	(5,451)

Amounts recognised in the Income Statement:	2022–23	2021–22
Service cost:	£'000	£'000
Administration expenses	60	131
Net interest expense	(43)	38
Amounts charged to the Income Statement	17	169

Remeasurements of the net (asset)/liability:	2023	2022
Return on scheme assets (excluding amounts included in interest expense)	3,149	(243)
(Gain)/loss arising from changes in financial assumptions	(10,779)	(2,026)
Gain arising from changes in demographic assumptions	6	(1,542)
Experience loss/(gain)	2,760	330
(Credit)/charge recorded in other comprehensive income	(4,864)	(3,481)
Total defined benefit (credit)/charge	(4,847)	(3,312)

Changes in the present value of assets over the year:	2023	2022
	£'000	£'000
Fair value of assets at beginning of year	23,173	22,695
Movements in year:		
Return on scheme assets (excluding amounts included in interest expense)	(3,149)	243
Interest income	623	452
Administrative expenses paid	41	224
Employer contributions	-	-
Benefits paid	(200)	(310)
Administration expenses	(60)	(131)
Scheme assets at end of year	20,428	23,173

Actual return on assets over the year was £(2,526,000) (2021–22: £695,000).

## NOTE 17 CONTINUED

	2023 £'000	2022 £'000
Changes in the present value of liabilities over the year:		
Scheme liabilities at beginning of year	21,577	24,635
Movement in year:		
Interest cost	580	490
Remeasurement (gains)/losses:		
Actuarial losses/(gains) arising from changes in financial assumptions	(10,779)	(2,026)
Actuarial gains arising from changes in demographic assumptions	6	(1,542)
Other experience items	2,760	330
Benefits paid	(200)	(310)
Scheme liabilities at end of year	13,944	21,577

	2023 £'000	2022 £'000
The split of the scheme's liabilities by category of membership is as follows:		
Deferred pensioners	11,603	18,889
Pensions in payment	2,341	2,688
	13,944	21,577
Average duration of the scheme's liabilities at the end of the period (years)	23	28

	2023 £'000	2022 £'000
The major categories of scheme assets are as follows:		
<b>Return seeking</b>		
UK Equities	6,210	6,129
Overseas Equities	5,796	5,863
Diversified Growth Fund	1,119	1,156
	13,125	13,148
<b>Debt instruments</b>		
Corporates	3,615	4,671
Index Linked	3,688	5,354
	7,303	10,025
<b>Total market value of assets</b>	20,428	23,173

The equity and debt instruments are all unquoted, with the exception of the Index-linked debt instruments, which are quoted. The diversified Growth Fund is akin to equity investments.

The scheme has no investments in the Group or in property occupied by the Group.

The Royal Mint expects to meet the cost of administrative expenses for the scheme during year ending 31 March 2024.

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

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

If the inflation assumption was 0.1% higher (lower), the scheme liabilities would increase by £320,000 (decrease by £311,000). In this calculation, all assumptions related to the inflation assumption have been appropriately adjusted, that is the salary, deferred pension and pension in payment increases. The other assumptions remain unchanged.

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

If life expectancies were to increase (decrease) by one year, the scheme liabilities would increase by £461,000 (decrease by £490,000) if all the other assumptions remained unchanged.

## NOTE 18 CAPITAL COMMITMENTS

	2023 £'000	2022 £'000
Commitments in respect of contracts – Tangible Assets	5,471	1,418
Commitments in respect of contracts – Intangible Assets	18	92
	5,489	1,510

## NOTE 19 OPERATING LEASE COMMITMENTS

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

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 20 RELATED PARTY TRANSACTIONS

The Royal Mint Trading Fund is an executive agency and trading fund. Since vesting, The Royal Mint Limited, as a subsidiary of the Royal Mint Trading Fund, is a company wholly owned by HM Treasury.

HM Treasury is regarded as a related party. It has both an ownership and a customer role. The Royal Mint Trading Fund is effectively owned by the Crown, with the Chancellor of the Exchequer holding the title of Master of the Mint. In practice, the Economic Secretary to the Treasury, reporting to Parliament, acts as owner on a day-to-day basis. The operation of the shareholding interest has been delegated to UKGI, which is responsible for oversight of the Royal Mint Trading Fund's objective of delivering a commercial return on capital employed and provision of relevant advice to the Exchequer Secretary. HM Treasury also contracts the Royal Mint Trading Fund as a customer, under a contract, for the manufacture and distribution of UK circulating coin.

In addition, the Royal Mint Trading Fund has had a number of transactions with other Government departments. 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 Royal Mint Trading Fund. 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.

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

### Remuneration of key management staff

Key management are considered to be members of the Executive Management Team of The Royal Mint Limited. Remuneration of key management staff is set out in the table below:

	2022–23 £'000	2021–22 £'000
Salaries and other short-term employee benefits	1,680	1,582
Post-employment benefits	223	222
	1,903	1,804

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



## NOTE 21 ANALYSIS OF NET FUNDS/(DEBT)

CONSOLIDATED	At 1 April 2022 £'000	Non cash changes £'000	Cash flow £'000	At 31 March 2023 £'000
Cash at bank and in hand	11,939	(122)	(3,815)	8,002
Obligations under lease	(1,279)	(1,596)	738	(2,137)
Loans	(19,697)	-	7,121	(12,576)
	(9,037)	(1,718)	4,044	(6,711)

## NOTE 22 OTHER GAINS/(LOSSES) – NET

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

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

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

As part of our Cooperation and Services agreement with HANetf Limited, the Group receives a brand-licensing fee for the use of The Royal Mint's 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 became profitable during the year.

## NOTE 23 FINANCIAL INSTRUMENTS

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

## FINANCIAL RISK MANAGEMENT

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

## NOTE 23 CONTINUED

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

### SENSITIVITY ANALYSIS

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

	Closing exchange rate 2023	Effect on net earnings of a 10% decrease 2023 £'000	Closing exchange rate 2022	Effect on net earnings of a 10% decrease 2022 £'000
Euros	1.1360	309	1.1774	135
US Dollars	1.2386	781	1.3138	699
		1,090		834
	Closing exchange rate 2023	Effect on net earnings of a 10% increase 2023 £'000	Closing exchange rate 2022	Effect on net earnings of a 10% increase 2022 £'000
Euros	1.1360	(253)	1.1774	(110)
US Dollars	1.2386	(639)	1.3138	(572)
		(892)		(682)

### COMMODITY PRICE RISK

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

NOTE 23 CONTINUED

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

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

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

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

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

Purchases are made in two ways:

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

Either the purchases/(sales) can be made on a spot basis or through forward contracts; hedge accounting is not followed for precious metal forward contracts.

The open forward contracts and swaps as at 31 March are as follows:

NOTE 23 CONTINUED

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

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

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

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

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

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

INTEREST RATE RISK

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

Cash held at bank and overdrafts are subject to interest rate risk where the risk is primarily in relation to movements in interest rates set by the Bank of England. Precious metal consignment arrangements are subject to consignment fee payments. The consignment arrangements have floating rates of interest that gives exposure to interest rate risk.

## NOTE 23 CONTINUED

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

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

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

## CREDIT RISK

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

1. trade receivables; and
2. counter parties:
  - a. cash and cash equivalents
  - b. financial instruments.

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

## Currency receivables

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

	Between 31 and 60 days £'000	Between 61 and 90 days £'000	Between 91 and 120 days £'000	Over 120 days £'000
Currency receivables:				
2023	16	-	-	-
2022	24	22	30	-

## Consumer wholesale

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

	Between 31 and 60 days £'000	Between 61 and 90 days £'000	Between 91 and 120 days £'000	Over 120 days £'000
Wholesale trade receivables:				
2023	28	6	1	2
2022	27	-	1	3

## Consumer 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 next table shows outstanding balances as at 31 March.

## NOTE 23 CONTINUED

	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:				
2023	4,514	40	34	172
Expected loss allowance at 31 March 2023	(135)	(8)	(15)	(172)
2022	3,152	141	36	85
Expected loss allowance at 31 March 2022	(95)	(28)	(16)	(85)

## Precious metals

The bullion is purchased specifically for the customer's order and is payable within 48 hours. Coins are only despatched when payment is received. There were no overdue balances at 31 March 2023 or 2022.

## COUNTER-PARTY RISK

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

The maximum exposure to credit risk is limited to the carrying value of financial assets on the Statement of Financial Position as at the reporting date. For 2023, the amount is £33,870,000 (2022: £27,868,000). 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 (see table below) in terms of the hierarchy measurement requirements of IFRS 7:

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

Liquidity risk is the risk that the Group may not be able to settle or meet its obligations on time or at a reasonable price. The Group's finance department is responsible for management of liquidity risk, which includes funding, settlements, related processes and policies. The Group manages liquidity risk by maintaining adequate reserves and monitoring actual cash flow against forecast. In addition, the Group has negotiated a revolving credit facility of £36.0 million until 30 November 2028, of which £12.0 million was drawn down at 31 March 2023 (2022: £19.0 million). It is anticipated that this will be sufficient to meet future requirements in conjunction with an overdraft facility of £20 million. The Group also has a fixed-term loan of which £577,000 was outstanding at 31 March 2023 (2022: £697,000).

The table below analyses the Group's 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.

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
At 31 March 2023				
Borrowings	12,135	135	306	-
Lease liabilities	851	823	1,341	-
Derivative financial instruments	834	-	-	-
Trade and other payables*	127,162	-	-	-

## NOTE 23 CONTINUED

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

\* excluding non-financial liabilities

### Capital risk

The management does not have any responsibility as regards capital risk or with regard to capital structure.

### 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 and fair 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.

	Carrying value 2023 £'000	Carrying value 2022 £'000
Assets as per the Statement of Financial Position:		
Derivatives used for hedging	341	677
Trade and other receivables	33,870	28,057
Derivatives at fair value through profit and loss	2,777	1,031
Cash and cash equivalents	8,002	11,939
Liabilities as per the Statement of Financial Position:		
Borrowings	(14,713)	(20,976)
Derivatives used for hedging	(449)	(83)
Derivatives at fair value through profit and loss	(386)	(386)
Trade and other payables	127,010	(88,248)

## NOTE 24 INVESTMENTS

Trading Fund	2023 £'000	2022 £'000
Investments in subsidiaries at 31 March	59,319	59,319

## NOTE 24 CONTINUED

	2023 £'000	2022 £'000
<b>Subsidiaries</b>		
The Royal Mint Limited and its subsidiaries (RM Assets Limited, RM Experience Limited and RM Wynt Limited)		100%
The Royal Mint Museum		100%
Ownership		
	2023 £'000	2022 £'000
Capital and reserves:		
The Royal Mint Limited Group	80,638	72,448
The Royal Mint Museum Group	4,077	3,837
Profit for the year:		
The Royal Mint Limited Group	10,165	13,154
The Royal Mint Museum Group	24	221
The Royal Mint Services Limited has been excluded on the grounds of immateriality.		
Group	2023 £'000	2022 £'000
Investments in associate at 31 March	2,763	2,482

On 1 June 2017, The Royal Mint Limited acquired a 23.4% interest in an associate company, Sovereign Rarities Limited. Sovereign Rarities is also incorporated and domiciled in the UK and its principal activity is acting as a historic coin dealership. Its address is 2nd Floor 17-19 Maddox Street London W1S 2QH.

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

At 31 March 2023, Sovereign Rarities had £78,000 of fixed assets, £13,564,000 of current assets comprising £12,941,000 of stock and £623,000 of debtors, less liabilities of £3,802,000 resulting in total net assets of £9,840,000. The Royal Mint share was therefore £2,303,000 with a share in profits of £414,000 during the year meaning the total value of the investment included in the Group was £2,763,000.

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

## NOTE 25 EVENTS AFTER THE REPORTING PERIOD

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

## NOTE 26 AUTHORISATION FOR ISSUE

The accounts were authorised to be issued on the date they were certified by the Comptroller and Auditor General.



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